

CHESHIRE EAST COUNCIL

REPORT TO PORTFOLIO HOLDER – REGENERATION

Report of: Executive Director Skills and Growth
Subject/Title: Proposed Collaboration Agreement at South Macclesfield Development area
Date of Meeting: 16th May 2016
Portfolio Holder: Councillor Don Stockton

1.0 Report Summary

- 1.1 This paper relates to Council-owned land at South Macclesfield and specifically, a proposal to work collaboratively with the adjacent majority third-party landowner with a view to promoting an over-arching Outline Planning Application over the combined 60 ha of mixed greenfield /brownfield land, known as South Macclesfield Development Area (SMDA).
- 1.2 The 26.5 ha of Council-owned land (known as Phase 1), is shown on the plan attached. The combined area is shown on the second plan attached.
- 1.3 The site is held by the Council's Asset Management Department and has been promoted for comprehensive redevelopment in various guises for over 20 years.

2.0 Recommendation

- 2.1 Portfolio Holder approval be given to enter into a Collaboration Agreement (Appendix A) which provides a framework for CEC/EOTN and the adjoining land owner TG Ltd to deliver an Outline Planning Consent to achieve wider/comprehensive social / economic and environmental benefits for South Macclesfield.
- 2.2 Authorise the Director of Legal Services to sign the approved Agreement and for him to approve and sign all necessary consequential legal documentation required as part of or consequential to the Collaboration Agreement including that outlined in the legal section in this report.

3.0 Reasons for Recommendation

- 3.1 SMDA is recognised as a Strategic Location within the emerging local plan and has a long-standing allocation for a range of uses, which have

been retained from the Macclesfield Borough Local Plan (as adopted in 2004). It is also being promoted as a major contributor the delivery of up to 1,100 housing units in the Emerging Local Plan.

- 3.2 The proposed Collaboration Agreement with TGL will facilitate the submission of an over-arching Outline Planning Application for the whole of SMDA and underpin the phased delivery of comprehensive redevelopment of the site to provide: -
- i. Up to 1,100 residential dwellings;
 - ii. Retail Development up to 7,500 m² (GIA) including a food store and ancillary retail development.
 - iii. A new ,developer led link road for SDMA, connecting Congleton Road (in the west) to London Road (in the east);
 - iv. Improved playing fields and/or a new community facilities ; and
 - v. Any other uses ancillary to i – iv above to facilitate the implementation of a Satisfactory Planning Permission; specifically Infrastructure, Shared Infrastructure and Link Road
 - vi. Contribution to new primary school provision.
- 3.3 Whilst the site is in multiple ownership, CEC and TGL own/control the vast majority of the wider site.
- 3.4 The proposals have the potential to contribute the provision of much-needed new housing in the Borough and is projected to generate significant phased, long-term capital receipts from 2017-2022.

4.0 Wards Affected

4.1 Macclesfield South

5.0 Local Ward Members

5.1 Members have been consulted on the proposal, and are keen to see a comprehensive redevelopment of the site progress.

6.0 Financial Implications

- 6.1 The Phase 2 Planning Application has a budget cost of £500,000, primarily made up of professional fees and technical reports. The proposed budget apportionment is 25% (£125,000) CEC/EOTN and 75% (£375,000) TGL.
- 6.2 In addition, it is proposed that any technical reports previously funded by either CEC / TG Ltd that have a direct benefit to the new outline planning application will be refunded to each of the relevant parties from the £500k funding pot.

6.3 An independent valuation appraisal has been carried out of the comprehensive development. Cheshire East does have land holdings which form part of the second phase, TG Ltd site. The value of these sites, along with the ransom elements for access, have been factored into the development appraisal. The collaboration agreement captures value for money for the Council owned asset.

6.4 It is currently anticipated that the development of the council site will create capital receipts in two tranches;

2017/18 – £6m (subject to planning/ development of the spine road)

2018/19 – £8m

7.0 Legal Implications

7.1 The purpose of this report is to seek approval for Cheshire East Council to enter into Collaboration with the adjoining land owners TG Ltd to deliver Housing and mixed use on the SMDA site.

7.2 The Localism Act 2011 introduced the General Power of Competence, which allows the Council to do anything an individual can do, provided it is not prohibited by other legislation. However, the use of this power must be in support of a reasonable and accountable decision made in line with public law principles.

7.3 Notwithstanding the above powers the Council has a fiduciary duty to the taxpayers and must fulfil this duty in a way which is accountable to local people. The costs to be paid/recovered and apportioned between the SMDA Agreement parties by Engine of the North Ltd are the costs incurred relevant to the whole Scheme rather than work for or relating to exclusively each landowning parties land.

