

## **Economy and Growth Committee**

**11 March 2025**

### **Handforth Garden Village – Delivery Strategy**

---

**Report of: Peter Skates, Director of Growth and Enterprise**

**Report Reference No: EG/04/24-25**

**Ward(s) Affected: Handforth**

**For Decision or Scrutiny: Decision**

### **Purpose of Report**

- 1 This report updates Committee on the progress made towards delivering Handforth Garden Village, outlines identified options for delivery and proposes progressing with the option of exploring a joint venture with MADE Partnership.

### **Executive Summary**

- 2 The garden village at Handforth is being progressed via a phased approach. The first phases are concerned with the construction of infrastructure to prepare the site and create a road network to enable development parcels to be accessed and the village centre to be created, aligned to the planning permission for the village. This paper concentrates on the current role of the Council as the master developer, particularly aligning current funding and future financing to build this infrastructure and set the foundation for the successful delivery of a community-led garden village.
- 3 Significant progress has been made toward the delivery of Handforth Garden Village over the past 12 months.
  - Work has commenced to discharge planning conditions.

- The preliminary design of the Initial Preparation and Infrastructure Works (IPIW) is advancing to refine key elements of the scheme with comprehensive ground investigations due to commence before bird nesting season.
  - Homes England have agreed in principle to extend the availability of HIF until March 2027.
- 4 However, significant challenges remain as set out in this report.
  - 5 Officers have been exploring alternative delivery mechanisms which might help address these challenges. A high-level options appraisal has been undertaken and a potential delivery mechanism has been identified as the current preferred option to be explored in more detail.
  - 6 This option is to work with MADE Partnership, to explore the potential of forming a joint venture for the master developer role. The MADE Partnership comprises: Homes England - the government's housing and regeneration agency for England; Lloyds Banking Group; and Barratt Redrow PLC - one of the UK's largest house builders. Working with MADE Partnership could therefore open a wealth of opportunities to access resource, expertise, and funding.
  - 7 MADE Partnership have offered to thoroughly explore the option of such a joint venture and will bear the costs of due diligence, provided the Council enters into an exclusivity agreement whilst that work is ongoing. During the exclusivity period, MADE Partnership, supported by Council officers, would work on the feasibility of a joint venture, whilst also working to ensure key workstreams vital for delivery are progressed. This would include continuing to work on progressing the IPIW design and planning strategy.
  - 8 At the end of the exclusivity period, officers would return to Committee with a recommendation as to whether the Council proceeds with a joint venture with MADE Partnership and on what basis, or alternatively explore alternative delivery routes.

## RECOMMENDATIONS

The Economy and Growth Committee is recommended to:

- 1 Approve the Council entering into an exclusivity agreement with MADE Partnership to explore the principle of forming a joint venture partnership that would lead the development of Handforth Garden Village.
- 2 Delegate to the Executive Director - Place authority to:

- |   |  |
|---|--|
|   | <ul style="list-style-type: none"><li>i. Negotiate and enter into the exclusivity agreement in consultation with the Governance, Compliance and Monitoring Officer.</li><li>ii. Renegotiate terms, conditions and milestones of the Housing Infrastructure Funding (HIF) agreements with Homes England as necessary and take all actions required to enter into any updated or new agreements.</li></ul> |
| 3 | Note that a further report will be brought back to Economy and Growth Committee for a decision as to whether the Council should proceed to enter into a joint venture with MADE Partnership.   |

## Background

### *Progress on Garden Village Delivery*

- 9 The Handforth Garden Village site was allocated in the Local Plan for the development of a 'sustainable community' providing a full range of housing, employment, a village centre, a new school, and green infrastructure. The site is approximately 70% in Council ownership and to date Council officers have led on pursuing the delivery of the village.
- 10 Officers last provided Committee with an update on the garden village on 26 January 2024.
- 11 As with all capital schemes, given inflation and programme complexity there are challenges with its delivery. Delivery costs have significantly increased, and officers have been exploring opportunities to reduce or delay construction costs, accelerate receipts and other options to avoid the Council having to increase its proposed capital investment.
- 12 Over the last 12 months clear progress has been made. The preliminary design of the IPIW is being driven forward which includes extensive site investigations and value engineering work. A strategy for discharge of associated planning conditions and S106 obligations is also being progressed. Extensive site investigations are expected to commence early in 2025 prior to the bird nesting season. Positively since the last report to committee, Homes England has also agreed in principle to extend the spend window for the £21.7M Housing Infrastructure Fund (HIF) grant awarded to this project to March 2027.
- 13 Simultaneously progressing all required workstreams has however been challenging due to limited in-house officer capacity. Officers are aware of the time limits on the planning permission and of the HIF availability period and want to fully explore potential delivery strategies but lack resources and master developer experience. Other areas requiring

urgent attention, like the utilities strategy, community management plan and Park and Ride scheme, are also hindered by limited capacity.

