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To: All Members of the **PLANNING APPLICATIONS COMMITTEE**

The following papers have been added to the agenda for the above meeting.

These planning updates were not available when the reports in the main agenda were originally prepared and supplement the information contained in those reports.

Yours sincerely

Damian Roberts

Chief Executive

PLANNING APPLICATIONS SUPPLEMENTARY INFORMATION

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23 September 2021		
Planning Applications Committee <u>Update</u>		
Item No.	App no. and site address	Report Recommendation
4 Page 9	21/1048/FFU 22-30 Sturt Road, Frimley Green	GRANT, subject to conditions and legal agreement
<p>UPDATE</p> <p>In the second recommendation set out in the update report (Page 21 of the Agenda report), the satisfactory legal agreement needs to be completed by 28 October 2021.</p> <p>The infrastructure payment through CIL, discounting SANG, is £498,520.</p> <p>The Council's Drainage Engineer has raised no objections.</p> <p>The Council's Viability Advisers, the DixonSearle Partnership, have provided a summary on viability which is provided as an Annex to this Update.</p> <p>The County Highway Authority have advised further on the lack of need for controlled crossings across Sturt Road as follows:</p> <p><i>"Controlled crossings were not required as the likely level of pedestrian use throughout the day would be insufficient to meet the criteria for controlled crossings. It is considered that crossings will only operate correctly if they are used on a regular basis throughout the day. If there are too few pedestrians for most of the day drivers may tend to ignore the crossing and put pedestrians at risk on the occasions when they are using the facility."</i></p> <p><u>Correction</u></p> <p>Para 7.4.25 of the original report: The nearby church is the Church of St Andrew.</p>		
5 Page 73	20/0405/FFU Land at Bagshot Retail Park, 150-152 London Road, Bagshot	GRANT, subject to conditions and legal agreement
<p>UPDATE</p> <p>The Council's GIS system names the properties to be amalgamated as Units 2A & 2B. This has been amended on the proposal description.</p> <p>The Council's retail adviser raises no objections subject to clarification on retail impact. This clarification was subsequently provided by the applicant and a view was taken by officers on these submissions. Officers are satisfied that all outstanding matters have been addressed.</p>		

Representations

Waitrose & Partners have sent a further representation, maintaining their objection to the proposal, and requested that, if approved, they are given the opportunity to comment on the servicing plan (requested by Condition 6). They have also requested additional text to the condition to ensure that the open parts of the service yard shall be maintained free from obstruction and not used for storage purposes (whether temporary or permanent).

[Officer comment: It is considered that the servicing plan will provide such information and the temporary storage of goods in the service yard (as they are offloaded and before they are taken into the building) would not be easily enforceable. The more permanent storage could more easily be enforced. It is noted that the Waitrose service yard is only accessed by vehicles through the service yard to the rear of the proposed store. The servicing plan will be provided to ensure access is maintained through this service yard to the Waitrose service yard beyond and control deliveries (during the proposed extension of servicing hours). No amendment to this condition is therefore considered to be necessary. If approved, any application to agree these details will be published and they can be notified at that time].

Two further objections have been received but these objections raise no new issues.

Corrections

Para 4.2: The net retail floorspace provided under this proposal (for Units 2A & 2B) is 1,019 square metres. This is the amount proposed to be limited by Condition 4.

Para 4.3: The approved opening hours for the existing development is 07:00 to **23:00** hours on Mondays to Saturdays and 10:00 to **18:00** hours on Sundays [Condition 6 of permission 16/1041 and the same as Condition 26 of earlier permission 13/0435].

Para 7.3.8: The retail assessment considers that the proposal would result in a trade diversion from Bagshot of 1.9%.