7.4 This report is not seeking permission to the disposal of land by sale or lease, but development of it, by achieving a joint and structured approach to development of jointly owned land (The Council and TG Ltd). The usual planning process will be followed; and the acquisition of development information is to enhance the feasibility of overall development on behalf of the Council in accordance with its stated aims.

7.5 It will be necessary to enter into licence/wayleave agreements to deliver the wider site proposals. These will be to allow invasive and other land reports to be obtained to facilitate both the development and the planning processes, and in the case of easements for the provision of services. The Council will need to permit and authorise physical works to be effected in, on, or over Council owned land, and possibly to acquire rights over third party owned land.

- 7.6. There is provision in the SMDA Agreement for step in rights to be obtained / granted to allow TG Ltd at its own cost to enter onto the Council land to construct the through road and other infrastructure work in certain circumstances. This will be dependent on the settled location of the through road (to be determined by the planning permission to be obtained), availability of finance, and the timing of readiness for development for all and any of the all parcels of land. As such it will be necessary to enable the Council to enter into such agreements as are necessary to effect delivery of the infrastructure (to include the through Road). If, for example the Council has not developed out the through road on its' land within 2 years for the grant of planning permission the other landowner (TG Ltd) can step in, and at its own cost, develop the road on Council land to adoptable standard to facilitate development of the remainder of the Site.
- 7.7 At each stage the Council is asked to enter into any agreement promulgated by Engine of the North Limited, and /or TG limited pursuant to the SMDA Agreement, relevant consideration will have to be given for each transaction to the level of authority required under the Constitution before the Council engages; and appropriate authorities will be sought.
- 7.8 EotN Are acting as Agent to CEC with regards this transaction. The Council's Legal Services department will draw up and approve (as the case may be) any necessary agreements, authorities and permissions required to enable delivery of the works envisaged under the Agreement (e.g. The Agreement itself, and all necessary authorities and permissions required under it to give it efficacy, such as licences, wayleaves, easements, etc to enable delivery of the infrastructure and through road on and serving the Council owned land)
- 7.9 It should be noted that each party to the SMDA Agreement reserves the right to develop its own land out in accordance with the planning permissions properly obtained, and not to encumber or frustrate the development of the through road and the shared infrastructure required for the wider project of the whole site. All site information obtained by Engine of the North Limited is to be shared between the two land holding parties for their joint benefit.
- 7.10 The authorities sought in this report are specifically for and on behalf of the Council.
- 7.11 There is no State Aid consideration on the facts that fall to be considered.

8.0 Background

- 8.1 SMDA extends to approximately 60 ha and lies between Congleton Road (A536) to the west and the main railway line in the east. Beyond the railway line lies Lyme Green Retail/Business Park. To the north lies Moss Lane, a residential distributor road currently linking the A523 London Road with Congleton Road.
- 8.2 SMDA is located to the south of the Moss Estate; one of the most deprived neighbourhoods in Cheshire East.
- 8.3 CEC have promoted proposals, known as Phase 1, and achieved a resolution to grant outline consent for a mixed residential/retail proposal at Strategic Planning Board in October 2015. In addition, the Phase 1 proposals included off-site highways improvements at Flower Pot Junction, the first section of link road and relocated/improved playing fields.
- 8.4 The Phase One application was progressed to set a clear direction of travel for the deliverability of the site with regards to the emerging Local Development Framework, however, as set out in the draft framework, there is a strong desire to see not just the Council land developed out, but also the adjoining land, which is currently held in private ownership.
- 8.5 In order to facilitate the comprehensive development of the whole site, where a 'developer led 'link road will be delivered, it will be necessary for CEC to enter into a collaboration agreement with the adjoining land owners TG LTD to submit a joint outline application .
- 8.6 The Collaboration agreement sets out clearly the work required to submit an Outline application for the whole site and provide clarity on land values and ransom which are relevant to the overall commercial deal being proposed.
- 8.7 An independent development appraisal has been carried out which shows a robust, financially viable scheme, and confirms value for money to CEC with regards any collaboration.

9.0 Alternative Options for the site

- 9.1 The alternative option would be to progress a phased, more piece-meal strategy, where the wider site is brought forward by each landowner independently. Such an approach will require further agreements to enable the comprehensive development to take place, which will cause considerable delay.

10.0 Access to Information

There are no Background papers to this report.

Name: Heather McManus

Designation: Engine of the North

Tel No: 01270 686 130

Email: heather.mcmanus@engineofthenorth.co.uk