

OPEN

Economy and Growth Committee

12 September 2023

Handforth Garden Village Progress Update

Report of: Peter Skates, Acting Executive Director Place

Report Reference No: EG/15/23-24

Ward(s) Affected: Handforth

Purpose of Report

1. This report provides an update for Committee on the progress made on the Handforth Garden Village (HGV) scheme since the matter was last discussed with Committee in February 2023. The report outlines the priority actions to be taken by officers in the coming months.
2. It also seeks nominations for the proposed Handforth Garden Village Members Advisory Group, and a specific delegation of authority to the Director of Growth and Enterprise to facilitate the issue of planning permission.
3. This project contributes towards the Council's Corporate Plan 2021-2025 to be a Green Council and to lead our communities to protect and enhance our environment, tackle the climate emergency, and drive sustainable development.

Executive Summary

4. The HGV project continues to be progressed and viability work is ongoing. When completed this work will inform a gateway decision to proceed with delivery on site. It is anticipated a report will be brought to this Committee to make that gateway decision later this year.
5. Due to milestones associated with the Housing Infrastructure Funding grant, there is a need to inform members of several pressing matters which require action to be taken and spend to be incurred ahead of that gateway decision.

6. This report outlines decisions required to facilitate the grant of planning permission and to move into delivery aligned to the HIF milestones. It also sets out for transparency the scope of additional work and associated expenditure which is required ahead of the gateway decision being made.

RECOMMENDATIONS

The Economy and Growth Committee is recommended to:

1. To nominate up to five members from the Committee to sit on the Handforth Garden Village Member Advisory Group and subject to nominations received and appointments approved by the Head of Governance and Democratic Services in line with the relevant protocols in the Constitution.
2. Delegate authority to the Director of Growth & Enterprise (current Acting Executive Director – Place), to finalise, sign and submit Memoranda of Understanding to the Local Planning Authority, committing the Council as landowner/developer to meet obligations of the s.106 Agreement associated with planning permission 19/0623M.
3. Recommend to the Finance Sub-Committee that the existing Handforth Garden Village budget in the Council’s Capital Programme is separated into two project budgets, with the new project being titled Handforth Garden Village S.106 Development Obligations and having a budget currently estimated as circa £7m to cover the first tranche of S.106 contributions associated with the initial infrastructure works.
4. Note the intention of officers to utilise funds allocated for the Garden Village in the MTFs to instruct further priority workstreams in advance of grant of planning permission and approval of the final Business Case.
5. Note the intention to bring a further report to Committee once ongoing viability and business case work is completed, to seek authority for the next stage of the project.

Background

General Update on Progress Since February 2023

7. A report was last presented to Economy and Growth Committee outlining progress on this project in February 2023. Since that time, a number of activities have been progressed.

8. HGV is a substantial project, the delivery of which is a key part of the Local Plan Strategy. The Council is the majority landowner for the site and has an approved budget of £64.7m in the Council's Medium Term Financial Strategy (MTFS). This amount includes £21.7m from the Housing Investment Funding (HIF) from Homes England. To date approximately £670,000 of HIF funding has been claimed.
9. In 2021 the Council received valuation advice by Savills on HGV. Based on these inputs, once serviced land parcels had been brought forward the Council's net receipt could be in the region of £60m. A key assumption in Savills' work was that the Council would recover all its costs to bring forward these parcels through HIF and developer contributions. Costs and values have changed markedly since 2021 so these valuations are now dated. The original advice did not factor in the Council developing any of the sites and therefore does not include developer profit. Therefore, Savills has been instructed to prepare an updated valuation and appraisal to consider project viability. Indications are that the Garden Village will ultimately be financially viable and cash positive for the Council. A full report on this work will be brought to this Committee after its conclusion, later in the year.
10. To complement and inform the viability work, a separate team (Balfour Beatty) has been appointed to undertake optimisation work examining current proposals for the initial preparation and infrastructure works (IPIW) and identifying opportunities to value engineer/ improve the infrastructure scheme, to maximise deliverability while still meeting anticipated planning requirements.
11. The Local Planning Authority (LPA) has been working to prepare draft conditions to be attached to the planning permission and draft a s.106 agreement¹ which outlines additional obligations considered to be necessary to make the development acceptable in planning terms.
12. The Economic Development Service (EDS) acting as the Council's delivery team and the LPA have been working to identify an alternative mechanism to enable the obligations set out in the s.106 agreement to be secured. This mechanism will overcome the issue that the Council as landowner cannot enter into a legal agreement with the Council as LPA. It is explored in more detail later in the report.
13. Committee will recall that the Garden Village has an offer of £21.7m HIF funding from Homes England towards primary infrastructure costs. Due to historic planning delays caused by external statutory consultees and the pandemic, the Council was unable to meet certain key milestones for

