

CABINET

9 JULY 2019

DEANGATE RIDGE

Portfolio Holder:	Councillor Alan Jarrett, Leader Councillor Rodney Chambers OBE, Portfolio Holder for Inward Investment, Strategic Regeneration and Partnerships
Report from:	Richard Hicks, Director Regeneration, Culture, Environment and Transformation and Deputy Chief Executive
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Summary

The report will ask Cabinet to recommend to Full Council on 18 July 2019 to agree to funding of up to £150,000, from revenue reserves for the redevelopment of the site, to enable surveys and a high-level capacity study to be completed in order to ascertain the level of development that is achievable on the site. This information will allow Medway Council to enter into discussions with various parties and will also form the basis of the information required for negotiations in regards to the potential development options for the site which are detailed within the report.

This reports sets out the development options available, for information only at this stage, for the Deangate Ridge site, as shown in Appendix 1. These options are:

1. Explore a joint venture (JV).
2. Sell to a developer/promoter either the whole site or split into parcels.
3. Medway Council or Medway Development Company Limited to bring the site forward for development

1. Budget and Policy Framework

- 1.1 The work to establish the development potential of Deangate Ridge is being carried out in the context of the preparation of the new Medway Local Plan, and the comprehensive assessment of options to meet the area's development needs over the plan period. On adoption, the new Local Plan will form the development plan for the authority and be part of the Council's policy framework. Consultation documents on the emerging Local Plan have included proposals for strategic growth on the Hoo Peninsula, to develop a rural town focused around Hoo St Werburgh, as part of wider options for accommodating development needs.

- 1.2 The Council has submitted a Housing Infrastructure Fund bid to address constraints that limit Medway's potential to deliver sustainable growth. Medway Council was successful in the Expression of Interest (EOI) stage of the bid process, and in March 2019 submitted a HIF bid for £170million to provide new infrastructure for the Hoo Peninsula to provide capacity for 12,100 homes to be brought forward by 2043.
- 1.3 The Deangate Ridge site has the potential to contribute to the delivery of the HIF programme, and strategic growth on the Hoo Peninsula.
- 1.4 Additions to the revenue budget are a matter for approval by Full Council.

2. Background

- 2.1 The Deangate Ridge site includes a range of facilities. The golf course was opened in 1972, there is a Par3 course, a driving range, as well as football pitches, tennis courts, an athletics track and a bowls club. The facilities as a whole cover approx. 180 Acres in total. See site plan at Appendix 1.
- 2.2 At the Cabinet meeting in February 2018, Members agreed to the closure of the Deangate Ridge Golf Course facility. The matter was called in and referred to the Regeneration, Culture and Environment Overview and Scrutiny Committee on 12 March 2018. The Committee referred the matter back to Cabinet for reconsideration on 28 March 2018 where the decision was confirmed to close the Golf Course and the last day of trading was the 14 April 2018.
- 2.3 Work on the preparation of Medway's new Local Plan has included options for development of the Hoo Peninsula as "a potential location for strategic growth" in order to meet the area's development needs and objectives set for the plan. Consultation documents have stated that "a key strand of this scenario is the expansion of the large village of Hoo St Werburgh into a small rural town. This would involve development in neighbourhoods around the wider area, including Chattenden, Deangate Ridge and Lodge Hill." Following the consultation on the Local Plan 'Development Strategy' document in 2017, and ongoing work on the technical evidence base for the plan, the Council's Planning Service has commissioned work on a Hoo Development Framework to consider how the sustainable growth of a rural town could be delivered in a coordinated way. This includes work on an indicative masterplan with potential land uses for residential, commercial and community facilities, infrastructure and green spaces. This has been used to identify potential development capacity to support the HIF bid. The Hoo Development Framework will form part of the evidence base to be assessed as part of the formal legal process of preparing the local plan.
- 2.4 A key consideration for the local plan is demonstrating the delivery of sustainable development, including the provision of critical infrastructure to support growth. Site promoters are asked to provide information to show certainty that the land is developable and deliverable. The Planning Service will also be using detailed information to identify the mechanisms needed to secure coordinated delivery of infrastructure on strategic scale sites and broad locations. It is important for the Council to have this detailed information on its land at Deangate in order to meet these requirements of the planning process.

- 2.5 Regeneration officers have been working closely with planning colleagues throughout the Local Plan Process and contributing to the engagement work informing the Hoo Development Framework. At the same time, regeneration officers have been reviewing the potential development options for the Deangate Ridge site. The key issue with individual sites within the Hoo Peninsula is the requirement for new infrastructure, particularly transport and environmental management, which could now be delivered by the HIF Bid funding, if successful.
- 2.6 Work on the evidence base and assessments for the local plan and the HIF bid has confirmed the importance of a strategic led approach to growth on the Hoo Peninsula. This is critical to planning for infrastructure and in determining and addressing environmental requirements. In promoting potential development land at Deangate Ridge, the Council needs to collate a robust evidence base to determine the capacity of the site, in the context of wider growth.
- 2.7 An area of risk for the site is the Lodge Hill and Chattenden Woods SSSI area that joins the boundary of the Lodge Hill land.

