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# London Road Industrial Estate Project Refresh

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<b>Committee considering report:</b>	Executive
<b>Date of Committee:</b>	9 <sup>th</sup> June 2022
<b>Portfolio Member:</b>	Councillor Ross Mackinnon
<b>Date Head of Service agreed report:</b> <i>(for Corporate Board)</i>	10 <sup>th</sup> May 2022
<b>Date Portfolio Member agreed report:</b>	26 <sup>th</sup> May 2022
<b>Report Author:</b>	Katharine Makant
<b>Forward Plan Ref:</b>	EX4219

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## 1 Purpose of the Report

To approve revised strategic objectives and a revised delivery strategy for the London Road Industrial Estate that focus on developing the site for economic growth and utilising Council-owned assets for the benefit of the local community, and that take account of evolving economic drivers, market demand and the district's ambition to be carbon neutral by 2030.

## 2 Recommendation(s)

2.1 The Executive resolves to: -

(a) approve revised strategic objectives for the project as follows:

By 2030, the London Road Industrial Estate programme will have achieved:

1. The sustainable economic regeneration of London Road Industrial Estate to create an appealing destination for businesses.
2. Inward investment, green economic growth and the creation of employment opportunities for local people;
3. A positive contribution to the district's carbon neutrality aspirations;

(b) approve a revised delivery strategy as set out in paragraph 6.9 and 6.10 of the report;

(c) delegate authority to Executive Director, Place in consultation with Section 151 Officer and Portfolio Holder to negotiate and restructure leases or buy back leases, and approve such agreement as necessary to secure the LRIE delivery strategy,

AND that the Service Lead for Legal & Electoral Services shall have the delegated authority to enter to such agreements.

- (d) delegate authority to Executive Director, Place in consultation with Portfolio Holder for Economic Development to select a new name for LRIE which reflects the district's carbon neutrality ambitions, following a competition involving local schools.

### 3 Implications and Impact Assessment

Implication	Commentary
<p><b>Financial:</b></p>	<p>Of the £145,000 revenue budget for 21/22 approved by Executive in December 2020, a total of £81,000 was spent on consultancy support to take forward the LRIE project last financial year. £64,000 was carried forward to 22/23.</p> <p>The proposals set out in this report are expected to be met within existing budgets over the next two years, as follows:</p> <p><b>Capital</b> £850,500 for 22/23 and £17,000 for 23/24 for planning and consultancy to help deliver LRIE projects, including some staffing costs. This report proposes to refocus part of this budget to buy back leases that may become available in the current financial year.</p> <p><b>Revenue</b> £100k pa for 22/23 and 23/24 approved by Executive in December 2020 to take the project forward, plus £64,000 carried forward for 22/23. This does not include staffing costs.</p> <p>In addition, the Council will seek funding from other sources including:</p> <ul style="list-style-type: none"> <li>• DEFRA and Regional Flood &amp; Coastal Committee</li> <li>• Local Enterprise Partnership (LEP) and other stakeholders</li> <li>• Leaseholders</li> <li>• Developer partners</li> </ul> <p>The site currently has a book value worth £9.2m (as at 31.3.21) with an annual income from the site of £0.4m pa.</p>
<p><b>Human Resource:</b></p>	<p>The proposals set out in this report are expected to be met within existing resources over the next two years, by using revenue funding released by capitalising a proportion of existing staffing costs. This includes programme management</p>

	<p>within the Economy Team alongside the delivery of the Newbury Town Centre Masterplan.</p> <p>The capital and revenue budgets set out above include provision for specialist multi-disciplinary services to be bought in to assist with delivery as required.</p>
<p><b>Legal:</b></p>	<p>Long term leases and depending on how the land is assembled to fulfil the strategic and delivery objectives as set out in the report, the Council will have regard to its obligations under Section 123 Local Government Act 1972 which relates to best price achievable in the open market.</p> <p>In relation to the delivery mechanism for achieving the objectives the Council will have regard to the Public Contracts Regulations 2015 for the delivery of the objectives.</p> <p>To conduct consultation with Planning under an agreed scope and specific performance agreement to ensure that there is no conflict between the Council as a landowner/ developer and the Local Planning Authority.</p> <p>The playing field is registered as an Asset of Community Value (ACV). If the Council decides to dispose of the asset – or part of the asset - as a financial transaction, the asset must be offered to the registered ACV holder at commercial value. The registered holder has six months in which to make a commercial offer. The Council is not obliged to accept the offer and thereafter may proceed with its plans.</p>
<p><b>Risk Management:</b></p>	<p>The report sets out in paragraph 7.14 summaries high level risks attached to this project and actions to mitigate. These include legal, financial and environmental risks.</p> <p>The programme risk register sets these out in more detail and is monitored regularly by the LRIE Project Board.</p>
<p><b>Property:</b></p>	<p>There are significant property implications in that the Council's aspirations for LRIE include the reconfiguration and disposal of leases on land which it currently controls and potential buy back and disposal of existing leases as well as discussions and negotiations with existing leaseholders on lease extensions, rent levels and place-making.</p> <p>For the avoidance of doubt, the proposed delivery strategy confirms that the Council will seek to retain the freehold of the LRIE as a long term asset for employment use.</p>

