

Ms Goldsmith, Leader	Ref No: LDR07 (18/19)
July 2018	Key Decision: Yes
Submission of an Outline Planning Application for the former Novartis site, Wimblehurst Road, Horsham	Part I
Report by Lee Harris Executive Director Economy Infrastructure and Environment	Electoral Division(s): All

Summary

The County Council purchased the site formerly owned by Novartis Pharmaceuticals in Wimblehurst Road, Horsham, in December 2016. The key driver for the County Council's investment in this acquisition was to sustain, and build on, the site's long established position as a major centre for high value employment, and a key contributor to the local, county and sub-regional economy.

Following site acquisition, the County Council has undertaken a programme of work with its commercial advisors, Savills UK, on the vision, proposition and asset optimisation for the site, leading to detailed work on a preferred development option; and to progress initial activities on an outline planning application. The work to date has focussed on the County Council's proposed option in the original Business Case for site acquisition (LDR15 (15/16) Strategic Site Acquisition), that is for a mixed commercial / residential development, and the aspiration for the commercial development to focus on health and life sciences.

The proposal is to progress the development of the former Novartis site, through submitting an outline planning application to Horsham District Council (the planning authority) in November 2018 for a mixed commercial and residential scheme. On the basis of the site parameters from the initial site master planning work, the development of the site would be 64% commercial and 36% residential.

A full Business Case and a Leader Decision will follow in 2019, setting out the proposed option for the commercial model for delivery of the scheme, and the funding profile from the project allocation in the approved Capital Programme.

The former Novartis site provides a rare opportunity to meet a number of strategic priorities of the County Council as set out in the West Sussex Plan 2017-2022, particularly around 'a prosperous place' and 'a strong, safe and sustainable place'. The proposals are fully consistent with the West Sussex County Council Economic Growth Plan 2018 – 2023.

Recommendations

That the Leader:

- (1) Approves that an outline planning application is submitted to Horsham District Council for the future development of the site, as set out in section 2 of the report `.
- (2) Delegates authority to the Executive Director of Economy, Infrastructure and Environment to approve the final outline planning application in advance of submission, in consultation with the Leader.
- (3) Approves an allocation of £520,000 from the capital programme project allocation for spend in 2018/19 on design costs associated with the redevelopment of the site, and on costs relating to preparation and submission of the outline planning application.

1. Background and Context

- 1.1 In 2015, the County Council took the Decision (LDR15(15/16) Strategic Site Acquisition) to purchase the 18.6 acre (7.5ha) site on Wimblehurst Road, Horsham, from Novartis Pharmaceuticals, with the key driver to sustain, and build on, the site's long established position as a major centre for high value employment, and a key contributor to the local, county and sub-regional economy. There was an ambition to provide a strategic focus for business start-ups, incubation, innovation and growth in the county, particularly in the health and life sciences sector. On 14 December 2016, the County Council acquired the site for £16,953,110 (total net) purchase price.
- 1.2 Prior to the formal decision to purchase the site, the County Council commissioned KPMG to develop an initial outline business case to give assurance that the offer price was merited. The business case considered a range of options for the redevelopment of the site, summarised into four main options:
 - Do nothing, do minimum or status quo
 - Mixed commercial / residential development (the proposed option)
 - 100% residential development (an alternative option)
 - 100% commercial development (an alternative option).
- 1.3 The mixed commercial and residential option was identified as the preferred option in the business case, based on two thirds of the site for commercial development, and one third for residential. This combination was identified as providing an optimal balance of financial confidence and economic and social impact. There was a firm aspiration for the commercial development to focus on the health and life sciences sector post site purchase, if such a development would be viable.
- 1.4 The feasibility work by the Council's advisors Savills UK and Savills Science that followed the decision to acquire the site considered a number of potential development scenarios including the aspiration for a health and life sciences focus. With changing market conditions, the need for significant public sector funding for a health and life sciences focus, and the acceleration in the delivery timescale for the Burgess Hill Science and Technology Park, it

was concluded that it was not appropriate to pursue the health and life sciences focus for the development. A mixed use residential and general commercial development (Grade A offices) was identified as the most favourable configuration for the future development of the site.

