

Report to the Cabinet

Report reference: C-005-2023/24

Date of meeting: 31st May 2023



**Epping Forest
District Council**

Portfolio: Finance, Qualis Client and Economic Development – Cllr J. Philip

Subject: Next Stage - Development of North Weald Allocated Employment Land

Responsible Officer: Andrew Small (07548 145665).

Democratic Services: Vivienne Messenger (01992 564243).

Recommendations/Decisions Required:

To Agree:

- (1) That Qualis be commissioned to undertake the next stage of design, costing and options development for the balance of employment land released at North Weald under the Local Plan.
- (2) The Qualis be permitted to undertake preliminary work and commissioning using the earmarked provision held by the Council for North Weald.

To Recommend:

- (3) That Council be requested to make provision in the Capital Programme for £500,000 to fund this work ahead of proposals coming forward for the next stages of work to progress this scheme.

1. Executive Summary

- 1.1. Following the adoption of the Local Plan by the Council on 6th March 2023 and the approval of the North Weald Masterplan, this report sets out options and proposals for developing out the Employment Land released on the North Weald airfield site.

2. The Strategic and Local Plan Framework

- 2.1. The adoption of the Local Plan and Airfield Masterplan releases 102 acres (41.2 hectares) on the Eastern side of the aerodrome for commercial and employment use.
- 2.2. A decision has already been taken to dispose of approximately half of the land released to a third party for development consistent with that set out in the Masterplan in return for a significant Capital Receipt. This transaction is progressing, but upon completion in October 2023 the Council will be left with half the land released and a sizeable Capital Receipt.
- 2.3. This leaves the remaining employment land, (approximately 50 acres) in the Council's ownership and available for development in line with the Local Plan

employment use allocation. The land progressing to disposal is that largely earmarked for B8 uses to the north of the site. These uses are comparatively low volume employers and so to meet job creation targets set out in the Local Plan the land retained by the Council needs to produce a higher proportion of the employment target.

- 2.4. The air side operations at North Weald have been preserved and protected and although not specifically part of the North Weald Masterplan the future ambition for this part of North Weald is aligned and being mapped out in separate reports which complement the Masterplan.
- 2.5. The site is large and complex it has a number of existing tenancy arrangements, historic rights and is largely undeveloped or only using old buildings. To move forward as a strategic employment site, it will need core infrastructure including roads, footpaths, cycle links and a series of sustainable onsite and off-site provision. All of this will need planning permission and tie into a development design guide yet to be drafted. Legal agreements will be necessary to secure adopted drainage and highways reducing the need for future maintenance.
- 2.6. The Masterplan identifies over 1m sq. feet of development which could increase following the Cabinet approved operational changes to the airfield.
- 2.7. The Council has always been a significant landlord in the District as its core duties include planning for the future needs of the District, including the creation of employment opportunities aligned to housing growth. The North Weald site is one of the largest allocations of employment land released within the Local Plan and through controlling the shape and type of employment development on this site, the council retains the ability to meet its strategic ambitions and deliver the targets set out within the Local Plan.
- 2.8. Ownership of the developed assets also creates the opportunity for the Council to grow future income, but this will require significant capital outlay which in turn entails financial risk. The work undertaken here will help the Council to better understand the opportunity along with the financial commitment and potential returns.
- 2.9. In its direct employment the Council does not have the expertise, experience, market understanding, skills nor vision to progress a development of this size. The Council will therefore need to engage advisors or partners to better understand how the site's maximum potential might be unlocked within the local, wider Essex and Innovation Corridor context.
- 2.10. Qualis however, does possess in-house development experience, it has already provided an advisory role at North Weald, it understands the challenges and opportunities of working in the District and has a track record of achieving planning permissions and undertaking development.
- 2.11. This experience could help frame, in the initial stages, the development constraints and provide a single point of contact for interested and neighbouring parties. This a crucial role in the successful growth of North Weald to provide both jobs, homes, greenspaces and infrastructure.
- 2.12. It is therefore proposed that Qualis provides an initial 6-9 month research and investigation phase. This will consider development options but more importantly the basis for infrastructure and development planning application and recommend the optimum solution that best meets the Councils objectives.

2.13. The conclusion of the Qualis work will need to be presented to the Council for a decision on the next steps and agreement on how to progress the development proposals. At that point a clearer understanding of the opportunities, costs and risks of each option will be provided to inform the decision making of the Council.

3. **Qualis Proposal**

3.1. The Qualis proposal provides stages, in the development framework of the site, and at each the Council can consider the options before moving forwards.

3.2. The underlying principal strategic aim being to promote the development with the presumption of the Council retaining control to ensure the delivery of its strategic aims and to provide a long-term income stream. The work undertaken will explore this but also map out what this means for the Council and what alternative options might look like.

3.3. At this stage, the approach is one of Masterplan Developer to:

- Develop a commercial Masterplan, including design, highways, landscaping, Infrastructure and services.
- Create a design code.
- Map development plots and phasing

3.4. Qualis are already responsible for the active asset management of existing commercial tenants which will provide a strategy in line with the above.

3.5. A single point of contact will provide clarity and focus to all that is happening in North Weald being the North Weald Basset Masterplan Area, Airfield, Waste Vehicle Depot and Masterplan

3.6. Qualis will compile a design team with the requisite skills to promote a development of this complexity and scale.

3.7. For the initial stage a budget fee of up to £500,000 is required to provide

- Direct Development Management and Project Management services - £150,000
- Consultant services to include legal, engineering, highways, architecture, commercial agency and others - £350,000.

3.8. The above approach provides for a detailed understanding of the Masterplan site in advance of committing to the next stages.

3.9. The outturn expectations of this exercise will provide the basis for:

- Infrastructure delivery and Implementation
- Development plots to cater for a mix of building sizes and uses
- Speculative development to capture market demand and early income
- End user design and build to ensure improved tenant mix and income protection

- An analysis of options available to the Council before it proceeds to the next stage.

4. Resource Implications

- 4.1. The work to progress the North Weald development is an investment that it is intended will ultimately create an asset of significant value to the Council and thus it is expected that the costs associated with this work would be capitalised.
- 4.2. As there is no existing provision in the Capital Programme, if Cabinet is minded to approve the proposal a request will need to be made to the Council to vary the existing Capital Programme to incorporate this scheme.
- 4.3. The Council has already committed to sell a sizeable proportion of the land released at North Weald. This will generate a significant capital receipt which could be used to fund the capital costs of this development.
- 4.4. If at any stage before completion of the development the Council decides not to proceed, without having increased the value of the site, then these costs potentially become abortive and will need to be charge back to the Council's revenue budget.
- 4.5. The Council is holding a sum paid by HMRC for its use of North Weald as an Inland Border facility and this will be earmarked against the potential write-off of costs, should at any point the Council wish not to proceed with this proposal.
- 4.6. In advance of Approval being sought from Council for the variation of the Capital Programme to accommodate this cost, the earmarked HMRC provision could be used to fund preliminary works so that the work can commence immediately, foreshortening the eventual timeframe to bring options back to the Council.
- 4.7. In order to see the employment land developed out, the other option available to the Council is further disposals of all or part of this site, but this has the disadvantage of limiting the Council involvement in the final design or in meeting the Local Plan targets for job creation.

5. Legal and Governance Implications

- 5.1. None contained within this report.

6. Safer, Cleaner and Greener Implications

- 6.1. None.

7. Consultation Undertaken

- 7.1. None