<b>Policy:</b>	<p>The project supports the delivery of the Council Strategy priorities to:</p> <ul style="list-style-type: none"> <li>• Support businesses to start, develop and thrive in West Berkshire;</li> <li>• Develop local infrastructure, including housing, to support the local economy;</li> <li>• Maintain a Green District;</li> <li>• Ensure Sustainable services through innovation and partnerships</li> </ul> <p>Aligns with the Economic Development Strategy, the Environment Strategy and the Strategic Asset Plan.</p>			
	<b>Positive</b>	<b>Neutral</b>	<b>Negative</b>	<b>Commentary</b>
<b>Equalities Impact:</b>				
<b>A</b> Are there any aspects of the proposed decision, including how it is delivered or accessed, that could impact on inequality?		X		
<b>B</b> Will the proposed decision have an impact upon the lives of people with protected characteristics, including employees and service users?		X		

<b>Environmental Impact:</b>	X			LRIE is in an area of flood risk and mitigation will be required, not least as part of the planning process as development proposals are brought forward. The intention is for the overall environmental impact of the LRIE proposals to be positive, including on carbon net zero, nutrient neutrality and biodiversity net gain – details will be set out in an LRIE Place-making Strategy and Supplementary Planning Document.
<b>Health Impact:</b>	X			The intention is for the overall health impact of the LRIE proposals to be positive - details will be set out in an LRIE Place-making Strategy and Supplementary Planning Document.
<b>ICT Impact:</b>	X			The requirement for whole site digital infrastructure will be assessed as part of the place-making work.
<b>Digital Services Impact:</b>				N/A
<b>Council Strategy Priorities:</b>	X			Supports the delivery of the Council Strategy priorities to: <ul style="list-style-type: none"> <li>• Support businesses to start, develop and thrive in West Berkshire by providing incentives and opportunities to enable businesses to grow;</li> <li>• Develop local infrastructure to support the local economy, including to deliver regeneration and flood prevention and alleviation schemes;</li> <li>• Maintain a Green District by encouraging carbon neutrality;</li> <li>• Ensure Sustainable services through innovation and partnerships to generate income for supporting vital services</li> </ul>
<b>Core Business:</b>				N/A

<b>Data Impact:</b>				None identified.
<b>Consultation and Engagement:</b>	<ul style="list-style-type: none"> <li>• Key employers and/or leaseholders on LRIE (via informal discussions with the Economy Team)</li> <li>• Potential development partners (via Soft Market Testing by consultant team)</li> <li>• Commercial property agents (on market demand for industrial and office space)</li> <li>• LRIE Project Board and Economic Development Board</li> <li>• LRIE Officer Task &amp; Finish Group</li> <li>• Thames Valley Berkshire Local Enterprise Partnership</li> </ul>			

## 4 Executive Summary

4.1 This report proposes revised strategic objectives and a revised delivery strategy to move forward the regeneration of London Road Industrial Estate (LRIE) following a project refresh which took place between November 2021 and April 2022. The LRIE Project Board oversaw the refresh in the light of evolving economic drivers, market demand and the district's ambition to be carbon neutral by 2030.

4.2 The change in approach is summarised below:

- A focus on attracting investment in employment space and jobs that aligns with carbon net zero ambitions;
- A commitment to working in partnership with leaseholders and potential partners to grow current LRIE businesses in a sustainable way and encourage new businesses;
- A sustainable design-led approach to place-making to create an appealing destination for businesses that includes seeking external funding for public realm improvements;
- A move away from the residential-led approach set out in the 2020 Development Brief.

4.3 Approval of the recommendations set out in paragraph 2 above will provide the clarity needed to move forward on LRIE at pace, to grasp opportunities presented by the current market and economic drivers and to bring forward investment in sustainable economic growth that will support a number of the Council's strategic priorities.

## 5 Supporting Information

### Introduction

5.1 The economic regeneration of the London Road Industrial Estate (LRIE) has been a Council priority since publication of the original Newbury Vision 2003 and became a

defined priority in the 2012 Council. The Newbury Vision as originally published set out four areas of important regeneration; Parkway as a retail quarter, the Wharf as a cultural quarter, Market Street development as an urban village and the LRIE as an employment quarter. Since then, Parkway and Market Street have been redeveloped and the Newbury Bus Station relocated to the Wharf, improvements have been carried out to Newbury Rail Station and the Council has brought forward the Newbury Town Centre Masterplan.

