

Cabinet

Date of Meeting: 08 May 2018

Report Title: South Macclesfield Development Area

Portfolio Holder: Cllr A Arnold, Housing, Planning and Regeneration

Senior Officer: Frank Jordan, Executive Director of Place

1. Report Summary

- 1.1 This report seeks Cabinet approval to expedite the longstanding development scheme at South Macclesfield Development Area (SMDA). As shown at Appendix 1 the Council and TG Ltd are the principal landowners, with a small unregistered parcel to be acquired to enable full scheme delivery.
- 1.2 Cabinet will be aware that this is a priority scheme for a number of reasons:
 - 1.2.1 It is allocated in the adopted Local Plan with the aim of delivering over 1000 new homes, employment land, a new Link Road (connecting Congleton Road and London Road) and open space.
 - 1.2.2 It will bring forward new homes on this land, which is crucial to delivery of the Council's five year housing supply.
 - 1.2.3 The Link Road is identified as a highways priority in the Council's Infrastructure Plan and the Macclesfield Movement Strategy.
 - 1.2.4 It has potential to generate capital receipts in support of the Council's medium term financial strategy.
- 1.3 There has been some good recent progress, including:-
 - 1.3.1 A Resolution to grant outline planning approval in August 2017 for new homes, Link Road, a primary school, retail and employment uses.
 - 1.3.2 £10m award from the Housing Infrastructure Fund (HIF) by Homes England to part fund the new Link Road and other infrastructure.
- 1.4 However, in order to take the scheme forward Cabinet approvals in relation to the following key aspects of the delivery programme are now sought:-
 - 1.4.1 Land assembly, including via Compulsory Purchase where necessary.
 - 1.4.2 Acceptance of the Housing Infrastructure Grant Funding.
 - 1.4.3 Bringing forward a first phase of development.

2. Recommendations

2.1 It is recommended that Cabinet:-:

2.1.1 Delegates authority to the Executive Director of Place to agree the terms and conditions of a new Funding Agreement between Cheshire East Council and the other principal landowner TG Ltd, in consultation with the S151 Officer and the Director of Legal Services, and authorises the Executive Director of Place to take all appropriate action to enter into said Funding Agreement.

2.2 Subject to the above, it is recommended that Cabinet:-

2.2.1 Delegates authority to the Executive Director of Place, in consultation with the Portfolio Holder for Housing, Planning and Regeneration and the Director of Legal Services, to take all necessary actions to secure the acquisition of land and/or new rights to enable the construction of the Link Road and the delivery of all other planning objectives sought from the development of the SMDA site including, where required, by use of Compulsory Purchase Order (CPO).

2.2.2 Delegates authority to the Executive Director of Place to agree the Terms and Conditions of the Grant offer from Homes England, in consultation with the S151 Officer and the Director of Legal Services, and authorises the Executive Director of Place to take all necessary actions to enter into an appropriate agreement.

2.2.3 Delegates authority to the Executive Director of Place to take all actions necessary to procure the required highways infrastructure, utilities and ground stabilisation works as set out in the Grant offer from Homes England and summarised in this report.

2.2.4 Authorises the Executive Director of Place, in consultation with the S151 Officer and Director of Legal Services, to enter into a contract with the winning tenderer for the construction of the Link Road at the appropriate time and within the approved budget.

2.2.5 Delegates authority to the Executive Director of Place to take all actions necessary to dispose of Council owned land in order to bring forward a first phase of housing-led development.

2.2.6 Delegates authority to the Executive Director of Place, in consultation with the Portfolio Holder for Housing, Regeneration and Planning and the S151 Officer, to take action to increase the quantum of affordable housing across the site back towards the planning policy requirement of 30%, if commercially viable in line with the Funding Agreement/contract with TG Ltd.

3. Reasons for Recommendations

3.1 The overarching reason for the recommendations is to expedite the delivery of this longstanding priority scheme, which will support the delivery of a number of key Council objectives, as set out in section 1 of this report.