¹ Strategic Planning Board resolved to grant planning permission for the development subject to securing obligations set out in a legal agreement under Section 106 of the Town and Country Planning Act 1990

this funding. A remediation plan was submitted to Homes England in February 2023 seeking an extension of the programme. Homes England has corresponded to confirm that it has been accepted and a draft Deed of Variation (DOV) to the new plan was received this month and is currently being reviewed by the Council's legal service. The current revised delivery programme is in **Appendix 1**. The revised deadline for spending the HIF funding is expected to be March 2025.

14. The formal granting of planning permission is the next milestone in the remediation plan and is targeted for the end of September 2023. The challenge of meeting this milestone should not be underestimated, particularly given limited staff resources, but officers in both the EDS and the LPA are working hard to try and meet it. If this or any future milestones are not achieved, the Council will again be in breach of the HIF agreement which would require further renegotiation with Homes England. Delays will also impact on the Council's ability to spend £21.7m by March 2025.
15. While good progress is being made on this project, key risks related to capacity and resources remain.

Handforth Garden Village Member Advisory Group

16. Following agreement to establish an informal Members Advisory Group for the HGV at the February 2023 Committee. The Committee are asked to nominate up to five members from the Economy and Growth Committee to sit on this group. The nominations and appointment to the group will be approved by the Head of Governance and Democratic Services in line with the relevant protocols in the Constitution, with further terms of reference to be agreed by that group at its first meeting. The purpose of the group will be to advise officers on activity associated with the development of the HGV, which will have implications and impacts on the Council's reputation and/or on the broader local communities. This work programme is likely to support the development of work such as the Community Management and Maintenance Plan (CMMP) and to provide views on the exemplar elements of the development, including the smart village concept.

Planning Mechanism and Memorandum of Understanding

17. In January of this year Strategic Planning Board (SPB) resolved to grant planning permission subject to planning conditions, and the completion of a legal agreement securing obligations under section 111 of the Local Government Act 1972 and section 106 of the Town and Country Planning Act 1990 (s.106 Agreement).

18. A s.106 Agreement binds the landowners and developers to deliver mitigation both within and outside of the application site which is necessary to make the development acceptable in planning terms. As part of their decision in January, SPB identified a list of mitigation that is required in connection with the Garden Village Scheme.
19. Ordinarily all parties with a material interest in an application site will enter into the s.106 Agreement prior to the grant of planning permission. In this case, as large parts of the site are in the ownership of the Council, the LPA takes the position that public law and contract law principles prevent Cheshire East BC from entering into a legal agreement with itself. In any event the Council cannot take enforcement action under s.106 against itself as that requires a separate legal personality. Separately, other landowners of parts of the site are not in a position to sign up to the s.106 agreement covering the Council land.
20. In these circumstances, an alternative legal mechanism to secure the mitigation necessary to make the development acceptable in planning terms has been identified that has been utilised by Cornwall Council in a similar case.
21. If both this Committee and Strategic Planning Board agree to the use of this mechanism, this will be progressed by officers to enable planning permission to be granted.
22. In these novel circumstances it is proposed that the s.106 obligation (or mitigation and requirements that would otherwise be secured by the s.106 obligation) are secured by proposed mechanism involves negatively worded planning conditions attached to the planning permission requiring:
 - That to the extent the Council as landowner/developer implements the permission, the commencement of development is prohibited until the Council as landowner submits to, and has approved by, the LPA a Memorandum of Understanding (MoU), confirming how and when relevant obligations in the agreed form of s.106 Agreement will be met for the development that is proposed to be carried out.
 - That to the extent the Council divests its land interests to a third-party developer for that developer to implement the permission, development is prohibited unless the Council ensures that such third-party developer enters into the agreed form of s.106 Agreement with the Local Planning Authority before it is permitted to implement the permission.
 - That to the extent the permission covers third party land, the commencement of development is prohibited until the relevant third-

party landowner has entered into the agreed form of s.106 Agreement prior to commencement on that land.