- 5.2 Meanwhile, the first LRIE project milestone was achieved in 2015, when a development partner was procured to bring the regeneration forward, and the second in 2017, with the construction of a new road junction on the A339 to unlock the site for both residential and employment development. The developer partner arrangement with St Modwen had to be abandoned in 2018 after a legal challenge relating to the procurement process.
- 5.3 The project was restarted in 2019 when work began on a new Development Brief for the estate assisted by consultants Avison Young, which was adopted by Executive in November 2020 following public consultation. The approach set out in the Brief was residential-led in order to enable the long term economic aspirations for the site to be realised. In December 2020, Executive agreed to adopt a phased approach to development and set aside funding in the Council's budget to progress the scheme. This included commissioning a Supplementary Planning Document (SPD) to help better align development proposals with Planning Policy and to set out estate wide design criteria and infrastructure requirements.
- 5.4 During 2021, an Environmental Appraisal Report was commissioned to explore the environmental challenges around the site in more detail. In addition, as public green space became increasingly important due to Covid restrictions, the former football pitch at Faraday Road which had been closed since 2018, was opened to the public for sports and recreation pending redevelopment.
- 5.5 In the meantime, the local, national and global economies have faced fundamental change as they transition to meet Carbon Net Zero targets and post-Brexit trading conditions, deal with the impact of the Covid pandemic and – most recently – feel the effects of the ongoing war in Ukraine.
- 5.6 The Council has responded to these challenges by carrying out a refresh of the LRIE project between November 2021 and April 2022. This included a review of the assumptions on which the 2020 Development Brief was based, taking into account the most up to date economic drivers and market analysis. The review also took into account the results of further work by consultants Avison Young, including the Environmental Appraisal Report and Soft Market Testing., The various elements of the review are summarised below.

### **Environmental Appraisal Report**

- 5.7 The Environmental Appraisal Report was commissioned in 2021 to move the LRIE Development Brief forward and to inform soft market testing with potential development partners. The Council as landowner wanted to identify any significant environmental obstacles to redevelopment that might affect viability of the project. The decision to

commission the report was informed by environmental concerns raised during the public consultation on the draft Development Brief during September 2020.

- 5.8 The report concludes that no ‘in principle’ issues have been identified that would prevent development of the LRIE site. It states that the significant issues of flood risk and drainage can be satisfactorily addressed at detailed design stage during the planning process. Further details including the summary report are available on the Council’s website at <https://info.westberks.gov.uk/lrie>.

### **Transitioning to a Carbon Net Zero Economy**

- 5.9 In April 2021, the UK Government committed to achieving a 78% reduction in emissions by 2035, a key milestone in the global ‘Race to Zero’ campaign, which supports national transition to net zero emissions by 2050. Over 60 of the UK’s FTSE 100 companies have signed-up to The Race, signalling a strong shift in the UK economy as carbon reduction goals are reflected in procurement requirements and supply chains are cleansed to help achieve Net Zero targets.
- 5.10 However, most of the LRIE buildings have a poor or no energy rating, low eaves height in industrial units and are too old to meet the needs of businesses currently looking for space. There is a risk that these buildings will become ‘stranded assets’ without refurbishment or redevelopment.
- 5.11 The 2020 Environment Strategy articulates the Council’s own target of achieving carbon neutrality for its operations and activities by 2030, alongside working with others towards the same ambition for the District of West Berkshire. The strategic objectives of the strategy include a focus on responsible economic growth and working with our communities and partners.
- 5.12 The LRIE has the potential to provide a showcase for Carbon Net Zero through place-making initiatives such as Sustainable Drainage Systems (SuDS) and biodiversity net gain as well as investment in buildings and infrastructure to reduce carbon emissions associated with energy, fuel and material use.

### **Demand for commercial space**

- 5.13 The 2020 Development Brief’s approach was based on the assumption that the market demand for office and industrial space was not strong enough and that the redevelopment of sites for housing was necessary to enable the regeneration of LRIE.
- 5.14 However, recent analysis has found that demand for commercial space has risen significantly since 2020, driven by the post Brexit trading environment, the impact of the Covid pandemic, the UK’s commitment to reduce carbon emissions in order to achieve Net Zero by 2050 and, more recently, by challenges in the supply of construction materials and the rise in energy costs.
- 5.15 The mainstreaming of sustainability in business models has focussed the demand on new industrial and office space that is energy efficient and finished to a high standard. Within the past few months, local commercial property agents have corroborated the continuing strong demand for industrial space and linked the demand for high quality



office space to post Covid recovery and competition to attract ‘talent’ amid continued recruitment shortages.