- 1.5 Work in 2018 is focussing on the preferred development option and associated site master planning, and preparing for the submission of an outline planning application to Horsham District Council. This includes pre-application discussions with the authority, public consultation, and the submission of an outline planning application in November. The proposals arising from the work are summarised in section 2 of this Report.
- 1.6 In addition, the County Council is considering options for the commercial model for scheme delivery, with a preferred option to be presented in a full Business Case in early 2019. The preferred option will be informed by soft market testing of the commercial market, to provide the Council with an indication of the financial terms and risk exposure private developers are willing to accept. This will allow the Council to review its preferred commercial arrangements to determine whether these are likely to be accepted based on the interest and appetite from the development industry. The decision to proceed will be subject to a further Leader Decision.
- 1.7 The key economic benefits the Council is working to achieve through the development of the site are:
 - Retention and creation of high value jobs and businesses – with more than 1,200 FTE jobs on site by 2025;
 - Provision of new, high quality business space – 16,000 to 20,000 square metres of new commercial Grade A office floor space;
 - Opportunities for business start-ups and innovative enterprises;
 - Provision of new housing on a proportion of the site, including affordable housing.

2. Proposal

- 2.1 The proposal is to progress the development of the former Novartis site, through submitting an outline planning application to Horsham District Council (the planning authority) in November 2018 for a mixed commercial and residential scheme, with a projected date for determination in April 2019 (Issue of Decision Notice). On the basis of the site parameters from the initial site master planning work (based on gross boundary to boundary site area) the development of the site would be 64% commercial and 36% residential.
- 2.2 The site is allocated in the Horsham District Planning Framework, Policy 8 (2015) for a mixed use scheme, comprising higher education facilities and additional supporting facilities, complementary employment and associated infrastructure. This emanates from the University of Brighton's previous intention to acquire the site. In the event that a development does not come forward in line with Policy 8, there is provision for other development options to be considered. In this case, the site can be provided for other uses in a sequential test with a combined training and employment use first and employment use solely second.

- 2.3 Horsham District Council adopted the Horsham District Planning Framework (HDPF) in November 2015, with a requirement for review within three years to ensure that housing needs nearer the end of the plan period can be adequately met. The District Council has now commenced a review of various revisions of their current HDPF, including a review of Policy 8. The County Council has made a submission to the review, stating the policy should be changed to permit a mixed use residential and commercial development. The County Council has presented proposals for the outline planning application to Horsham District Council officers in pre-application meetings. In the Autumn of this year it is anticipated that Horsham District Council will publish a consultation report detailing comments from the public and officer recommendations.
- 2.4 Work is progressing to enable a robust and well thought through planning application to be submitted and supported through the planning process, as follows:
- Development Consultancy – undertaking further financial analysis of the project to inform the design, layout and scale of development, the appropriate level of affordable housing and to demonstrate the relative viability of different options.
 - Site Master Planning - preparing a comprehensive site masterplan required by Horsham District Council to accompany the outline planning application.
 - Progress to Outline Planning Application - preparing all the supporting documentation required for an outline planning application, including confirming any need for an environmental impact assessment, and engaging in pre-application discussions with the local planning authority.
 - Public Consultation – hosting a briefing event for key community stakeholders in July 2018, and undertaking public consultation in September 2018 and October 2018 in two separate rounds of events.
 - Post Submission Planning and Section 106 – work associated with ensuring a decision is made by the local planning authority in the statutory time period. This includes negotiating draft Section 106 Heads of Terms.
- 2.5 Although the County Council is not intending to pursue a specialist health and life sciences park for the commercial development, the commitment remains to ensuring the site makes a significant contribution to creating and supporting higher value, knowledge economy employment. The proposal is for the commercial development to focus on Grade A offices, in line with the Council's high value proposition for employment space in the area. Businesses attracted to Grade A offices include those in digital technology and IT; financial and professional services; as well as health and life sciences where specialist laboratories are not required.
- 2.6 It is proposed to allocate £520,000 from the £50 million capital programme project allocation for costs associated with the redevelopment of the site (the

asset) in 2018/19, namely for design costs, preparation of the outline planning application, and for site investigations and surveys to inform the outline planning work.

- 2.7 It is also proposed to delegate authority to the Executive Director of Economy, Infrastructure and Environment to approve the final outline planning application in advance of submission to the planning authority (Horsham District Council), in consultation with the Leader.