- 25 The Planning Practice Guidance (PPG) advises that negatively worded conditions requiring a s.106 agreement to be entered into prior to certain development taking place are unlikely to be appropriate in the majority of cases, but that they may be required in exceptional circumstances. Particularly complex development schemes and schemes where delivery could otherwise be at risk are identified as examples of exceptional circumstances. It is considered that given the size of this scheme and the importance of its delivery in terms of housing supply and infrastructure to bring forward the development of the site for the Borough and the potential of delay to the scheme that may put the delivery of the scheme and therefore the benefits at risk, that this development would satisfy the exceptional circumstances criteria in the PPG. The negatively worded conditions would still need to meet the standard condition tests that are set out in the National Planning Policy Framework and the PPG.
- 26 This proposal is not without risk. Utilising a more bespoke solution is open to legal challenge. The LPA would not be able to seek an injunction for breach of the MoU given by the Council. This therefore puts the Council in a position that would not be available to other landowners and increases the risk of challenge. The device would effectively rely on the reputational damage to the Council, if any of the undertakings made in the MoU were not met. However, enforcement through breach of condition would be an option.
- 27 Given the circumstances, officers are of the view that the Cornwall mechanism described utilising negatively worded planning conditions and Memoranda of Understanding, is an acceptable way forward. It is proposed that responsibility for drafting any MoUs on behalf of the Council, as landowner, agreeing them with the LPA, and signing them, is delegated by this Committee to the Director of Growth & Enterprise.
- 28 The current skeleton draft of the first MoU, which would be required prior to the commencement of the IPIW is set out at **Appendix 2**. Further MoU may be required as the development progresses and further s.106 obligations are triggered. The delegation to the Director of Growth & Enterprise is intended to cover the MoU relating to the IPIW and any further MoUs that might be required if the Council determines to undertake further phases of development itself.

Separating the HGV budget in the Capital Programme

- 29 The Council's approved MTFs includes a £64.7M budget for HGV. To satisfy the LPA that funding has been set aside to meet the financial obligations arising from the s.106 triggered by the commencement of the

IPIW, the initial MoU will undertake to split the existing budget into two project budgets, and transfer to the new account, sufficient funds to meet the s.106 obligations triggered by the IPIW. The funds in this account will be held to the order of the LPA so that the future stewardship vehicle may access them and pay them out as and when required to defray on s.106 obligations as they fall to be paid.

Additional priority workstreams requiring funding at this time

- 30 As reported in the general update section of this report, several workstreams are ongoing to clarify viability and the business plan for the development, and it is intended, that as soon as this has concluded, assuming planning permission is granted, a full report will be presented to committee seeking authority to commence the development of the Garden Village.
- 31 Milestones set by Homes England associated with the HIF are extremely challenging. This extends beyond the milestone for the grant of planning permission, to milestones for entering into a contract with the main contractor for infrastructure works, for the start on site and for spending all the HIF grant. To maximise opportunities to secure and spend the HIF it is important that additional preparatory workstreams are progressed ahead of the grant of planning permission and ahead of any commitment being given to commence with the delivery of the Garden Village.
- 32 The following section sets out the key areas of work which need to be undertaken as a priority requiring additional expenditure and explains why they cannot be delayed. These are brought to the attention of Committee given that these workstreams will require expenditure partly at risk and in advance of the approval of the final business case. The Committee are asked to note that the total costs of these work streams have been capped at £1.1m and sit within the agreed MTFS capital programme for the project.

Table 1 Summary of advanced work packages and costs.

Advanced work packages	Capped costs (£'000s)
<i>Detailed design and pre-commencement work on Dairy House Farm</i>	300
<i>Management and Maintenance arrangements for Community Infrastructure</i>	200
<i>Detailed design work for Utilities</i>	200
<i>Preparatory work to enable contracting of IPIW</i>	100
<i>Materials Management Strategy and further work associated with fill</i>	150
Additional work to progress planning conditions, s.106 and implementation preparation	150
Total	1,100