- 5.16 This demand for commercial space presents an opportunity for LRIE that did not exist in 2020, and has the potential to remove the dependency on housing to achieve economic regeneration.

### **LRIE profile**

- 5.17 Maps showing the outline of the Council’s freehold on LRIE and the extent of land within its immediate control are attached as Appendices to this report. Around 36 businesses are currently located on LRIE providing 300+ jobs, with the largest employers being Elis UK, Newbury Electronics and Calor UK.
- 5.18 [Elis UK](#) (Plot 13M/N) employs 160 people on LRIE and provides high quality cleaning services and supplies to Life Sciences, Manufacturing, Healthcare and Hospitality sectors, with a 24/7 operation. Their clients include the NHS, whom they advise on the Race to Net Zero and they are committed to reducing their own carbon emissions.
- 5.19 [Newbury Electronics](#) (Plot 13V) is a local company that designs and manufactures circuit boards for the IT market with clients worldwide, and employs 35 people on LRIE. The company employs another 60 people in 3 production units on the neighbouring Riverpark Industrial Estate and a further 15 people working on electronic design projects at the Votec Centre, Hambridge Lane.
- 5.20 [Calor UK](#) (Plot 13 R) supplies Liquid Petroleum Gas and Futuria Liquid Gases to off-grid customers. Calor are developing a portfolio of sustainable fuels as part of its goal to transition to 100% of sustainably sourced fuels by 2040.
- 5.21 The smallest employers are 24+ businesses in car sales and vehicle repair providing about 90 jobs and located on sites totalling 11 acres (40% of the whole). From 2030 dealerships selling new vehicles will have to switch to selling electric vehicles only. There is potential for LRIE to become a central hub for EV charging and there may be external funding available to support this, given that there is a national deficit of Electric Vehicle charging infrastructure to support the transition.
- 5.22 Council officers have held confidential discussions with some leaseholders on LRIE who have expressed interest in exploring ways to grow their businesses. At least one leaseholder has indicated that there may be an opportunity for lease buy-back. The current profile of businesses on LRIE presents exciting opportunities for working with leaseholders moving forward to generate investment and support their plans for green growth.

### **Soft Market Testing and Valuations**

- 5.23 Informed by the Environmental Appraisal Report, Avison Young carried out Soft Market Testing with potential development partners in early 2022. No advert was placed, but interest was sought from a broad range of developers including mixed-use developers, housebuilders and employment regeneration specialists to inform deliverability. Views were invited on the former depot site for commercial use and the playing field for housing, as outlined in the 2020 Development Brief, and on different procurement and

planning approaches. Interviews took place in January with 11 developers - a further five developers were contacted but declined to participate.

5.24 The key findings of the Soft Market Testing are summarised below:

- Confirmation of no market interest in taking on the LRIE site as a whole;
- Investment in place-making needed to improve overall site appeal;
- Potentially more developer interest if more plots made available;
- Weak interest in developing playing field site for housing (none for market sale housing without more land);
- High demand for industrial space;
- No market for speculative office development;
- All developers would expect to lead on planning applications for individual plots;
- A complex procurement process would deter smaller developers and larger ones were reluctant without certainty of more plots coming forward.

5.25 At the same time, Avison Young carried out informal (i.e. not Red Book) valuations based on the 2020 Development Brief to determine potential capital receipts and help inform return on investment for the two available sites – the former depot (industrial space) and the playing field (market housing).

5.26 Confirmation has been received from the Planning Service that there is no housing allocation on LRIE in the draft Local Plan Review and that an intensification of employment use on the site would be welcome to meet identified demand for industrial and office space.

5.27 Taken together, the valuations and the Soft Market Testing results provide further evidence that under current market conditions, housing development on the playing field is no longer integral to the long term regeneration of LRIE. However, the playing field site is still required for redevelopment as it is one of only two land parcels currently available within the Council's control (see below).

## Summary

5.28 The various elements of the LRIE project review summarised above have revealed opportunities for LRIE that are market led and we must move at pace to meet demand. This has led to a refresh of the LRIE strategic objectives and delivery strategy, reflecting a new approach that includes:

- A focus on attracting investment in employment space and jobs that aligns with Carbon Net Zero ambitions;
- A commitment to working in partnership with leaseholders to grow current LRIE businesses in a sustainable way and encourage new businesses;
- A sustainable design-led approach to place-making to create an appealing destination for businesses that includes seeking external funding for public realm improvements;
- A move away from the residential-led approach set out in the 2020 Development Brief.