3. Resources

- 3.1 There is a £50 million allocation in the capital programme for the project (2018-23), and the full business case in early 2019 will set out the budget profile of the allocation.
- 3.2 This report seeks the allocation of £520,000 from the capital programme project allocation for design costs associated with the redevelopment of the site (the asset) in 2018/19. These costs are to undertake the work as set out in section 2 of the report for the outline planning application, and additionally for site investigations and surveys to inform the outline planning work, including topographical surveys, ground investigations, ecological studies and other environmental surveys. Capital costs will be recouped as part of the commercial arrangements with a third party developer through the contractual arrangements subsequent to the public procurement process.
- 3.3 Budget for site holding costs and initial project planning is in place through the economic development base budget.
- 3.4 Following site acquisition, a successful bid was made for a £3.66 million Local Growth Fund grant from the Coast to Capital Local Enterprise Partnership. The award was made on the basis that at least 50 per cent of the site would be retained for general commercial employment generating development. This is consistent with the County Council's proposed option being taken forward to an outline planning application.

Factors taken into account

4. Consultation

- 4.1. Members - In June 2018, the elected members from the Horsham electoral divisions were briefed on the work to date, development proposals and the County Council's intention to progress the scheme to an outline planning application with Horsham District Council. In July 2018, the Performance and Finance Select Committee and Members from the Environment, Communities and Fire Select Committee considered progress to date, and the proposed outline planning application. It was agreed that the Committee's comments will be taken into account by the Leader and officers prior to the submission of an outline planning application to Horsham District Council. The Committee confirmed it would look forward to seeing the full business case early in 2019.
- 4.2. External – There have been a series of informal meetings between officers of the County Council and planning officers from Horsham District Council. In

June 2018 there was a formal pre-application meeting with Horsham District Council. In advance of the formal planning process commencing, a community stakeholder meeting will take place on 25 July 2018 which will include the local Residents' Association and the Parish Council.

- 4.3. Public – No consultations have been carried out with the public to date. It is essential that adequate public consultation is undertaken during the design stages of the scheme and before the application is submitted. As part of the pre-application process, public consultation will occur in September 2018 and October 2018 in two separate rounds of events. These events will be widely publicised with a three week lead-in and consultation timeframe for each. There is an allowance of two weeks post each event for comments to be submitted by the public. In addition to the public consultation process associated with the planning application, the County Council will manage a communications plan to more widely communicate with residents and businesses in the county.
- 4.4. Feedback from consultation has and will be considered, and will inform the outline planning application and full Business Case to reach an optimum solution for the site.

5. Risk Management Implications

- 5.1. The key risk to the County Council is that the site does not achieve a positive return on the Council's investment. The purchase price has been a key factor in the further consideration of options for the site, both in terms of value for money and return on investment.
- 5.2. The main project risks and issues that need to be managed are:
 - Ensuring that the approach taken to master planning and planning policy enables planning permission to be granted for the County Council's preferred option.
 - Ensuring the planned commercial development is financially viable and attractive to the developer market.
 - Ensuring that the procurement route and delivery model accords with the vision for the site and also results in the required rate of return for the County Council's initial outlay and ongoing capital funding.
 - Addressing normal risks associated with any development of this type at the point of land acquisition, such as prevailing market conditions, market demand, cost inflation and delays.

6. Other Options Considered

- 6.1 A number of development options were explored in the original case (2015) and then by Savills UK on behalf of the County Council (2017). These options ranged from 100% development for employment use through to 100% residential development. In summary, the former presents challenges to the financial viability of the proposition and the latter would contravene planning policy (Horsham District Planning Framework 2015, Policy 8).
- 6.2 Each option was further explored to meet both the vision and financial stability of the development. The preferred option of a mixed use residential

and commercial scheme offered the optimum potential development value to the County Council and the option most likely to produce a positive return on investment to the Council. This option is being further refined through the current phase of work.

7. Equality Duty

- 7.1 There are no impacts on individuals with a special status or requiring an Equalities Impact Assessment at this stage. An assessment will be carried out as part of the preparation of a full Business Case for the project as required.

8. Social Value

- 8.1 A full consultation and social impact assessment will be carried out as part of the full Business Case. The key reason for acquiring this site is for economic regeneration of the site and the retention of the site as a location for high value added employment in the county.

9. Crime and Disorder Act Implications

- 9.1 There are no identifiable Crime and Disorder Act implications.

10. Human Rights Implications

- 10.1 There are no identifiable Human Rights implications.

Lee Harris

Executive Director
Economy, Infrastructure and Environment

Contact

Carolyn Carr, Economic Growth Manager
carolyn.carr@westsussex.gov.uk

Gary Cox, Novartis Regeneration Programme Manager
gary.cox@westsussex.gov.uk

Appendices

1. Additional Proposal Information – PART II
2. [Indicative Development Schedule](#)

Background Papers

None