Detailed design and pre-commencement work on Dairy House Farm

- 33 Dairy House Farm is a vacant Grade II listed building farmhouse with outbuildings in the ownership of the Council. The buildings have deteriorated over several decades and are now in a derelict and dangerous condition. It is a planning requirement that Dairy House Farm is restored to a structurally sound condition as part of the HGV project.
- 34 A full scope of restoration work has been prepared and Listed Building Consent (LBC) has been granted. The cost of undertaking the work is currently estimated at around £5.5m and this full amount is expected to qualify as eligible expenditure for the HIF grant. The deadline for spending the HIF grant is March 2025. The value of the property on its own once the works are complete is expected to be substantially less than the cost of repairs. However, the works on the Farm unlocks the development potential of the full site for the HGV. Therefore, the shortfall is justified in commercial terms by the fact that the restoration is required to proceed further with development at HGV.
- 35 The next stage in this restoration project is the detailed design, preparation of working drawings and discharging of LBC conditions. The cost of undertaking this work will be approximately £300,000 and it is proposed that this work is initiated straight away for the following reasons. A proposed condition of the HGV planning permission will prohibit works within 100m of Dairy House Farm until the listed buildings are stabilised. This will severely restrict the earthworks that can be carried out as part of the IPIW. Proceeding with the detailed design straight away removes a potential obstacle to carrying out the IPIW and contributes to spending the available HIF grant.

Management and Maintenance arrangements for Community Infrastructure

- 36 A key element in the success of HGV is its long-term stewardship – the process by which the village will be managed and maintained, in perpetuity. Details of stewardship will be set out and approved by the LPA in the form of a CMMP. The CMMP will be complex comprising a multiplicity of elements that will include:
- the structure, membership, governance, and funding of a stewardship vehicle
 - defining the extent of the common property it will manage and maintain (at a minimum, the strategic green infrastructure, open space, play areas, community orchards, allotments, and village hall and, potentially, community infrastructure such as car parks, a district heating network, and 'smart' technologies for security and shared assets)
 - a legal basis on which the stewardship vehicle will hold the common property of the village taking account of contamination management and oversight, long-term risks and liabilities, and the future role of the Council, as a landowner
 - sound financial model based on a robust estimate of future management and maintenance costs, identifying, and evaluating expected and potential income streams.
- 37 The process of preparing the CMMP will, similarly, be complex, and protracted, because of its scope and the need to obtain and synthesise inputs from a wide range of specialisms, the importance of capturing best practice, and the imperative of securing full stakeholder engagement. An outline CMMP was prepared for the current planning application and there has been engagement with Homes England and others involved in managing garden village communities across the country to share experience and obtain guidance. The CMMP is one of the work areas that Officers would appreciate input and guidance from the members advisory group.
- 38 The stewardship vehicle is not expected to be operational until the development of the village is in progress and, once formed, its operations will not be self-funded (by service charges levied on dwellings) until a large part of the village is completed. There is, therefore, a need for an interim plan for the management and maintenance of the local wildlife site, country park, and other areas of green infrastructure, and there is a planning requirement that this plan is submitted to and approved by the LPA before the IPIW commences.

- 39 To ensure that suitable arrangements are in place and have been approved by the LPA so as not to delay the programme, it is proposed that work is started on short and long-term maintenance and management arrangements. This is a significant piece of work involving specialists in conveyancing and property, open space and parkland management, compliance and public safety, finance, procurement, insurance, and governance and the cost of taking forward these workstreams is estimated to be around £200,000.

Detailed design work for Utilities

- 40 There are two main utilities workstreams in the delivery programme for HGV: the diversion of existing services and the provision of new services.
- 41 Diversions are being investigated by Balfour Beatty/Ramboll as part of the PSSC process. Their work has identified a number of potentially high-cost diversions (notably fibre optic cables) that will have to be carried out early in the programme so that the IPIW can proceed on schedule. The next stage is for the utility companies to prepare a detailed design and cost for the diversions. Because this work is carried out by utility companies and may require prior site investigation work it can take a long time to mobilise
- 42 HGV will require new services (water, electricity, and communications). There are a number of options available for each new point of connection and a strategy is required based on a robust evaluation of capital and revenue costs, procurement options and constraints, and programme implications. There can be a long lead-in for evaluating options and securing new points of connection so this workstream poses a programme risk.
- 43 It is proposed that these two utility workstreams be progressed in advance of the gateway decision, at a maximum cost of £200,000, in order to manage the risk they pose to the delivery programme and to pursue opportunities to defray part of the HIF grant in advance of the spending deadline.

Preparatory work to enable acceleration of the IPIW

- 44 A key element in the delivery of the project is procuring a contractor and design consultant to take forward the proposals. In consultation with Procurement and CE Legal, Balfour Beatty (BB) has been appointed under the SCAPE framework to undertake a Feasibility Study and a Professional Short Services Contract (PSSC). The Feasibility Study was completed in 2022. The PSSC is in progress, identifying opportunities to accelerate expenditure to meet the HIF spending deadline and to value engineer key elements of the primary infrastructure.