## 6 Proposals

### Revised Strategic Objectives

- 6.1 Executive in December 2020 approved an overarching Vision for LRIE to provide a focus for progressing the development of the site over the years to come. This Vision allows for a range of uses on the site as a whole, including - to date - residential development by leaseholders (subject to planning and to negotiations with the Council as freeholder). LRIE Project Board and Economic Development Board have considered the Vision and decided the references to 'mixed use' and 'live' should remain in order to provide longer term flexibility. However – as set out below – the revised delivery strategy is focussed on the immediate need to for employment use.
- 6.2 Therefore, no changes are proposed to the overarching Vision for LRIE approved by Executive in December 2020, which is set out below.

*The delivery of a mixed-use site that delivers economic growth,  
an improved local environment within which to work, travel and live,  
and provides effective links to the town centre.*

- 6.3 Executive in December 2020 also approved key objectives for the development of the site including that it should be economic development led, that connectivity with the town centre is important, that business square footage and jobs should be increased and that the value of the Council's financial position should be protected.
- 6.4 In the response to the changing economic climate and for the reasons set out in the Supporting Information section, this report proposes to replace the December 2020 key objectives with revised strategic objectives that include reference to the Council's target of carbon neutrality by 2030 and remove the requirement for mixed use to include housing. This will assist in simplifying the public messaging around the Council's objectives for LRIE.
- 6.5 The strategic objectives have been revised to include targets, deliverables and outcomes that form the basis for the programme management framework being developed alongside this report.
- 6.6 This report seeks approval of proposed revised strategic objectives as set out below:

**By 2030, the London Road Industrial Estate programme will have achieved:**

- 1. The sustainable economic regeneration of London Road Industrial Estate to create an appealing destination for businesses.**
- 2. Inward investment, green economic growth and the creation of employment opportunities for local people;**
- 3. A positive contribution to the district's carbon neutrality aspirations.**

