

## EPPING FOREST DISTRICT COUNCIL OVERVIEW AND SCRUTINY MINUTES

**Committee:** Overview and Scrutiny Committee      **Date:** Tuesday, 27 August 2013

**Place:** Council Chamber, Civic Offices, High Street, Epping      **Time:** 7.30 - 8.35 pm

**Members Present:** Councillors R Morgan (Chairman, Overview and Scrutiny Committee) (Chairman) K Angold-Stephens (Vice-Chairman) K Avey, G Chambers, T Church, L Girling, D Jacobs, Ms H Kane, P Keska, A Lion, A Mitchell MBE, J Philip, B Rolfe and D Wixley

**Other Councillors:** Councillors R Bassett, A Boyce, W Breare-Hall, Mrs R Gadsby, Mrs A Grigg, Mrs J Lea, Mrs M McEwen, G Mohindra, Ms G Shiell, D Stallan, Ms S Stavrou, H Ulkun, Mrs L Wagland, G Waller, Ms S Watson, Mrs E Webster, C Whitbread and J M Whitehouse

**Apologies:** Councillors K Chana and S Murray

**Officers Present:** D Macnab (Deputy Chief Executive), G Chipp (Chief Executive), J Gilbert (Director of Environment and Street Scene), A Cronin (Interim Assistant Director), S G Hill (Senior Democratic Services Officer), T Carne (Public Relations and Marketing Officer), A Hendry (Democratic Services Officer) and M Jenkins (Democratic Services Assistant)

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### 26. WEBCASTING INTRODUCTION

The Chairman reminded everyone present that the meeting would be broadcast live to the Internet, and that the Council had adopted a protocol for the webcasting of its meetings.

### 27. SUBSTITUTE MEMBERS

It was noted that Councillor K Avey was substituting for Councillor K Chana.

### 28. DECLARATIONS OF INTEREST

(a) Councillor H Kane declared an interest in items 5 and 7 as she was the assistant to the Portfolio Holder for Asset Management and Economic Development but had not been involved in any of the discussions on this topic. The Councillor had determined that her interests were non-pecuniary and she would remain in the meeting for the consideration of the issue.

(b) Pursuant to the Council's Code of Member Conduct, Councillors A Grigg and D Stallan declared a personal interest in agenda items 5 and 7, Review of North Weald Airfield, by virtue of being members of North Weald Bassett Parish Council, having made individual representations during the Issues & Options consultation of the Local Plan process, and having attended a meeting between Deloitte Real Estate and North Weald Bassett Parish Council. The Councillors had determined that their interests were non-pecuniary and would remain in the meeting for the consideration of the issue.

(c) Councillor Avey declared an interest in items 5 and 7. The Councillor had determined that his interests were non-pecuniary and he would remain in the meeting for the consideration of the issue.

## 29. CALL-IN OF CABINET DECISION REVIEW OF NORTH WEALD AIRFIELD (C-018-2013-14)

It was noted that Susan Lynch the consultant from Deloitte Real estates was also in attendance to answer any specific questions on their North Weald Airfield Development study.

The Committee considered the call-in of the Cabinet's decision (report C-018-2013/14) regarding the option to be considered for North Weald Airfield as part of the Local Plan process. The call-in was concerned only with parts 2 and 3 of the decision taken by the Cabinet, that:

*“(2) That the following options not be given further consideration as part of the Local Plan process:*

*(a) the intensification of aviation based solution; and*

*(b) the non aviation based solution with a focus on residential development; and*

*(c) the non aviation based solution with a focus on commercial development.*

*And*

*(3) That, for the mixed aviation/development based option, a further high level master planning exercise focusing on feasibility, deliverability and incorporating the option in the Local Plan be undertaken as part of the assessment process leading to the Local Plan Preferred Options consultation in May 2014.”*

The lead member of the call-in, Councillor Watson was asked to open the discussion. She noted that the Local Plan was the most important document being considered at this time. She thought that a wider, clearer set of options was needed with the level of risk associated with each option laid out. She noted the factors of the call-in were that:

- 1) they did not believe the risk associated with the options were sufficiently considered;
- 2) the model provided by Deloitte did not provide any analysis between revenue and capital;
- 3) the issues and options have changed without any district wide consultation; and
- 4) the options for modest development without aviation had not been considered.

She considered each option in turn and noted that the risk associated with the options took into account that the money available now was worth more than the same amount available in the future. She also took into account the risks and uncertainty of the anticipated cash flows.