- 45 The next stage in the project includes a detailed site investigation, detailed designs for all elements of the scheme, negotiations with regulators, securing consents and permits, and discharging pre-commencement planning conditions. BB is not contracted to undertake this work. It will require a new contract. This will have to deal with a range of issues including defining fully the scope of the works and the professional services required to support them, the programme requirements for the work, and the relevant governance arrangements. A budget allowance of £100,000 is proposed to undertake the preparatory technical and legal work required to agree an appropriate form of contract.
- 46 It is proposed that the preparatory work for this contract be initiated in advance of the decision to proceed to commence the Garden Village so that the contract can be completed in short order if the Council's gateway decision is to proceed.

Materials Management Strategy and further work associated with fill

- 47 Significant earthworks are required to create suitable development platforms across the site. These works are not straight forward as the site is underlain in some areas with fill from former highway works and the earth works will be regulated under licence by Environment Agency (EA).
- 48 The EA will require further ground investigation work in advance of any construction works. Discharging planning conditions and the environmental permitting may be arduous, as further engagement, interpretative studies and other desktop work will be required over the next few months to agree permit requirements and an approach to discharging planning conditions.
- 49 The EA regime regulating the reuse of filled materials is evolving and this may preclude or require amendments to the current design. It is unknown at this stage what impact this will have on the delivery programme. This information will emerge through the design optimisation work over the next few months. It is possible that a further planning application may be required so it is particularly important to accelerate this workstream as mobilisation for site investigations and engagement with the statutory agencies will be protracted. These works are critical as the materials management strategy could potentially impact on the wider detailed design for example of servicing and drainage.
- 50 A strategy for waste materials reuse will be required. The work on this ahead of the gateway decision is unlikely to be abortive unless the development scheme did not proceed. A budget estimate for activity

associated with this workstream in advance of the gateway decision is a maximum of £150,000.

Additional work to progress planning conditions, s.106 and implementation preparation

- 51 In addition to the above key specific workstreams, there is a pressing need to continue progressing various additional workstreams associated with such matters as responding to anticipated pre-commencement conditions attached to the planning permission, seeking legal input to support with the finalisation of the s.106 and undertaking legal due diligence on various aspects of the project.
- 52 It is not possible to provide a detailed breakdown as workstreams need to respond to evolving circumstances. A capped budget of up to £150,000 may be required for items not specifically detailed in the paragraphs above but which could emerge as critical to the progression of the scheme.

Consultation and Engagement

- 53 There has been extensive consultation via the planning process in relation to the allocation of the Garden Village in the Local Plan, with regard to the Supplementary Planning Document (SPD) and the planning application. There has also been a significant number of discussions, meetings and engagement with local stakeholders and organisations including Handforth Parish Council and ward members.

Reasons for Recommendations

- 54 The reasons for the recommendations are set out in more detail in the body of the report but are summarised here:

Member Advisory Group – it was agreed during the previous discussions about Garden Village that member engagement and understanding is fundamentally important to the character, standards and successful implementation of the Garden Village

Planning Mechanism, Memorandum of Understanding– delegating authority to the Director of Economy and Growth to enter into Memoranda of Understanding is a pragmatic solution to enable the grant of planning permission. It is not without risk of challenge as explained, but is considered the most pragmatic way forward in view of time constraints relating to HIF.

Separating the HGV budget in the Capital Programme – This is proposed to provide further comfort to the LPA regarding the Council's commitment

to ensuring the obligations of the s.106 Agreement, triggered by the commencement of development, will be met.

Noting additional priority workstreams now requiring funding - The need for individual workstreams to be progressed ahead of the grant of planning permission has been explained in turn for a number of specific workstreams. In essence, unless work continues at pace, it is almost certain that milestones for HIF will not be met and this funding may be lost. It must be noted that even with the progression of these workstreams given the extremely challenging nature of the milestones there are risks they will still not be met.