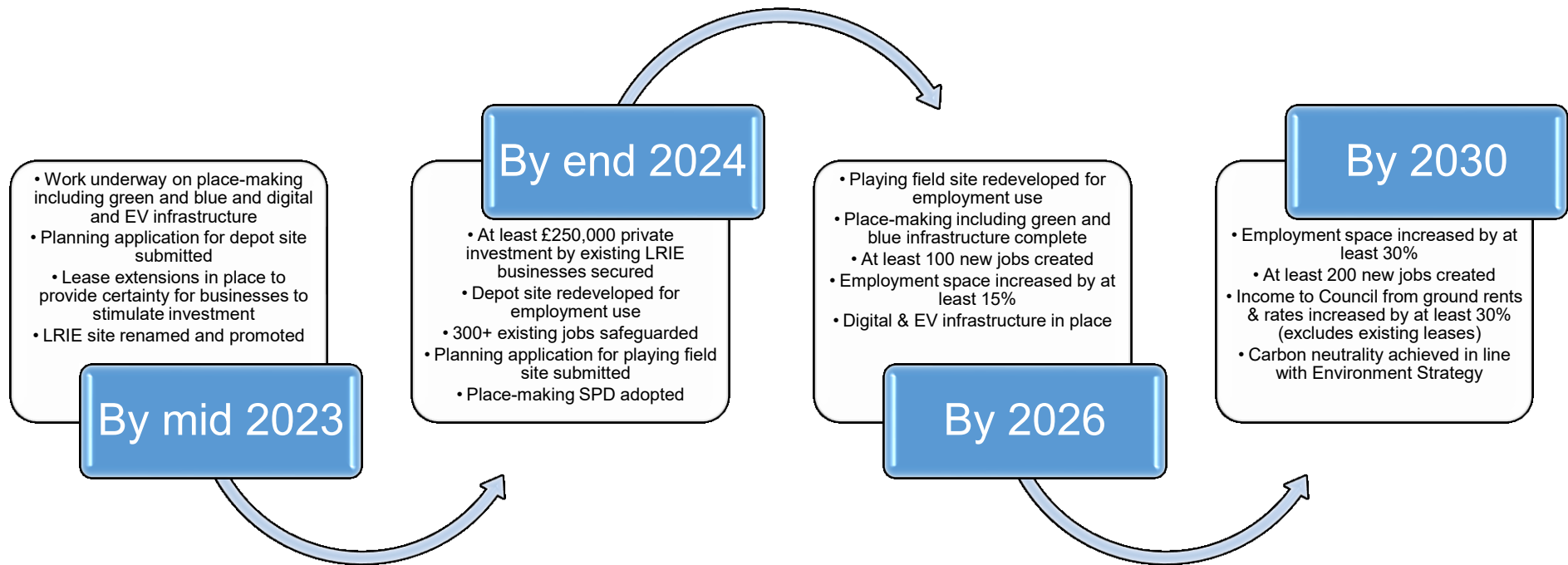
## Revised Delivery Strategy

- 6.7 The Development Brief approved by Executive in November 2020 set out a residential-led approach to the regeneration of LRIE and offered two options for delivery. In December 2020, Executive decided to deliver development via the phased approach option in view of wider market conditions, previous experience of the site and the Council's desire to mitigate risk of non-delivery.
- 6.8 The Development Brief is available to view on the Council's website at <https://info.westberks.gov.uk/lrie>.
- 6.9 The Development Brief was a substantial body of work produced by consultants well-respected in the field and remains a key source of information and evidence to underpin the LRIE programme. A number of the 'next steps' set out in the December 2020 report to Executive have been completed or are underway, including market testing and leaseholder discussions. Additional work streams have also been completed, including the Environmental Appraisal Report and re-opening the playing field to the public for sport and recreational use pending redevelopment.
- 6.10 This report seeks approval to retain the phased approach but to refocus the strategy for delivering the Council's overarching Vision for LRIE away from a residential-led approach to one in which, by 2030, the Council will:
- Work with existing and potential leaseholders and develop partners on LRIE to:
    - Bring forward business investment to safeguard 300+ jobs and create at least 200 new jobs
    - Agree lease terms to unlock at least 30% of new employment space and place-making improvements
    - Align values with carbon net zero agenda
  - Seek to retain the freehold of the LRIE site as a long term asset for employment use and:
    - Buy back leases if and when they become available for redevelopment
    - Avoid use of CPO wherever possible
    - Increase income from the former depot and playing field sites through ground rents and business rates by at least 30% (excludes current leases)
  - Seek interest from existing leaseholders, developers and/or other partner(s) to:
    - Promote LRIE for enterprise and innovation as part of a wider Investment Strategy for West Berkshire by mid 2023
    - Develop the depot site for employment use by end 2024
    - Develop the playing field site (subject to alternative provision) for employment use by 2026

- In partnership with leaseholders and key stakeholders, develop an LRIE Supplementary Planning Document (SPD) and evidence base, with the aims of:
  - Creating an appealing destination for businesses through place-making
  - Delivering site wide mitigation for flooding and drainage and improved blue and green infrastructure (including nutrient neutrality and biodiversity net gain) by 2026
  - Investing in digital infrastructure and EV charging points by 2026
  - Achieving carbon neutrality in line with the Environment Strategy, through measures that include an Energy Strategy
  - Creating high quality design guidance for buildings and spaces

6.11 The Delivery Strategy is summarised along with projected timescales on the next page. Due to the number of variables in the LRIE programme – such as outcomes from leaseholder negotiations and external funding bids – it is likely that there will be some variation in the timescales. These will be reviewed regularly as part of the programme monitoring.

### Delivering the Regeneration of London Road Industrial Estate, Newbury



## 7 Issues to Consider

### Financial and Property Issues

- 7.1 In respect of income, the Council receives annual ground rent of £0.4m per annum representing a yield of over 5% against Council freehold assets worth a book value of £9.2m (as at 31.3.21). The LRIE represents one of few income generating sites left in the Council's portfolio. Given reductions in Government funding for local authorities in recent years, the Council is required to consider its wider financial position as part of this redevelopment, both from long term income regeneration and share of business rates retention generated by LRIE.
- 7.2 In order to be clear about the Council's intentions in discussion with prospective developers, the strategic objectives set out above include an increase in income from the former depot and playing field sites through ground rents and business rates by at least 30%. This excludes current leases, which are subject to rent review. The proposed revised delivery strategy confirms the Council's position in seeking to retain the freehold of the LRIE site as a long term asset for employment use
- 7.3 The report seeks delegated authority to negotiate, restructure or buy back leases which may become available during the current financial year
- 7.4 This would necessitate the use of part of the LRIE capital budget to fund the new property arrangements (see below). Proposals falling outside the financial year and/or outside the existing capital budget approved for LRIE would be brought back to Executive for decision.
- 7.5 In terms of cost, this report proposes no additional expenditure at this time – the Council's costs are expected to be met within existing budgets over the next two years, as follows:

### Capital Budget

- 7.6 Among the alternative delivery options considered by the LRIE project refresh was that of the Council itself submitting an outline planning application for the whole site, rather than seeking to develop a Supplementary Planning Document to support its longer term aspirations for the site. A capital bid to support the submission of an outline planning application was submitted to provide sufficient flexibility for a different approach, should this become the preferred way forward.
- 7.7 As part of the budget setting process, £850,500 was set aside in the capital programme for 22/23 and £17,000 for 23/24 for planning and consultancy to help deliver LRIE projects, including some staffing costs.
- 7.8 Submission of an outline planning application has now been discounted. The proposed revised delivery strategy seeks to refocus part of the LRIE capital budget to fund new arrangements including buy-back of leases which may become available during the current financial year.
- 7.9 The remainder of the budget will be used to support the production and delivery of the aspirations set out in the site-wide Place-making Supplementary Planning Document.

