

Report to the Council

Committee: Cabinet

Date: 6 November 2012

Portfolio Holder: Councillor A Grigg
(Asset Management and Economic Development)

SUPPLEMENTARY DDF ESTIMATE – LANGSTON ROAD RETAIL PARK – PLANNING FEES

Recommending:

That a supplementary District Development Fund estimate of £44,000 be approved for 2012/13 in order to pay the Council's 50% share of additional fees incurred in obtaining outline planning permission for a new retail park at Langston Road, Loughton.

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1. In July 2010 we entered into negotiations with Polofind Ltd to develop jointly a retail park of approximately 10,000 sq metres at Langston Road, Loughton. At that time we entered into an agreement with Polofind to meet half of the cost to be incurred in seeking outline planning permission. The total cost was estimated at £158,910 plus VAT plus disbursements and appropriate budget provision was made to meet half of that amount.
 2. Although a planning application was submitted in December 2010 it was not approved until February 2012 when permission was granted subject to completion of a Section 106 Agreement largely concerned with highway works estimated at £1,700,000. The Section 106 Agreement was completed in July 2012.
 3. The time taken to obtain planning permission was far in excess of what we anticipated and was mainly due to the complexity of the model required by Essex Highways consultant, Mouchel. Additional fees were incurred due to the work carried out by consultants JMP Consulting Ltd, who were engaged to undertake a traffic impact study and modelling, Wolf Bond Planning and Nathaniel Lichfield & Partners. Total fees and disbursements expended amounted to £246,950.86 plus VAT.
 4. We have paid 50% of £158,910 plus VAT but owe Polofind Ltd £44,000 plus VAT to cover half of the shortfall. The VAT can be claimed back.
 5. In seeking a supplementary DDF estimate we ask the Council to bear in mind that the planning permission has in theory provided a large increase in book value of the Council's land assuming that a development agreement can be entered into with the adjoining site owners. The current book value of the site is £1,548,000 (approximately £500,000 per acre) and planning permission for a retail park will show a substantial increase in this value. There will be costs associated with relocating existing services from the site.

6. Negotiations with Polofind Ltd are ongoing regarding the development of the two sites and when these have reached a more advanced stage a further report will be submitted to us for consideration.
7. We recommend as set out at the commencement of this report in order to comply with the terms of the agreement with Polofind Ltd.