Other Options Considered

- 55 The following options to the recommended decisions have been considered:

Option	Impact	Risk
Do nothing	Progress of the Garden Village would be compromised.	Failure to secure HIF Failure to deliver homes Undermining delivery of key site within Local Plan Lack of transparency on a Council priority project
Do not agree Terms of Reference of Member Advisory Group	Lack of overview from elected members	Reduced ability to check scheme against strategic priorities
Do not approve the preparation and submission of Memoranda of Understanding to the Local Planning Authority, setting out how the Council as landowner, will ensure that all relevant obligations of the s.106 will be discharged.	Lack of demonstrable commitment from the Council as landowner to ensure delivery of relevant s.106 obligations	LPA determines not to issue Decision Notice as concerned about level of risk HIF milestone not met and HIF allocation could be lost
Do not approve the s151 officer dividing the existing North Cheshire Garden Village capital programme budget item into two separate fully	Lack of demonstrable commitment from the Council as landowner to ensure delivery of	LPA determines not to issue Decision Notice as concerned about level of risk

funded budgets named Handforth Garden Village: s.106 Contributions and Handforth Garden Village and the transfer of £6m from the main budget into the new s.106 Contributions budget.	relevant s.106 obligations	HIF milestone not met and HIF allocation could be lost
Object to the progression of key additional workstreams in advance of the acceptance of the final business case and delivery strategy.	Delay in delivery of key workstreams	Failure to meet milestones for HIF. Failure to deliver homes Undermining delivery of key site within Local Plan

Implications and Comments

Monitoring Officer/Legal

- 57 The Cornwall Mechanism is unusual and is at risk of successful challenge by a third party. The Memorandum of Understanding would be contractually unenforceable against the Council (acting as developer) by the LPA. The device would effectively therefore rely on reputational damage to Cheshire East Council if any of the undertakings made in the Memorandum of Understanding were not met.
- 58 Whilst the approach is unusual and that there are risks to the LPA in accepting the Cornwall Mechanism, there is also a reasonable argument that the LPA can lawfully rely on the proposed mechanism as sufficient to secure the infrastructure necessary to make the Handforth Garden Village Scheme acceptable in planning terms.
- 59 Once the (Planning) Decision Notice has been issued, ordinarily 3rd parties have a 6-week window in order to seek permission from the Court to judicially review the decision of the LPA. Should permission be granted, the application will proceed to the substantive stage and a full hearing. Should the claim succeed, the decision may be quashed. The consequences of this are that the planning application would need to be reconsidered and there would be no extant planning permission for the scheme. Defending any potential judicial review would incur significant expense for the Council. Should the judicial review succeed, there may be adverse costs awarded against the Council in addition to the costs in defending the application.

- 60 It is important for Members of this Committee to note the approach taken in the Memorandum of Understanding and in particular, to note the extent of and timing of all the obligations which are required to be delivered.
- 61 The Council has identified and explored in detail, the alternative options to the Cornwall Mechanism as outlined in this Report. However, for a variety of reasons, these alternative options are not considered to be feasible.
- 62 Members are reminded of the remit of the Economy and Growth Committee, including making decisions on matters relating to delivery inclusive and sustainable economic growth. Members of this Committee are not tasked with assessing the planning merits of the Handforth Garden Village application – this is a matter for the LPA’s Strategic Planning Board (‘SPB’). A separate update report will be provided to SPB.
- 63 As noted above at para 14 there is an offer of [up to]² £21.7m HIF funding from Homes England towards primary infrastructure costs. It is understood that to date funding of approximately £6m has been made available from Homes England to cover pre-construction activities necessary for the development of the desired infrastructure. The para goes on to note that the Council has agreed a remediation plan to adjust the milestone commitments made to Homes England upon which future funding from Homes England will depend. The plan having been accepted by Homes England, there is the need for a “Deed of Variation” to solidify this. A draft of the Deed of Variation has now been received from Homes England. The detail of this document needs to be carefully considered and discussed with the project team; but from a first look it would appear to accord with the agreement reached in terms of the remediation plan. Under the proposed deed, the availability period is adjusted so as to expire on 31 March 2025 as opposed to 31 March 2024 as envisaged by the original funding agreement. Funding from Homes England under the terms of the current agreement as varied is only made available for the duration of that period.

Section 151 Officer/Finance

- 64 The Council’s approved Capital Programme within the existing Medium Term Financial Strategy includes a budget for the Garden Village at Handforth. This report proposes that the budget is split into two projects, with a newly titled project to recognise the Council’s financial obligations under the associated s.106 development agreement. This separate project budget would be for £7m, and would give the Local Planning Authority (LPA) appropriate reassurance that the pre-commencement

²² To be confirmed

financial obligations of the s.106 agreement will be met by the Council as landowner. It would also give the LPA confidence with regard to its considerations in respect of issuing the Decision Notice for the Garden Village to meet the milestone required for the Homes England Housing Infrastructure Funding.