- 14 Officers have given consideration to potential delivery options at a high level. One option has emerged which appears to present a good route forward, but which requires much more detailed consideration. This option is explained below with other alternatives considered thereafter.
- 15 A decision is needed to proceed with the proposed joint venture in principle and to enter into the exclusivity agreement, with authority delegated to the Executive Director - Place to finalise the heads of terms (a draft to which is attached to this report) and proceed to negotiate and enter into an exclusivity agreement in consultation with the Governance, Compliance & Monitoring Officer.
- 16 Officers will update the Committee on the findings and recommend whether to proceed with the joint venture or pursue alternative options. If the Council decides against the joint venture, it won't need to repay the costs.
- 17 Simultaneously, the Council needs to mitigate the risk of project failure by maintaining delivery momentum so that development of the IPIW commences by 29 September 2026 and the planning permission remains live, and the spend of HIF funding is maximised by March 2027. Officers expect that any changes in delivery strategy, including entering into an exclusivity agreement will require amendments to the contract for the HIF funding. There have been positive discussions on this with Homes England's officials.

## **Consultation and Engagement**

- 18 The Handforth Garden Village Members Advisory Group have been briefed on the proposal to use MADE Partnership's expertise to explore a joint venture, and the need for an exclusivity agreement.

## **Reasons for Recommendations**

- 19 The option of exploring a joint venture with MADE Partnership is considered an opportunity which has the potential to secure a positive financial outcome for the Council from the delivery of the garden village whilst sharing the financial risk. Entering into an exclusivity agreement is required if MADE Partnership are to utilise their own resources to explore this option in detail .
- 20 Delegated authority is required to ensure the Executive Director- Place can negotiate and enter into an exclusivity agreement on behalf of the Council.

## Other Options Considered

- 21 Officers have undertaken an options appraisal to consider the alternatives to entering an exclusivity with MADE Partnership and these are summarised below and considered in more detail in Appendix 1 confidential information.

22 *Continue on our own (Do Nothing)*

In this option, the Council would proceed with developing the garden village independently as the master developer. It would continue to work on the delivery of the IPIW, with the costs being covered through HIF, borrowing, and phased land sales.

23 *Close Project and Sell Site*

In this option the Council would market the whole of the Council's land interests for sale.

24 *Procurement of a Development Partner*

The Council would advertise for developers to enter a development agreement. The Council would fund this service, potentially using its own land assets and expenses as payment. The Council would continue to work to ensure the planning permission does not lapse throughout the procurement process until a delivery partner was appointed.

## Implications and Comments

### *Monitoring Officer/Legal*

- 25 Confidential legal advice is contained in Appendix 1.

### *Section 151 Officer/Finance*

- 26 The MTFS for 2025/26 includes a budget of £57.9m for HGV which is not considered sufficient for the Council to complete the entire scheme. £8.8m of that is from prudential borrowing which is also challenging in the current financial climate.
- 27 The MADE option is a potential method of achieving the outcomes of the scheme and potentially avoiding the risk of up to £12.3m of costs to date (per MTFS report to Corporate Policy Committee of 6 February 2025) being charged back to revenue.
- 28 Care is needed that any period of exclusivity doesn't leave the Council without alternative plans should the offer not work out.
- 29 The Finance comments on this scheme are:

- There is a need to use grant funding to develop the site while that funding is available instead of using CEC funds.
- The Council should work to avoid any grant funding to be clawed back.
- There is a need to meet planning conditions and start on site dates before planning permission expires when the site value would reduce.
- There is a need to set out the options for enhancing the site versus the best time and opportunity to dispose of the site or parts of it.
- Opportunities for partnership working or seeking other funding methods should be explored. MADE Partnership could be such an option.
- Inevitably such an approach would need to be very carefully scrutinised and understood in terms of the expected outcomes and resulting income to the Council versus any alternatives.
- Continuing to spend on the site adds to the spend to date figure which may be charged back to revenue if the scheme does not proceed.
- A considered negotiation of any Heads of Terms is essential to protect the Council's financial position.