3. Options/Advice and Analysis

- 3.1 There are a number of potential development options that Medway Council could explore in order to bring the Deangate Ridge site forward for development. These will be able to be explored in more detail once surveys and a high-level capacity study are completed. These include:

Option 1

- 3.2 Explore a JV for the site. It is suggested that this should be reviewed with the open market by soft market testing; this invites the open market to express interest and present options to be considered.
- 3.2.1 Previous discussions with Homes England ascertained that their preferred option for working together with the Hoo Peninsula sites would be to work together in a JV partnership, similar to Rochester Riverside. At the time of the discussions, officers from Homes England advised that they would not be interested in purchasing the site and developing it themselves.
- 3.2.2 Officers recommend that if Members would like to proceed with this option, we should still complete the work requested to have an idea of how much development could be achieved on the Deangate Ridge site to ensure maximum receipt from the development.

Option 2

- 3.3 Sell to a developer/promoter either the whole site or split into parcels.
- 3.3.1 This option could be the fastest option to obtain a value for the site. An up to date valuation of the site as is and as a residential development would require a massing study, to indicate the amount of housing possible on the site. Until the planning position has been established, any buyer would only be prepared to buy the land for significantly less than its residential development value. The down side of this approach is that Council gets a one off land value

receipt but loses all control of how and when the development could come forward.

Option 3

3.4 Bring the site forward via the Medway Development Company Ltd.

3.4.1 This option could be to bring the site forward ourselves, with consultation with the development partners, similar to Homes England, through our development company. The potential benefit of this approach is a far larger capital receipt from freehold or long leasehold sales, an ability to manage the construction of the development and to guarantee quality and maintain control.

3.5 In order to begin negotiations on the best route forward, the following items of work/expenditure would be required, the following initial investigation surveys:

- Ecology Survey
- Topographical Survey
- Contamination Survey
- Utilities Survey
- UXO Survey
- Tree Survey
- High level capacity study to establish approach and quantum of development.

3.6 These works have been estimated at around £150,000.

4. Risk Management

4.1 Please see Risk Table below:

Risk	Description	Action to avoid or mitigate risk	Risk rating
SSSI – Direct & Indirect impacts on Ecology	Due to the extensive environmental designations on the Hoo Peninsula, SSSI and Ecology is a risk to any development in this area.	Ecology Survey and Cumulative Ecological Impact Assessment to satisfy planning.	CIII
Unexploded Ordnance Risk (UXO)	During recent conversations with the MOD, Medway Council officers have been advised that there could be a larger risk of UXO on this site as it was previously owned by the MOD	Detailed UXO report to be carried out.	CIII

<p>Assessments for the local plan and the HIF bid has confirmed the importance of a strategic led approach to growth on the Hoo Peninsula.</p>	<p>This is critical for infrastructure and in determining and addressing environmental requirements.</p>	<p>In promoting potential development land at Deangate, the council needs to collate a robust evidence base to determine the capacity of the site, in the context of wider growth. Surveys and a high-level capacity study required.</p>	<p>CII</p>
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5. Consultation

5.1 There has been consultation in regards to the preparation of the Local Plan and this has identified the option of potential strategic growth around Hoo St Werburgh and surrounding villages. The council will be consulting on the draft Local Plan later this year.

6. Financial Implications

6.1 Cabinet are asked to recommend to Full Council to agree to up to £150,000 of funding to complete initial investigation surveys as well as a high-level capacity study to establish approach and quantum of development. This work will enable Medway Council to have a better understanding of what could potentially be achieved on the Deangate Ridge site.

6.2 This work will include initial investigation surveys:

- Ecology Survey
- Topographical Survey
- Contamination Survey
- Utilities Survey
- UXO Survey
- Tree Survey
- High level capacity study to establish approach and quantum of development.

6.3 This funding would need to come from revenue reserves as we have been advised by finance colleagues that surveys are not considered to add value to the asset, and that they are not a direct cost of disposal and so the expenditure would need to be revenue, not capital.

7. Legal Implications

7.1 There are no direct legal implications for the proposals in this report. The appointment of contractors for the various packages of work should be through the Category Management Team, who have access to framework contracts, which should enable an efficient appointment process.

8. Recommendations

- 8.1 The Cabinet is asked to recommend to Full Council to approve the provision of up to £150,000 from revenue reserves, to complete initial investigation surveys as well as a high-level capacity study to establish approach and quantum of development.

9. Suggested reasons for decision(s)

- 9.1 The outcome of the initial investigation surveys and the high-level capacity study will inform the best route forward for the redevelopment of the site.

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Appendices

Appendix 1 – Site Plan

Background papers

None