- 3.2 The Council is seeking to build upon and strengthen the collaborative working arrangements with the other principal landowner, TG Ltd, the other principal landowner, via a new Funding Agreement to recoup the Council's front end investment in essential and enabling infrastructure in relation to TG's land.
- 3.3 Delegated authority to assemble the site, including where required via CPO powers, is now necessary to bring the SMDA scheme forward without delay. In particular, the new Link Road is essential enabling infrastructure for the whole site and, thus, possession of the currently unregistered land is critical in ensuring its delivery at the earliest opportunity.
- 3.4 The £10m award from the Housing Infrastructure Fund is conditional on the Council entering into a formal agreement with Homes England and providing match funding. The Council's £10m contribution was confirmed within the Capital Programme on 22nd February 2018 as part of the Strategic Housing Sites Infrastructure Scheme. It is now important to enter into the formal agreement and to ensure the Council meets the Terms and Conditions of the Grant offer in a timely manner. This requires the Council to procure a contractor to deliver the new Link Road and associated utilities and grounds works set out therein.
- 3.5 Bringing forward a first phase of development on the Council's landholding at SMDA serves two key purposes. Firstly, it sends strong signals to the market that there is commitment being made to, and investment in, the SMDA scheme, in turn stimulating interest in subsequent phases. Secondly, soft market testing carried out has identified interest for retirement homes, extra care and nursing homes. The land identified is well suited to these uses and could make an important contribution to the Council's housing targets. Releasing this parcel of land as quickly as possible minimises the risk of alternative sites coming forward and satisfying demand for this type of facility.

4. Other Options Considered

- 4.1 Consideration was given to proceeding without Housing Infrastructure Funding but this would slow the pace of development and the early delivery of wider benefits described above.
- 4.2 Consideration was given to delaying the marketing of the Council land until the primary infrastructure is complete but this would result in a high risk that the demand will be satisfied on other available land in the SMDA area.

5. Background

5.1 Policy Context

- 5.1.1 The SMDA was adopted as a strategic site in the Council's Local Plan as site LPS 13. It forms a significant element of the Plan's housing supply, with the whole LPS 13 allocation targeted to deliver 1,132 dwellings. The Council must manage the delivery of the allocated sites to maintain a five year supply to protect against the release of further greenfield land for development. 950 of

the 1,132 new homes will be delivered on Council and TG owned land, which now benefits from an outline planning permission

5.2 Highways, Link Road and the potential need for a CPO

5.2.1 Ownership of a small land parcel which is required for the Link Road is unknown and unregistered. It will therefore potentially need to be acquired using a Compulsory Purchase Order (CPO).

5.3 Disposal of Part of the Council Owned Land

5.3.1 The identified potential users prefer main road locations and generally require proximity to local services. A suitable location would be adjacent to Congleton Road (Shown in Appendix 2). This section of the site could be brought forward in advance of completion of the Link Road with a separate access direct from Congleton Road. In terms of highways, a new access which serves only this development should be acceptable.

5.3.2 The release of this land as a first phase of housing led development would create tenure and demographic diversity, and help maintain a sustainable community. It would also generate an early capital receipt for the Council.

5.3.3 Around 3 acres (1.2 hectares) of land should be sufficient to accommodate demand. Assuming no significant abnormal costs, these uses would be expected to generate around £1 million per acre.

5.4 Housing Infrastructure Funding (HIF)

5.4.1 The Housing Infrastructure Fund will enable the delivery of the package of highways works. This includes core digital infrastructure, electricity and gas connections, water supply and drainage. Ground stabilisation and remediation work on the route of the highway will also be undertaken. The Council's £10m match-funding was included in the Capital Programme on 22nd February 2018.

5.4.2 The Link Road will increase the value of development land at SMDA and enable the Council to recoup its early investment in the highways infrastructure package via the emerging Funding Agreement with TG Ltd.

5.4.3 It will be important to procure contractors as soon as the Grant funding is in place to ensure Homes England's strict timetable with regard to spend is adhered to.

5.4.4 The indicative work programme is set out in the table below:

Activity	Date
Agree HIF Programme & Contract	April 2018
Enter into Collaboration Agreement with TG	May 2018
Commence land acquisition & CPO	June 2018
Commence procurement of contractor(s)	June 2018
Appoint contractor(s)	Jan 2019
Commence infrastructure works on site	Feb 2019
Commence disposal programme (sale of serviced land parcels)	June 2019
Complete infrastructure works	Aug 2020

6. Implications of the Recommendations

6.1 Legal Implications

6.1.1. In taking actions towards a potential CPO the Executive Director of Place, in consultation with the Portfolio Holder for Housing, Planning and Regeneration and the Director of Legal Services, must follow the relevant processes set out in The Local Government Act 1972 and be mindful of the public law principles set out in The Localism Act 2011. In demonstrating the public interest case for proceeding with a CPO the Executive Director of Place must also consider the Human Rights Act, as well as Articles 1 and 8 of the First Protocol to the European Convention on Human Rights. These Articles protect the rights of everyone to peaceful enjoyment of their possessions and private and family life, the home and correspondence respectively.

6.1.2 Further legal advice will be provided throughout the life of the project. In the next stages of work, this will focus on land acquisition/disposal processes, the terms of the Housing Infrastructure Grant funding conditions and ensuring compliance with public procurement legislation.

