

University of Kent

Deliverability – Northern Site and Retained Campus Masterplans

1. Introduction

Context

- 1.1 The University of Kent (UoK) has made numerous representations to Canterbury City Council (CCC) to inform the preparation of the new local plan setting out the economic and social need for new development on its landholdings to the north of its existing campus and the substantial public benefits that would arise of this were to proceed.
- 1.2 Comprehensive details of this need and associated public benefits are set out in representations submitted to the Call-for-Sites (June 2020 and July 2021); Our Future District (September 2020); Vision and Preferred Options (August 2021); and Regulation 18 (January 2023) consultation among others.
- 1.3 For the purposes of context we provide a summary of the key points below:
 - The Higher Education sector delivers significant economic and social value to the UK. Sustaining and growing the sector is a key component of cross-departmental UK Government policy and is accounted for in national planning policy which requires Local Plans to give significant weight to the need to support the sector.
 - Locally, the UoK delivers significant value to Canterbury and Kent:
 - o It is an 'anchor institution' in the local economy. It directly employs around 3,000 FTE permanent staff and supports a further 2,400 FTE jobs (indirect plus those generated by student expenditure) in the district, which is around 10% of Canterbury's total employment.
 - o As an education provider it also generates significant social value.
 - However, the University is under threat. It operates at an unsustainable financial position. It requires an injection of funds to address its debt liabilities alongside a reduction in its operating costs and/or an increase in income on an ongoing basis in order to repair its balance sheet.
 - It has put in place a strategy to respond to this which comprises the following components:
 - o Operational restructuring;
 - o Refinancing its existing debt obligations;
 - o Academic portfolio review (reduction in range and number of courses);
 - o Optimising new sources of academic income (online, apprenticeships, etc);
 - o Increased income from commercial services; and
 - o Land sales/property rationalisation (capital receipts for repayment of loans and expenditure into academic activity).

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- The potential to generate value from its estate (through the disposal of surplus land) is the most significant of the above components in terms of the scale of funds that can be generated and the consequential impact on the University's financial position. The University is obliged to achieve 'best value' for the sale of any land and all receipts will be 'ring-fenced' to be reinvested back into the University to resolve its debt position and help fund investment into its estate, helping to improve its student offer, position in the market and ultimately ensuring a long term sustainable future for the University.
 - Significant weight should be placed on the need to sustain and grow the University in the preparation of the new Local Plan. In practice, this requires local plan policies that:
 - (1) support the development of its surplus landholdings for value generating development;
 - (2) policies that support new university-related development on its retained campus (including academic, research, student housing, and related development).
 - The public benefits of this are the continuation of the significant economic and social benefits that the University currently generates, with potential for these to be enhanced in the future. If a supportive policy position in the new local plan is not established, the University's financial recovery strategy will not be deliverable which will leave it operating at an unsustainable financial operating position and pose existential threat to the institution as a consequence.
 - It should be noted that the allocation of the Northern Landholdings within the local plan is likely to give immediate benefit to the University through potential balance sheet improvement, providing greater lender security and therefore improving the likelihood of a successful refinancing.

Purpose of Note

- 1.4 With the above context in mind, the purpose of this note is to provide further information to the Council on the deliverability of the policies being sought in the new local plan and how these interact with one another. It is structured as follows:
 - **Section 2** provides update information on the likely phasing/delivery of the proposed residential development on the Northern Site; and
 - **Section 3** explains how the development of the Northern Site will generate funds that will enable the University to invest in its Retained Main Campus and deliver the aspirations set out in the University Masterplan (2019).
- 1.5 An updated Site Plan is enclosed at Appendix A.

2. Northern Landholdings Delivery

Timescales

- 2.1 In our letter to the Council dated 10th October 2023, we set out our current expectations for the delivery of the masterplan for the Northern Site (as presented in the 'Vision for Development' document, August 2021). To recap, this anticipated that there would be 3-4 outlets each with a completion rate of around 50 units per year (so around 200 homes per annum in total), with a total delivery period of 10-15 years when accounting for market fluctuations.
- 2.2 The University does not intend to act as developer for Site BCD. Its intention is to select a developer who will take it forward. There are a wide range of potential routes available to the University, ranging from a simple disposal to a 3rd party to partnership options.

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- 2.3 The process of selecting a developer would start once there was sufficient planning certainty that the masterplan proposals were acceptable, likely to be the publication of the Regulation 19 draft of the local plan at the earliest. Soft market testing/engagement would be undertaken in advance of this (building upon existing work undertaken), but we would not expect the market to meaningfully engage in a developer selection process until the regulation 19 draft is published.
- 2.4 Regardless of the preferred route selected, we would expect it to take around 12 months to complete the developer selection process.
- 2.5 We recommend assuming that the first completions would likely occur in 4-5 years from the date of the selection of the developer (to allow time for the preparation and determination of a planning application, discharging of conditions, site preparation/enabling works, and construction works).
- 2.6 On the above basis, we recommend assuming first completions in 2030.
- 2.7 This broadly tallies with the assumptions set out in the Council's Phasing Methodology (2023) document, where a 'Super-sized' site (+2,000 homes) where there has been limited planning activity is assumed to require a period of 6-years prior to first completions. The same applies to 'Large' sites (500-1,999 homes). The same document assumes an average annual build out rate of 160 homes per annum for Super-size sites (up to 300 for sites with multiple outlets).

Placemaking and Design Quality

- 2.8 In line with all new development in the district, the design quality of development on the Northern Site will be controlled by national and local planning policies.
- 2.9 Matters of legacy and reputation are of great importance to the University, therefore it intends to impose its own requirements and controls to ensure quality. These are likely to focus on design quality, sustainability/climate change matters, social value generation, and innovation of design/delivery. The intention is to secure these by embedding obligations into the terms of the Land Sale Agreement or Development Agreement with the future developer (enforced via sign-off clauses).
- 2.10 The Development Vision document provide an indication of the University's initial ambitions for landscape quality, open space provision, and character of built form.

3. Campus Masterplan Delivery

- 3.1 Draft Policy DS9 provides policy support for the delivery of the development proposals set out in the University's Framework Masterplan (2019). Owing to the University's current financial position (as discussed above), it is currently unable to proceed with significant capital works projects other than those that are critical to the operation of the University (i.e. maintenance works).
- 3.2 Notwithstanding this, the University's future development aspirations remain as per that set out in the Framework Masterplan. Their ability to progress with significant capital works projects will be subject to the University's financial position being repaired, which is dependent on the University's financial recovery plan being effective.
- 3.3 For the reasons explained above, the financial recovery plan is heavily dependent on generating value from the disposal of the Northern Site for residential development. Accordingly, in planning terms the deliverability of draft Policy DS9 is dependent on the local plan allocating the Northern Site for residential development.

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- 3.4 Subject to these conditions being met, the University would seek to bring forward the following projects as a priority:
- Conference centre and associated hotel;
 - New student 'eco-village' at Parkwood, with the potential for a further 1,400 rooms; and
 - Development/extension of Kent and Medway Medical School facilities to facilitate the expansion of the medical school offering.
- 3.5 The delivery timescales for this are inextricably linked to those associated with the selection of a Developer for the Northern site, as this will provide the funds necessary to put the University in a position where it is able to expend on new capital projects. On this basis, we would recommend assuming a completion date of around 2030 (at the earliest) for the priority projects listed above.

Avison Young
24th November 2023.