- 65 Members should note that the S106 obligations include, as well as one-off capital contributions to the development, annual ecology management activity. Subject to the agreement of the final business strategy, the Council may be required to deliver those activities, which are currently estimated to cost £164,000 per annum; this may need to be provided for in future years annual budgets, by way of providing revenue-financing, including an allowance for indexation in accordance with the S106 obligations, and approved in the Council's Medium Term Financial Strategy.
- 66 The report recommends that Finance Sub-Committee separate the existing Handforth Garden Village budget into two project budgets and approve the virement of £7m into the Handforth Garden Village s.106 Development Obligations project budget.
- 67 It is noted in the body of the report that there is a proposal to spend 'at risk' a further £1.1m, in addition to existing expenditure, ahead of any final assessment of whether the scheme is viable and achievable. Members are reminded that if a capital scheme does not progress to actual development, any preparatory costs incurred will be considered as 'abortive' and required to be written off to the Council's revenue account, in accordance with accounting regulations. In addition, the report mentions that there is a need for more clarity around how secure the £21m of HIF funding is and how that may be maximised and existing drawdowns secured; the risks relating to this matter are also noted in the report.

Policy

- 68 The Garden Village is a key component of the Borough's Local Plan and will deliver on a wide range of Council priorities relating to housing, education, open space, sustainable transport, heritage etc.

Equality, Diversity and Inclusion

- 69 An equality impact assessment is being prepared as part of the development of the business case and delivery strategy and will be included in the decision report relating to this.

Human Resources

- 70 A step change increase in staffing resources and investment is required to effectively deliver and manage this project. A resource plan will be prepared as part of the business case and delivery strategy and will form part the suite of documents informing the gateway report.
- 71 The internal capacity allocated by the Council to the delivery of Garden Village totals approximately 1-1.5 full time equivalent (FTE). This is not sufficient or sustainable to effectively deliver and manage this scheme.
- 72 Whilst there are additionally some external advisors already contracted to provide specific activities or skillsets, when the project moves into the construction and disposal phases, significant capacity will be needed across a number of specialist disciplines including planning, legal, development surveying, master planning, civil engineering, energy, architecture, landscape architecture, open space management, community and stakeholder engagement, highways and transportation, project management, sports need, contaminated land etc. Subject to procurement compliance, this might be best accessed on a reach back or call-off arrangement, perhaps through an existing framework agreement.
- 73 The reduced capacity at senior level within the directorate has also had an impact on the opportunity for and pace of decision making.
- 74 It is self-evident that the limited capacity within other enabling Council departments and other statutory agencies also presents challenges.

Risk Management

- 77 A full risk assessment will be included in the business case and delivery strategy decision report.
- 78 Operational issues and risks are monitored and managed through the Strategic Housing Sites Programme Board. There is an escalation pathway through to the Place Board.

Rural Communities

- 79 None

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

- 80 Play and sports facilities and informal open space will be designed into this new community and a new through school is facilitated by the development. The Council's leading role in this scheme means that this

will be well planned and high quality. Because this is a large-scale development, sufficient funds are generating to deliver these facilities and other positive outcomes at scale.

Public Health

81 The development will provide significant opportunities for outdoor activities including informal recreation, play and sports. As a brand-new settlement, the ability for people to sustainably and actively travel will be designed in. Through the s.106 obligations, financial contributions will flow from the development into health provision. There is also likely to be some conveniently located older peoples' housing in the early phases of development.

Climate Change

82 It is intended that the garden village will have sustainable development as a core principle locked in by design. Active travel such as walking and cycling, and the use of public transport will be encouraged. A wide range of local facilities will be provided to minimise dependence on the car. It is anticipated that there will be extensive green energy measures potentially including a district heating network although the programme to comply with the requirements of the external grant funding of the district heating scheme is challenging.

Access to Information	
Contact Officer:	Charles Jarvis, Head of Economic Development Charles.Jarvis@cheshireeast.gov.uk
Appendices:	Appendix 1: Programme Appendix 2: Memorandum of Understanding – Heads of Terms
Background Papers:	Report to Economy & Growth Committee (10 th February 2023): Update on Handforth Garden Village http://moderngov.cheshireeast.gov.uk/ecminutes/documents/s101219/Report.pdf