## Revenue Budget

7.10 £100k pa for 22/23 and 23/24 approved by Executive in December 2020 to progress the scheme, plus £64,000 carry forward approved for 22/23.

7.11 In addition, the Council will seek to lever in additional funding for infrastructure and place-making improvements from sources including:

- DEFRA and Regional Flood & Coastal Committee
- Local Economic Partnership (LEP) and other stakeholders
- Leaseholders and occupiers
- Developer partners
- Community Infrastructure Levy (CIL)
- Digital and EV infrastructure enablers
- UK Shared Prosperity Fund

7.12 Expenditure will be closely monitored as part of the programme management framework and in accordance with the Council's budget monitoring process.

## Resource Issues

7.13 The proposals set out in this report are expected to be met within existing resources over the next two years, by using revenue funding released by capitalising a proportion of existing staffing costs. This includes programme management within the Economy Team alongside the delivery of the Newbury Town Centre Masterplan.

7.14 The capital and revenue budgets set out above include provision for specialist multi-disciplinary services to be bought in to assist with delivery as required. This includes legal and commercial property services, independent planning advice and design and engineering services. 'Intelligent client' support will be sourced from other services across the Council including Legal, Property, Commissioning, Environment Delivery, and Asset Management (Highways & Flood Risk).

## Risk Management

7.15 The LRIE scheme has been subject to a legal challenge in the past. The phased approach set out in this report seeks to mitigate such risks wherever possible, to enable effective development of the land within the Council's control within the shortest possible timeframe. All development requiring planning permission will be subject to the statutory planning process.

7.16 The proposals provide a regeneration framework that enhances one of the Council's major assets at minimal financial risk to the Council. Independent support to negotiate lease term extensions and include sharing of regeneration costs will help manage upfront capital costs and result in an annual uplift in rental income for the council.

7.17 The playing field is registered as an Asset of Community Value (ACV). If the Council decides to dispose of the asset – or part of the asset - as a financial transaction, the asset must be offered to the registered ACV holder at commercial value. The registered holder has six months in which to make a commercial offer. The Council is not obliged



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to accept the offer and thereafter may proceed with its plans. This timescale has been built into the programme management framework.

- 7.18 In the past, the Council's reputation has suffered from a perceived lack of transparency and progress on LRIE. The development and implementation of a comprehensive communications plan will ensure that milestones are celebrated and progress is shared quickly and effectively with stakeholders.
- 7.19 The delivery strategy emphasises the importance of site-wide environmental enhancements and place-making, including flood mitigation and achievement of carbon neutrality. External technical support will carry out investigations, the results of which will inform a flood mitigation plan. A site-wide Energy Strategy will be developed in partnership with leaseholders.
- 7.20 This is a complex programme with multiple interdependencies and variables. Effective programme management will make the most of in-house resource and procuring external technical support will ensure appropriate capacity is in place to deliver on the programme objectives.

### Communications

- 7.21 The proposals set out in this report are intended to provide clarity on the Council's intentions for taking the site forward for employment use to support businesses to grow and create jobs for local people in line with its carbon neutrality ambitions.
- 7.22 In April 2021, LRIE Project Board agreed that a programme of further engagement activities should be developed once a clear vision which articulated the Council's ambitions for the site had been developed. In addition, the Project Board approved the setting up of a new micro-website for the project and to go out to public consultation on a range of potential new names for the estate that would focus on future uses.
- 7.23 A communications plan is now being developed to improve engagement with the programme by local residents, stakeholders and the wider public, linked to the programme milestones.
- 7.24 Following the successful launch earlier this year of the new Business West Berkshire website <https://www.businesswestberks.co.uk/>, there is no longer a need for a new micro-website. Instead, a dedicated LRIE page will be set up with compelling visuals and blog content, where people can see for themselves how the project is progressing.
- 7.25 A proposal for a competition among local schools to find a new name for LRIE which reflects the district's carbon neutrality ambitions is being developed for consideration by the Project Board. Suggestions would be shortlisted by a panel including members, business representatives and commercial property agents. The report seeks to delegate authority to the Executive Director Place in consultation with the Portfolio Holder for Economic Development to make the final decision on a new name for LRIE.

### Governance

- 7.26 The refreshed project has been assessed as a tier 1 project using the Council's project sizing toolkit. This requires regular reporting to the officer led LRIE Project Board and the member led Economic Development Board as the Governance Group, which

considers any matters escalated by the Project Board. Key decisions are taken by the Executive where required, in line with the Council's constitutional requirements.