Deloitte had used a higher discount rate of 20% than would normally be used in the public sector because all the options carried certain risks. However, they used the same rate for all the options. Different rates should have been used. Deloitte confirmed that if they used different rates the net present values would diverge even more than on the report. So, the net value for options 1 and 2 would have been greater.

She then went through each option in turn saying that option 1 had the highest attendant risks. Under option 2a the main risk was the uncertainty of costs associated with the infrastructure. But, these 'uncertainty of costs' would apply to all options. Option 2b – the risk here was of competitors building similar facilities and thus having a reduced demand in the future, but on the other hand, it would create over 4,000 jobs.

Option 3 was mixed use and the main risk was the compatibility with aviation and residential use, with the later used to fund this option. Deloitte pointed out that the constraints this would impose on continued aviation use would not provide a resolution to the potential loss making situation regarding the running of the airfield.

In probability the risks for option 3 in light of the specific risks of that option probably been overstated in light of the specific risks. If no developer was found who wanted to proceed with the aviation there, what would happen then? Would that mean there was no development or that the Council would have to subsidise the development.

As for the split between the revenue and capital costs; it was not clear what had or had not been included. Aviation activity costs the council about a half a million pounds a year or about £4 per annum for every resident in the district. This was hidden by the veil of the Saturday Market. That income and any other income from leisure uses should not necessarily be used to subsidise aviation but rather utilised for the benefit of the whole district. Deloitte said this was not a suitable scenario and they questioned the future of aviation on the site. Who would absorb this loss other than the District Council? As quantifying these revenue implications was outside the scope of the report. Therefore it was difficult to see how a sound decision was made in choosing this option.

Regarding the third factor in the call-in, the issues and options document included 4 potential choices to our residents. We also said that an independent study of the future of the airfield was currently on the way; the outcomes of which would be incorporated into the next stages of the consultation of the new Local Plan. Consequently the only question in community choices asked if all the choices had been identified. Responses showed no clear concerns – general recognition that full consideration could not be given until the full Deloitte report was published. Should not residents be presented with more than one option along with any salient points of that study? Local residents would not therefore be able to give their views if only option 3 was presented to them under the Local Plan.

The Local Plan was about policy for the next 20 years and all residents were to be consulted on all options.

Deloitte also looked at the maximum number of dwellings that could be developed for option 2b. However, no one had seriously suggested that that the population of North Weald should be doubled.

In summary, Councillor Watson said that the Cabinet's decision to only include option 3 denied residents any meaningful say on the future of North Weald Airfield.

Option 3 was an amalgamation of options for residential, aviation and other recreational activities. The financial implications were not given for each of these.

She had yet to meet a resident who owned a private plane but she had heard of a lot of young people talk about the lack of jobs. Her father taught her that we had a duty to help people who were less fortunate. We have a duty to give them a chance of a better future; and homes and jobs would be a good start. The heritage of the site was not in question, but remembering that heritage did not require an active runway. Removing this drain on resources may ensure that the heritage site survived.

She asked that the Cabinet decision was reconsidered and that the two main elements of option 3, being residential development and aviation, were included as discreet options either of which residents may choose to support. And, that residential development should not be held back if we could not find a developer who did not want to deal with aviation. There should be a time limit on that and that option 2b be included so that residents had a real choice on an option that could generate new jobs.

Another signatory of the call-in, Councillor Wagland added that we needed to build a Local Plan from the ground up. The key to building a sustainable Local Plan was to take our residents with us. She argued that the current approach would produce something that was not valid as it was only one option being considered. We do not have as yet, the best information on how much housing we need. If it was only a few thousand we could deal with that by organic growth, but if more than ten thousand we would need to consult with neighbouring authorities, who may be looking to us to build. We have a particular difficulty as we not only have land in the green belt but also Epping Forest. We need to spread our options, with an evidence base put in our consultations documents. It would also depend on how many houses we would need to accommodate.

Councillor Philip, another signatory, added that they were not suggesting that the council went for maximising residential development in North Weald. However, extra housing was needed and options 2a and 2b covered this. We were left with option 3, and the costs and values did not add up. We need to take the best bits from options 2a and 2b and 3.

The responsible Portfolio Holder, Councillor Ann Grigg, was then asked to make her opening statement. She noted she was defending the Cabinet decision on the future of North Weald Airfield to pursue option 3, to continue use of the airfield and provide 1000 houses and also have an employment area. North Weald would be taking its fair share of Housing Development. She had considered all the issues and thought this was the right decision. She reminded members that Deloitte were asked to work up a set of options against a set of criteria and not to recommend any one option.