Response from applicant

The applicant has commented on the officer report by a two page email summarised below:

- The proposal would not lead to an adverse impact on any defined centre or planned investment within any centre and the proposal complies with the sequential test.
- Under the terms of national and local policy, there is no requirement to consider retail impact and that any retail impact would need to be “significant adverse”. The benchmark for what is deemed unacceptable is high.
- The existing Co-op stores being top-up shopping destinations is demonstrated by the Council’s retail evidence base [Town Centre Uses & Future Directions Study (August 2021)].
- Bagshot is defined as a district centre.
- The former BHS site had also been discounted in the sequential test because there were a number of constraints which make it unsuitable for a food retailer and Camberley is a different catchment for Lidl from Bagshot.
- The pre-application public consultation exercise undertaken by the applicant concluded that of 7,805 properties notified of the proposal, there were 1,979 replies of which 12,483 were in support and 452 were not in support (with 44 undecided).

The applicant has sought amendments to Condition 9, relating to the provision of electric charging points. The applicant is concerned that it will need to be tested how much the charging points are used to see if there is a demand for 13 charging points. They have suggested providing a number (below 13) and add the remainder if demand arises.

The County Highway Authority has agreed with the principle of this approach but has suggested a shorter timescale to deliver the remainder (6 months after occupation). However, it is considered that the wording of this condition needs to reflect the overall provision requirement and there are other mechanisms to challenge these requirements e.g. the NMA procedure. A longer period (6 months) to provide the full amount is accepted. An amended condition in this regard is therefore proposed.

Amended condition

*9. The development hereby approved shall not be occupied prior to the provision of **7 parking spaces and a further 6 parking spaces within 6 months of such occupation** with a fast charge socket (current minimum requirements - 7kw Mode 3 with Type 2 connector - 230v AC 32 Amp single phase dedicated supply) in accordance with a scheme to be submitted to and approved by the Local Planning Authority and thereafter retained and maintained to the satisfaction of the Local Planning Authority.*

Reason: In the interests of site sustainability and to comply with Policies CP2, CP11 and DM11 of the Surrey Heath Core Strategy and Development Management Policies 2012 and the National Planning Policy Framework.

6 Page 106	21/0514/FFU 151 Gordon Avenue, Camberley	GRANT, subject to conditions
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UPDATES

None

7 Page 125	21/0799/FFU 17 Sefton Close, West End	GRANT, subject to conditions
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UPDATES

One recommended additional condition as follows:

4. No additional windows shall be created in the northern elevation of the two storey extension facing number 16 Sefton Close without the prior approval in writing of the Local Planning Authority.

Reason: In the interests of the amenities enjoyed by neighbouring residents and to accord with Policy DM9 of the Surrey Heath Core Strategy and Development Management Policies 2012.

Sturt Road, Frimley Green – DSP21330AF – Summary of viability

Planning reference 20/1048/FFU

23 September 2021

1. Dixon Searle Partnership (DSP) was commissioned by Surrey Heath BC to carry out an independent review of the Viability Report supplied to the Council by the applicant, Berkeley Homes in December 2020 in relation to 22-30 Sturt Road, Frimley Green, GU16 6HY and the planning application (reference 20/1048/FFU) for 160 dwellings. DSP conducts this type of review work exclusively for Local Authorities on a day-to day basis, both in Surrey and surrounding areas, and nationally. We draw upon this mix of local and wider experience in conducting rigorous reviews of applicant submitted viability positions.
2. Viability assessment considers the total revenues for a scheme, deducts the total costs, and compares the remaining value (hence 'residual land value' – 'RLV') with a suitable 'Benchmark Land Value' ('BLV'). As per the national Planning Practice Guidance (PPG) the BLV should be based on existing use value ('EUV') plus a suitable premium for the landowner (although in some cases this may be based on a suitably assessed alternative use value). The principles are such that the RLV resulting from the scheme proposal appraisal should meet or exceed the assessed in order to indicate scheme viability.
3. BLV is *not* based on market value or on the price paid for the site; in the terms of the PPG it is not reflecting any development or 'hope value', or similar.
4. In all cases where viability is under consideration, assumptions are necessarily (and appropriately used) based on the information available at the time. The consideration of these assumptions involves judgments and it is usually the case that opinions on at least some of these vary between the parties.
5. The applicant's submitted position was that after allowing for the stated BLV of £8.9 million the scheme generated a residual profit of £6.1 million which was £5.9 million below the stated profit target of £12 million, resulting in a presented negative outcome before any contribution to affordable had been considered within the submitted appraisal.
6. In carrying out our original review we identified a number of assumptions made by Berkeley where we formed a different view. The areas we picked up on included:
7. Benchmark Land Value (BLV): The applicant's submission considered the site was worth £8.9 million (including premium) based on its existing use as a scaffolding yard and separate offices (which were almost completely unoccupied at the time of assessment). An alternative use valuation of the site was also considered, based on an assumption that the whole site could be used as a scaffolding yard. The applicant's opinion was that this would lead to a similar BLV as the EUV plus route (EUV+ premium) discussed above. For background information, although (appropriately) not relied upon, it was noted that the applicant paid a considerably higher figure than their proposed BLV for the site.
8. Within our review DSP agreed with the submitted valuation of the existing operational scaffolding yard, but disagreed with the opinion on the existing use value of the office element of the site, which was considered to be based on an unrealistic scenario and therefore set at