- 7.27 The LRIE Project Board meets regularly, is chaired by the Executive Director Place as Project Sponsor and includes the Portfolio Holder for Economic Development as member lead, as well as officers from relevant Council services. Economic Development Board also meets regularly and includes the Leader, the Portfolio Holder for Economic Development and two other Portfolio Holders.
- 7.28 Responsibility for managing the LRIE programme and associated projects or work streams lies within the Economy Team, which also manages the town centre regeneration programme including the Newbury Town Centre Masterplan. A programme management framework is being developed in parallel with this report and will be considered in due course by Economic Development Board as the Governance Group. . Further oversight is provided through the Corporate Programme Board which oversees all Council project activity.

## 8 Other options considered

### Close down the LRIE Programme

- 8.1 One option is to take no further action and close down the LRIE regeneration programme, on the basis that the Council would continue to receive income of £0.4m pa from leaseholders.
- 8.2 However, as previously explained, this would be missing a significant opportunity to support and grow local businesses in line with the Council Strategy and to demonstrate the Council's commitment to sustainable development and to achieving carbon net zero. Moreover, there is a risk that without refurbishment or redevelopment, the buildings on LRIE will become 'stranded assets' and the income will eventually dwindle.

### Formal Developer route

- 8.3 The option of seeking a site-wide developer partner was previously ruled out by Executive in December 2020. Executive decided to deliver development via the phased approach option in view of wider market conditions, previous experience of the site and the Council's desire to mitigate risk of non-delivery.
- 8.4 A development partner or partners remains an option for plots within the Council's direct control – if this route is chosen, the Council will have regard to the Public Contracts Regulations 2015 for the delivery of the objectives.

### Exclude the Playing Field Site

- 8.5 Another option is to exclude the playing field site from the LRIE proposals and let it remain in recreational use.
- 8.6 However, this would limit the potential to achieve the LRIE objectives of economic regeneration, investment in green growth, more and better quality jobs and making a positive contribution to carbon neutrality. Furthermore, exclusion of the playing field

would remove one of only two land parcels currently available within the Council's control to progress the aspirations for the site.

- 8.7 Retaining the playing field site and the adjoining car park within the LRIE red line provides the Council and potential development partners with the flexibility to expand and/or relocate existing businesses, attract more businesses to the area and to provide place-making elements including Sustainable Drainage Systems (SuDS) and biodiversity net gain.

### Submission of outline planning application

- 8.8 As stated above, an alternative delivery option considered was for the Council to submit an outline planning application for the whole site. However, the cost of work to support this would be very high and its effectiveness in delivering Council aspirations questionable given that planning permission has a limited lifespan. In addition, Soft Market Testing established that developers prefer to lead on planning applications.
- 8.9 Therefore, the preferred approach is to develop an evidence base that would include an LRIE Place-making Strategy and Energy Strategy and to procure independent planning consultants to produce a Supplementary Planning Document (SPD). The scope of the SPD would include site-wide design guidance, flood mitigation, Sustainable Drainage Systems (SuDS), biodiversity net gain, nutrient neutrality, BREEAM standards, skills and employment plans and targets linked to more jobs and employment space.

## 9 Conclusion

- 9.1 This report presents a refresh of the LRIE project which took place between November 2021 and April 2022 to take account of evolving economic drivers, market demand and the district's ambition to be carbon neutral by 2030. This included a review of the assumptions on which the 2020 Development Brief was based. The refresh also took account of the results of further work by consultants Avison Young, including an Environmental Appraisal Report and Soft Market Testing, and recent announcements by the UK Government.
- 9.2 The issues to be considered in any review of the London Road Industrial Estate are many and varied, reflecting the long history and complexity of the project. There is a need to be clear about the Council's aspirations for the LRIE site, for the benefit of leaseholders, occupiers, employees, local residents and stakeholders as well as the wider public.
- 9.3 The recommendations set out in paragraph 2 above, provide the clarity needed to move the LRIE programme forward at pace, to grasp opportunities presented by the current market and economic drivers and to bring forward investment in sustainable economic growth that will support a number of the Council's strategic priorities.

## 10 Appendices

- 10.1 Appendix A – Aerial map showing site outline
- 10.2 Appendix B – Map showing land in Council control

**Background Papers:**

Report EX3960 and Minutes of Executive held on 19<sup>th</sup> November 2020

Development Brief by Avison Young dated November 2020.

Report EX3978 and Minutes of Executive held on 17<sup>th</sup> December 2020

All available via the Council's website at <https://info.westberks.gov.uk/lrie>

**Subject to Call-In:**

Yes:  No:

- The item is due to be referred to Council for final approval
- Delays in implementation could have serious financial implications for the Council
- Delays in implementation could compromise the Council's position
- Considered or reviewed by Overview and Scrutiny Management Committee or associated Task Groups within preceding six months
- Item is Urgent Key Decision
- Report is to note only

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