

NUTFIELD GREEN PARK

PROPOSALS FOR ELECTRIC BUSES
PROVISION

NOVEMBER 2024

To

**Surrey County Council
Tandridge District Council**

Re:

Proposals for Electric Buses Provision

At

**Nutfield Green Park
Nutfield
Surrey**

By

The Brookmead Trust

Nutfield Park Developments Limited

6th November 2024

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1. Overview Structure & Objectives

1.1 Overview

- The land known as Nutfield Green Park ('**Site**') is the subject of a planning application submitted in October 2023, to Tandridge District Council (ref 2023/1281) ('**Application**') for the proposed development of 166 houses, both private and affordable, 41 retirement apartments, a 70-bed care home, and a medical centre that can provide a dental surgery, pharmacy, and a MRI centre for the screening of cancer and other imaging requirements ('**Proposed Development**').
- This note summarises the proposals by the Owner and Developer of the Site for the provision of 2 electric minibuses of 16 seat capacity to serve the Proposed Development¹ ('**Proposals**'). This note also comments on the proposed connectivity and cycle usage improvements to be delivered by the Proposed Development.
- In summary, the proposed deployment of:
 - a dedicated electric bus service together with the existing bus services;
 - extensive cycle paths;
 - access routes;
 - A25 Toucan Crossing; and
 - the funded upgrade of the Sustrans link directly through the Site to Redhill Station

individually and collectively comprise a comprehensive and high-quality package of proposals which will provide residents of the Site, and the wider local community, with a wide-ranging choice of low-cost/subsidised, non-car, sustainable transport modes and networks all of which are enabled and/or facilitated by the Proposed Development.

- Nutfield Park Developments Limited ('**NPDL**') would welcome early discussions with Surrey County Council ('**SCC**') on agreeing the principles of the Proposals. If agreed, NPDL would thereafter be happy to prepare and submit detailed heads of terms for the section 106 agreement for the Proposals if that would assist.

¹ In due course, there may be the opportunity to extend the service to other local residents

1.2 Parties

The key parties in relation to the Proposals are-

- **The Brookmead Trust**- The owners of the Site² ('**Trust**').
- **Nutfield Park Developments Limited**- the developers of the Site ('**NPDL**')
- **Estate Management Company ('Man Co')**- to be constituted and operated in accordance with suitably worded planning obligations in the section 106 agreement ('**S106**') to be entered into in connection with the Proposed Development. The functions of the Man Co³ will include to manage the Site and public services including, for present purposes, the Proposals for the lifetime of the Proposed Development.

NPDL are advised by the following consultants who have inputted into this note summarising the Proposals:

- Planning: HGH Consulting
- Transport and Highways; SLR/Vectos
- Planning Legal: Town Legal LLP

² The Trust is managed by Professional Trustees, Mattioli & Woods LLP. It is proposed that the Trust will retain the freehold title of the undeveloped areas of the Site.

³ To be specified in the S106.

Objectives of the Proposals –

1.3 Provision

The objective of the Proposals is to provide the following:

1.3.1 Type of Buses

- Two electrically powered 16-seater minibuses with disability ramps.
- The buses will be new at the outset (outright purchase or lease) and replaced in a reasonable timeframe based on industry standard timescales.

1.3.2 Frequency of Services

- Peak: There will be 4 services per hour in both directions during the AM and PM peak periods.
- Non-Peak – outside of peak hours, the service can be varied to assist residents of the later living and care home units, providing access to Redhill, Oxted, and South Nutfield. The use of Demand Responsive Transport ('DRT') via an App or similar mechanism will be actively explored.

1.3.3 Sustainability

- The buses will have the capability to be re-charged by a solar powered battery station on site or topped-up by EVCP, giving clean energy.
- It is proposed that the energy provider will be SNRG/Centrica.
- In addition, it is envisaged that the buses will have solar power panels within the roof structure.
- The main objective is for the buses to be an integral part of the local community they serve and to reduce car usage.
- The intention is for the service to appeal to all age groups and for the route(s) to be easy to use (among other things) for local school children.

1.3.4 Safety Health & Welfare

- Suitable safety, health, and welfare facilities will be provided on Site for the drivers, within an area of the proposed care cluster component of the Proposed Development to be retained by the Trust.
- Appropriate and suitably located bus shelters will be provided on the Site.

2. Fundings of the Proposals

Parties

Owner:	The Trust
Developer:	NPDL
Man Co:	Nutfield Park Management Limited (name of Man Co TBC)
Local Planning Authority:	Tandridge District Council (' TDC ')
Local Highways Authority:	Surrey County Council (' SCC ')

Summary of Service and Funding Arrangements for the Proposals to be secured by suitably worded planning obligations in the S106 proposed to be entered into in connection with the Proposed Development

2.1. Provision

- The provision of 2 electrically powered 16 -seater minibuses (together with dedicated drivers to service the Proposed Development at the Site);
- The identity of the bus service operator to be agreed.
- A detailed strategy for the bus service providing for the final details of the service and route and timetable etc ('**Bus Strategy**') to be submitted and approved by SCC at a specific trigger event to be agreed with SCC and particularised in the S106.