too high a level. DSP considered a suitable BLV (including premium) for the whole site to be £5.7 million (i.e., £3.2 million less than submitted).

9. Build costs: DSP considered the submitted build costs to be high when benchmarked against the RICS Building Cost Information Service (BCIS) database. A third party cost consultant was therefore commissioned to review the estimated scheme costs on behalf of the Council. The cost consultant concluded that the costs were likely to be overstated by £1.8 million in their view.
10. Sales and marketing costs: It was DSP's view that the submitted costs exceeded typical allowances and those agreed on other schemes locally. Accordingly, these assumptions were reduced within the DSP review.
11. Development timings: DSP considered the assumed construction period to be excessive compared to other schemes of this size and type and therefore reduced the overall assumed development programme compared to that submitted for Berkeley Homes.
12. Developer's profit. DSP considered a 17.5% on gross development value (GDV) developer return allowance to be suitable. The applicant considered a 20% allowance to be necessary.
13. Applying the DSP assumptions to the submitted development appraisal indicated a shift from the stated position of a £5.9 million deficit to a significant surplus (after allowing for 17.5% profit) It was therefore concluded that the nil affordable housing contribution proposed by Berkeley Homes was not appropriate.

REBUTTAL, FURTHER REVIEW AND NEGOTIATED POSITION

14. Following the issue of DSP's review, the applicant team provided a rebuttal in April 2021, setting aside some matters and challenging DSP's alternative assumptions on build cost, BLV and profit.
15. Consistent with the nature of this process, as above, the BLV, build costs and profit are all assumptions that are often the source of significant debate within viability assessments and we acknowledge that there are both divergent opinions and decisions on Appeal; it follows that there is not necessarily a 'right' answer in many cases. In order to explore the negotiation scope and seek to find a suitable and fair balance in the particular circumstances, and in doing so aim to move the case forward without further cost and time, DSP proposed the following (summarised):
 - a) A build cost mid-way between the opinion of the third party cost consultant (ERMC Surveyors) and that of Berkeley's surveyors (Artelia UK). This added around £900,000 to the build cost used within the DSP appraisal, but was still £900,000 below the submitted build cost.
 - b) On further consideration of various methods of arriving at a suitable BLV, following the initial pressure-testing DSP suggested a higher BLV than included within our initial review. This included considering the site in an alternative use which would involve the demolition of the offices and use of the space for open storage. Alternatively, we

considered that an appropriate view on site value (BLV) could assume an existing use value (EUV) but based only on the remaining income from the office rentals up to the point of the lease break clause in 2021 which DSP considered that the tenant should reasonably have exercised. Therefore, a BLV of £6.7 million was put forward (still £2.2 million lower than the applicant's suggested BLV of £8.9 million).