### *Policy*

- 30 The recommendation to explore a joint venture with MADE Partnership to facilitate the delivery of the garden village at Handforth has the potential to support the priorities of the [Corporate Plan](#) as follows:

#### **Aim 1: An open and enabling organisation**

The Corporate Plan encourages exploration of opportunities to bring more income into the borough. A joint venture with MADE Partnership has the potential to support this ambition.

#### **Aim 2: A Council which empowers and cares about people**

- 31 The ambition is for the garden village to be a socially inclusive development, following principles that are mindful of demographic challenges. By doing so, the project will ensure long-term sustainability and resilience, benefiting both current and future generations.
- 32 Over the next 18 months, there will be engagement across the Council to ensure the Council's and local community's objectives are clear and can help inform the community infrastructure management plan for the site, the disposal strategy for individual land parcels to curate an inclusive community, and the design guides for the different character areas in the village. The Council will then seek specific commitments from future developers and delivery partners to social and community objectives.

### **Aim 3: A thriving and sustainable place**

- 33 The Corporate Plan sets out an ambition to ensure Cheshire East is a great place for people to live, work and visit with welcoming, safe and clean neighbourhoods and thriving urban and rural economies. A joint venture with MADE Partnership has the potential to support this ambition if it leads to the delivery of the garden village.

#### *Equality, Diversity, and Inclusion*

- 34 An Equality Impact Assessment (EIA) has been developed for the garden village project and will be updated to reflect any decision to proceed with an exclusivity agreement before the agreement is signed.

#### *Human Resources*

- 35 In-house officers working to progress the garden village delivery comprise: a Programme Manager, a planner working in the Economic Development Service and a surveyor working in the Assets Service (both of whom have other projects and responsibilities); Project Management Office support; plus, a project engineer from the Strategic Infrastructure Team managing the contract with Balfour Beatty. Senior Managers oversee and guide the work undertaken by these officers and other officers from enabling services such as Procurement, Legal and Finance provide input as requested.
- 36 The scope and scale of work required for the delivery of the garden village far exceeds what can be provided by this small internal team. No one in the in-house team has experience of acting in the capacity of master developer for a complex development of this nature.
- 37 Entering into an exclusivity agreement with MADE Partnership will inevitably require some of the already limited in-house officer resource to focus on exploring a joint venture route. It would however unlock considerable additional expertise, experience and capacity which would more than compensate.

## *Risk Management*

38 The following risks have been identified by officers associated with entering into an exclusivity agreement with MADE Partnership.

*(i) Limitations on exploring alternative joint ventures*

The exclusivity agreement will prevent officers exploring the potential for alternative joint venture or other options directly with other potential partners during the term of the exclusivity agreement.

*(ii) Diversion of limited staff resources*

Although MADE Partnership bring expertise, capacity, and a significant budget to explore the potential of a joint venture partnership, already overstretched officer resource will inevitably be diverted to work with MADE Partnership. While officers will endeavour to keep other key workstreams moving forward, if at the end of the exclusivity period, the parties decide not to proceed with a joint venture, the project's delivery may have been slowed overall and make delivery via other routes even more challenging than at present due to the need to make up for lost time. The risk of this diversion of resources increasing risk of other options closing must however be balanced against the risk of continuing to pursue delivery alone with inadequate resources.

*(iii) Potential for legal challenge and other legal risks*

Please refer to confidential Appendix 1.

*(v) Dilution of Council Control*

Whilst the Council is only committing to explore the potential of a joint venture, not agreeing at this stage to enter such an arrangement, should the Council proceed to enter into a joint venture at a later date it is likely the Council will have less control over the final form of the garden village than had it proceeded as lone master developer.

## *Rural Communities*

39 No implications specific to rural communities have been identified.

## *Children and Young People including Cared for Children, care leavers and Children with special educational needs and disabilities (SEND)*

40 It is not envisaged that entering into an exclusivity agreement to explore a potential joint venture will have any direct implications for young people.

## *Public Health*

41 It is not envisaged that entering into an exclusivity agreement to explore a potential joint venture will have any direct implications for public health. If the Council at a later stage determines to proceed to enter a joint venture any implications will be considered at that stage.



## *Climate Change*

- 42 Any housing on this site would need to be built to conform with current building regulations regardless of the delivery model. It is not clear at this stage that there would be any implications for climate change stemming from entering into a joint venture, but these could be considered as part of a later decision once the option has been thoroughly explored through the period of exclusivity.

<b>Access to Information</b>	
Contact Officer:	Charles Jarvis Charles.jarvis@cheshireeast.gov.uk
Appendices:	Appendix 1: Confidential information - not for publication
Background Papers:	<a href="#">Economy &amp; Growth Committee Report January 2024</a>