6.2 Finance Implications

6.2.1 The acquiring authority using CPO powers is expected to make clear the sources of funding for the land acquisition, compensation and the works themselves. The professional fees required to commence the CPO process are forecast at £50,000 to cover preliminary legal and surveyor's fees. This can be funded through Engine of the North's (EoTN) approved Business Plan.

- 6.2.3 The cost of pursuing the CPO through to implementation is difficult to estimate and will depend upon the success of private treaty negotiations. However, given the relatively small area of land to be acquired and its relatively low value use the costs for land assembly and compensation are not expected to be significant.
- 6.2.4 The actual costs incurred for land acquisition/ compensation will be subject to further approvals at the appropriate level, as required in the Constitution.
- 6.2.5 The Link Road will be funded through a combination of Housing Infrastructure Grant Funding and payments made by the developers / landowners. The development will contribute just under 50% of the scheme costs. The Council has already taken forward detailed design on key sections of the Link Road, including the east and west connections and the outline planning permission includes full approval to these elements. The costings are therefore accurate and up to date and the scheme is capable of being implemented immediately.
- 6.2.6 The emerging Funding Agreement with TG Ltd will provide a mechanism to enable the Council to recoup the front end investment in essential and enabling infrastructure in relation to TG's land.
- 6.2.7 Further ground stabilisation works will be required to create serviced land parcels capable of immediate development. A cost allowance has been built into the financial appraisals, which is based on the professional advice of a specialist cost consultancy that has extensive experience of delivering schemes with similar technical constraints. Soft market testing has been undertaken to provide further reassurance but the final price will be subject to formal tender. The strategy for delivering the ground stabilisation is currently in development with the objective of accelerating the delivery of new housing across the site. These works are not included in the initial £20m Council and Housing Grant Funding. Any further capital funding required will be subject to the Council's business planning processes and would be on the basis of recovering any investment through the enhancement in capital receipts.
- 6.2.8 This scheme is included within the Capital Addendum, as part of the Medium Term Financial Strategy approved at Council on 22nd February 2018. The Addendum includes projects of strategic importance, but where detailed business cases were not in place at the time the budget was approved. Items can be moved from the Addendum to the funded capital programme with the approval of the Portfolio Holder for Finance and Communications and the Interim Executive Director of Corporate Services. Such approval will be in place before expenditure on this scheme commences.

6.3 Equality Implications

- 6.3.1 Equality implications were considered as part of the Business Case preparation through a systematic Equality Impact screening assessment.

6.4 Human Resources Implications

- 6.4.1 There are no anticipated long-term impacts on establishment staffing levels or costs within EoTN or the Council. If additional temporary resources are required these will be met from the project or existing budgets.

6.5 Risk Management Implications

- 6.5.1 The full cost of a CPO process is unknown at the time it commences and this must be considered a risk. Pursuing a CPO would, where possible, be preceded by voluntary negotiations to acquire any necessary interests by agreement. The Council can confirm to the Secretary of State it no longer wishes to use CPO powers in respect of any interest should negotiations be successful or if the financial risks are considered to be too great. Delaying the pursuit of necessary acquisitions will delay the delivery of the Link Road and the associated policy objectives it will achieve.
- 6.5.2 This is a highly complex development project due to the abnormal ground condition constraints, including substantial peat deposits and former landfill.
- 6.5.3 The sale of the part of the site will be subject to the grant of a suitable planning permission and there is a risk that this might not be obtained. However, the principle of development and the type of use is consistent with planning policy and the approved Masterplan and the planning authority will be consulted on the proposal(s) received as part of EotN's due diligence in considering offers.
- 6.5.4 There is a risk that objections to the disposal of Public Open Space will result in a decision not to dispose of the site. However, the land is allocated for development in the Local Plan Strategy and the Masterplan has been approved by the Strategic Planning Board, subject to Section 106.

6.6 Rural Communities Implications

- 6.6.1 By developing this partly brownfield urban extension on the edge of Macclesfield, pressure is reduced on the greenbelt and open countryside.

6.7 Implications for Children & Young People

- 6.7.1 A primary school is proposed as part of outline application 17/1874M. Access to the school site is largely dictated by the delivery of the Link Road.

6.8 Public Health Implications

- 6.8.1 This development will result in job creation and high quality homes. It may also result in new care facilities and provision. Completion of the Link Road will reduce congestion which will improve air quality in the surrounding area thus contributing to public health objectives.

7. Ward Members Affected

- 7.1 Macclesfield South – Cllr Laura Jeuda , Cllr Chris Andrew

8. Access to Information

8.1 This paper is based upon the following information:

- Local Plan Strategy
- The information contained within the ES and DAS submitted as part of application 17/1874M.
- Plan of land ownerships
- Plan of proposed Link Road route.

9. Contact Information

9.1 Any questions relating to this report should be directed to the following officer:

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