2.2. Covenants and Security in relation to the Proposals

- The Trust and NPDL will covenant in the S106 to provide the Proposals for the lifetime of the Development subject to the outcome of a specified review mechanism to be agreed with SCC and particularised in the S106.
- In addition to the covenants in the S106 (which are, of course, enforceable by TDC and/or SCC in the event of default by the Trust and/or NPDL), and at the specific request of SCC, NPDL are also agreeable to providing security that the Proposals will be provided for the lifetime of the Development.
- As to an appropriate form of security, NPDL proposes to place a cash bond in Escrow to guarantee the delivery of the Proposals set out below. Further details of the Escrow security proposal are set out below.

2.3. Commencement and Strategy

- The Proposals will commence by a specific trigger event to be agreed with SCC and specified in the S106⁴.
- It is proposed that the Bus Strategy will be prepared and submitted to SCC for approval prior to first occupation of any residential dwelling with this requirement to be particularised in the S106.

2.4. Cascade mechanism for the funding of the Proposals

- The funding for the provision and delivery of the Proposals will be guaranteed through a robustly structured cascade mechanism⁵ providing (in summary) as follows:
 - 2.4.1 (1) Fare income: Income that will be generated by users paying a fare. Projections have been based on a £3 fare charge.
 - 2.4.2 (2) Man Co income
 - 2.4.3 (3) Property rental income⁶. – New Medical Centre of 15,000 sq.ft/1394 m2
 - 2.4.4 (4) Escrow account – which underwrites any shortfall in the bus operating costs arising from steps 1 to 3 above.
- In summary, the cascade funding mechanism for the Proposals will operate as follows:
 - First, it is proposed that the Proposals will be funded firstly by fare income.
 - Secondly, it is proposed that additional funding for the provision of the Proposals will result from any income generated from estate management charges to be collected by the Man Co.
 - Thirdly, and to the extent required, it is proposed that funding for the Proposals will service from property rental income. In this regard, the medical centre/imaging suite is proposed to be retained by NPDL/Man Co such that the rent for this facility can be used to bridge any seasonal/operating shortfalls of the Proposals.
 - Fourthly, and in the event that these 3 proposed sources of income do not cover the funding of the Proposals then it is proposed that the Escrow account will underwrite any shortfall on an annual basis. With respect to the fourth limb of the cascade funding mechanism, it is proposed that secure funds will be placed in the Escrow account prior to the commencement of the Proposals. The escrow account will accrue interest on a commercial basis.

⁴ It is envisaged that the suitably worded covenant to commence the provision of the Proposals will be linked to the occupation of a specified number of the

⁵ To be provided for in the S106

⁶ Income confirmed by Aspinall Verdi viability appraisal dated 24 May 2024.

- Among other things, the S106 to be entered into in connection with the Proposed Development will particularise the cascade mechanism for the funding of the Proposals and provide a legal obligation that all rental income from the medical centre/imaging suite, after costs, will be allocated to the Proposals.

2.5. Worked Example

Projections

Estimated Cost years 1-3 = £140,308 per annum (£70,154 each bus)

Based on frequency given in Section 1

Years 1-5

Example year 1

Income = **£165,779**

Derived from

1. Fares	£ 60,000
2. Estate Man.Charge.	£ 14,404
3. Medical Centre	£ 91,375 (3) <u>£165,779</u>

Cost = £140,308

Surplus = £ 25,471

e.g.: Surplus utilized to pay down escrow fund balance(4)

In the event a loss is incurred this is taken/underwritten from the Escrow funds as part of the agreed review process to be specified in the S106 agreement.

Details to be agreed with SCC and subject to suitably worded planning obligations in the S106.

Year 5

If service demonstrates it has been viable years 1-5 and continues to be viable.

50% of escrow balance to be reimbursed.

If the service is not viable the cash bond remains in situ.

Year 7

If the service demonstrates it continues to be viable, years 5-7.

100% of bond balance to be reimbursed less a “sinking fund” balance of no less than 12 months operational costs to remain for the term of the agreement.

If the service is not viable the cash bond remains in situ, an audit will take place on the usage and viability.

All details of the proposed escrow mechanism to be agreed with SCC.

2.6. Security & Review

As set out in the proposed fourth limb of the cascade funding mechanism considered in paragraph 2.4 of this note above, notwithstanding the revenue streams set out in 1-3 above, NPDL are agreeable to placing cash funds in a secure Escrow account 'ring fenced' solely for the security of provision of the Proposals for the lifetime of the development.

It is proposed that this amount will be in the sum of £1.4m (one million, four hundred thousand pounds)

The funds will be lodged in a high interest account and shall accrue interest at a commercial rate.

The Escrow account will be with Barclays or Coutts.

2.7 Review Mechanism

It is proposed that a review mechanism⁷ will be triggered at 5 yearly intervals years. This will allow the level of escrow fund to be reduced accordingly pursuant to the outcome of the review process and/or for the Proposals to be varied from the agreed level to better reflect current usage. Reductions to the escrow fund and amendments to the Proposals will only be carried out pursuant to the agreed review mechanism process and any proposed amendments to the Proposals arising from the outcome of the review will require the approval of SCC⁸.

Proposed Cost and Income Projections

These are shown on the attached spreadsheet; ref; NutfieldGPMiniBusViabilityRev.G.31stOct24

⁷ The precise details and parameters of which are to be agreed with SCC and specified in the S106.

⁸ The process and mechanism for the review will be agreed and specified in the S106.