- c) Bearing in mind the acknowledged range of potentially suitable profits (reflecting an assessment of risk reward for the developer) DSP also suggested a position of 18.5% GDV (adding £600,000 in profit to the initial DSP trial testing position).
16. Applying the above adjustments to DSP's appraisal indicated a surplus of £304,697. However DSP were also informed that the education contributions (as previously included in both the applicant and DSP appraisal) were likely to be around £600,000 lower than anticipated. Therefore, this sum (anticipated development cost saving) was added to the amount considered to be available for AH contributions. On this basis DSP suggested that an affordable contribution to the value of at least £900,000 should be made in order to avoid further delay and impasse. It was also recommended that a review mechanism should be considered in order to revisit the sales values at a suitable point (later stage review). This again is a usual consideration in our experience, where it is found after extensive review that the affordable housing viability scope at the point of application needs to be acknowledged as well below the policy level in the particular circumstances.
17. Using this position, the Council indicated that rather than a financial contribution, an on-site provision of affordable housing in the form of First Homes (a form of Discounted Market Sale) would be preferred. DSP therefore indicatively tested the effect of including First Homes on site, concluding that the subsidy required to provide these equated to approximately £70,000 per 1 bed flat, £95,000 per 2 bed flat and £140,000 per 2 bed house. Therefore, based on the potential £900,000 contribution it was considered that up to 12 units of affordable housing on this (First Homes) basis could be provided, depending on the housing mix selected by the Council for agreement with the applicant.
18. At this stage there was also still uncertainty around the cost of a pumping station/flood relief scheme required as part of the development. Although DSP were not involved beyond the above and so not with the discussions at this point, it is our understanding that officers' further negotiations and liaison with the applicant team reached an agreement to provide of 15 affordable housing dwellings as Discounted Market Sale in addition to the CIL cost and other S106 contributions. The resulting net position is summarised in the table below.

Item	Cost in DSP appraisal (Based on original estimates)	Actual contribution agreed (Heads of Terms for S106)
Community Infrastructure Levy (CIL)	£ 637,152	£ 498,520
Suitable Alternative natural Greenspace (SANG)	£ 1,932,554	£ 1,971,293
Strategic Access Management and Monitoring (SAMM)	£ 88,962	£ 103,922
Flood Relief Scheme		£ 195,000
Education Contribution (SCC)	£ 682,523	£ -
	£ 3,341,191	£ 2,768,735
Education contribution was then indicated to be overestimated by £600,000, so the surplus identified for AH was increased by £600,000		
	DSP appraisal cost	Actual contributions offered
Therefore assumed contributions = £3,341,191 - £600,000 =	£ 2,741,191	£ 2,768,735
		(A difference of +£27,544)
Suggested minimum AH contribution based on DSP compromise position	£ 304,697	
Additional £600,000 assumed due to overestimated education contributions	£ 600,000	
Minimum AH contribution based on DSP compromise position	£ 904,697	
DSP suggested on-site equivalent (First Homes)	£70,000 per 1 bed flat, £95,000 per 2 bed flat, £140,000 per 2 bed house. Therefore on site provision of affordable housing as First Homes, of up to 12 units depending on the housing mix agreed. (7.5% affordable housing provision)	15 units of affordable housing (Discount Market Sales) (9.4% affordable housing provision)

19. All in all, after this extensive assessment, rigorous review and further review process, supported by the applicant team, we consider the offer now made to be fair and suitable in the circumstances. The outcome reflects the high value of the site, whether viewed in existing or appropriate potential alternative use terms, along with the high development costs involved. The above outlined process is considered to have appropriately turned around the initially presented position to one which now in our view reflects a positive viability scenario consistent with the intended progression of the scheme; and now with a meaningful affordable housing element included (albeit necessarily well beneath policy levels) along with significant infrastructure contributions supported.

Dixon Searle Partnership, 22 September 2021