Councillor Grigg answered the four call-in parts in turn.

'Insufficient weight given to the discount rate reflecting risk' – she started by saying that each option carried significant risks and she drew attention to appendix 1 of the report for details.

It was not considered that arbitrarily assigning different discount rates to each option would add anything to the analysis and would make the computed Net Present Value (NPV) of the different options less easy to compare. And she reminded members that this was not a market valuation. This methodology discounted cash flow over a 30 year period. The basic premises was that a £100 in a 100 years time would be worth less than it was today.

The second reason 'no analysis of revenue implications versus capital'. At this stage the council was evaluating generic options as a landowner. Detailed discounted cash flow models were constructed for each of the options. These models considered the timings and amount of both capital and revenue cash flows associated with each option. The resultant Net Present Values consequently reflects both capital and revenue.

The third reason – 'no district wide consultation on change to Issues and Options prior to the Preferred Options stage'.

One of the roles of Issues and Options was to encourage and stimulate thought on issues which might not have been considered up to that point. If a new issue was identified, it would not be necessary to "change and reconsult" on Issues and Options, but to take it into consideration in working towards the Preferred Options stage of the Local Plan.

In any event, the options evaluated in the North Weald Airfield Review are consistent with the options published on pages 136 and 137 of the "Issue and Options" public consultation document.

The NWA Report was commissioned to inform the Council as landowner in considering the potential future of the NWA, and to provide additional evidence to support the selection of Preferred Options for the next stage of public consultation in the Local Plan Process.

The Preferred Options consultation document would of course be subject to district wide consultation in due course.

The fourth reason on 'no option available without massive development with no aviation'.

The wording of this reason was a little ambiguous but was understood to suggest that no consideration had been given to a non-aviation option with lower levels of either residential development or employment space.

The brief given to the consultants preparing the NWA Report was to assess the relative merits of 3 generic options against a set of 5 criteria. The report was intended to enable the reader to consider each option, and:

- Whether delivery is technically feasible;
- The likelihood of attracting market interest;
- Broad financial returns;
- Value to the community; and
- Associated risks.

The North Weald Airfield report was never intended to assess numerous detailed scenarios and there was no point in doing so at this stage until firm proposals were produced. However, the report did provide good evidence about the relative merits of non-aviation development, aviation intensification and mixed use options. Given the wide difference in value generated from residential and employment led development the non-aviation option was subdivided into two.

A scenario that did not include existing aviation uses and promotes lower levels of development would clearly be sub-optimal, both for the Council as landowner and in terms of not making the best use of potential development land which was largely previously developed, and was not modelled. There would be no added value in

developing the same number of residential units contemplated in the mixed use option and then foregoing aviation and other revenues (that currently exceed costs and were likely to continue to do so). Likewise if aviation were to cease altogether there was little point in not maximising the development value of the whole site. It may also be likely that very substantial compensation was to be paid to some of the current aviation tenants.

The report was clear that a number of lower value uses could be considered in more detailed planning for the site, while modelling concentrated on a small number of higher value options.

She finished by saying she had given sound reasons why this call-in should be dismissed.

The meeting was then opened out to a general discussion. Councillor Avey commented that the airfield was within the Metropolitan Green Belt. He noted that we had a shortage of food grown here and had to import a lot from abroad and we needed to use our land as intelligently as possible. Land at North Weald could be used for agricultural use. More houses or industry could only add to our problems. Other uses could be made of North Weald Airfield.

Councillor Church was confused about Councillor's Watsons assertions that the cost of infrastructure would be the same for options 2a as 2b. Surely it would be higher for 2a. As for the report of Deloitte, as the consultants, should not their figures be taken into account as they were the specialists. There was a higher cost to make the whole area residential rather than to keep the airfield in place. Also, commemoration of the airfield was important. Councillor Wagland said that we needed more figures for potential housing. Once we have it do we then put them in North Weald? The points raised by the call-in had been answered by the previous report.

Councillor Rolfe asked the Planning Portfolio Holder if this decision was reversed; what affect would this have on the timescale of the Local Plan. He also wondered if we placed all the housing on the airfield, would other areas not have to worry about housing on their patch. Councillor Bassett answered that if the decision was reversed they would probably be looking at a six month extension to the Local Plan timetable. As the landowner we looked at what was right for that area, and not just the numbers. It was important to keep the heritage of the airfield in mind and to keep work and employment in mind as well. We discussed this point last year, should we go out to consultation and we took legal advice on this, which suggested it would be reasonable to consult local stakeholders before a district wide public consultation as part of the Local Plan. Ms Cronin added that the purpose of the Local Plan was to steer development to areas that were the best location. We would never get a situation where it was all on the airfield and nowhere else.

Councillor Chambers noted that the Cabinet had already made a decision on 1100 houses but he thought that the bigger issue would be that the residents of North Weald should have a say on that. If he lived there he would not want to have that many houses built.

Councillor Philip commented that there had been some interesting comments made. He addressed the two comments made by Councillors Avey and Chambers which highlighted that there were other things that needed to be considered. The option called in included option 3 for mixed aviation and development which meant that the council did not have an option for not having 1100 houses at North Weald Airfield; we do not have the option of exploring the agricultural option for North Weald. Neither option could be considered as a result of this decision. He emphasised that he was

not saying that there should be more houses in North Weald. He understood that the residents did not want to be drowned in excessive development. He added that he did not think that Councillor Watson had suggested that random discount values be given for the net present value (NPV); she was just recognising that different options had different risks. Also it had moved away from talking about generic options to giving only one option. He recognised that the Deloitte report was taking a broad-brush approach and acknowledged that commemoration was important, but it did not mean that we must have an operating runway. There was a significant variability in this option that needed more investigations and therefore for that reason we thought option 3 was the wrong decision at this stage.

Councillor Webster noted that as a district we had major problems, as 90% of the district was in the green belt and to build we had to consult with our neighbours. North Weald was a village which would be expected to take a fair share, however she would not like to see it expand like Waltham Abbey.

Councillor Whitbread noted that the council had been debating the growth of North Weald for many years. There were similar choices like this option 3 in the past. He believed that residents wanted a fair distribution of growth across the district. Option 3 had been explored numerous times in the past. It was a fair option for the whole district.

Councillor Stallan said he was disappointed it had been called in but not surprised. He did not believe their final decision was wrong. He noted that option 2a and 2b was not supported, which left option 3 and this was a unanimous decision. He suggested that the consultation had already taken place and that the members of the call-in did not wish to delay the Local Plan. What about the other sites suggested, should they be consulted on as well. Councillor Stallan referred to a recent meeting with North Weald Parish Council at which Councillor Wagland had said that she did not want North Weald Airfield to be "carpet bombed" with houses. He noted that this was also a heritage site and urged the committee to reject this call-in.

Councillor McEwen said that she believed that nothing should be ruled out and include all options for North Weald. All things should be considered including agriculture. No community should have more development that would substantially change that community. The Cabinet decision removed the right of the public to consider all options. The Local Plan would be examined by an inspector and therefore I ask that we put in all the options so the public could consider them all.

Councillor Mohindra added that if our Local Plan evidence was found to be unsound the delay would be more than six months.

Councillor Chambers said his thoughts were about the potential 1100 houses and asked what the outcome would be if we stuck with option 3. Anna Cronin replied that as part of the process we will have wider consultation across the district; until then she would not know what the outcome would be.

The lead member responsible for the call-in and the Portfolio Holder was asked to sum up the debate.

Councillor Watson said that Councillor Grigg had said that random value should be assigned to the discount rate. She was not suggesting this. Deloitte confirmed that if you adjusted the discount rates to reflect the risks your net present value would diverge even more. This was true but not the point she was making. The point on commemoration, no one was arguing about this. It was the nature of the commemoration, she was not sure we needed an active runway for this.

The question of democracy was brought up; this has not been debated or voted on at full council at any point. This decision was made by the Cabinet as they were entitled to. But unless we gave residents a full choice and opportunity to comment fully we have not asked them the questions they were entitled to comment on. What she was really saying was broaden out what was put in the preferred options and trust the residents.

Councillor Grigg said she believed that she had answered the call-in questions. Option 3 would be out to consultation next year. The public could still comment or add more options then. The costs were greater for options 2a and 2b than they were for option 3. The Cabinet tried to make option 3 as fair as possible by providing housing and continuing with aviation as well as keeping the heritage of the site. She asked the Committee to reject this call-in and endorse the Cabinet's decision.

**RESOLVED:**

That the Overview and Scrutiny Committee confirmed the original decision of the Cabinet (C-018-2013/14) regarding options to be considered for North Weald Airfield as part of the Local Plan Process.

**CHAIRMAN**