

**Report to:** EXECUTIVE CABINET

**Date:** 22 June 2022

**Executive Member:** Cllr David Sweeton, Executive Member for Business & Employment

**Reporting Officer:** Ian Saxon, Director of Place

**Subject:** **GODLEY GREEN GARDEN VILLAGE – DEVELOPER PARTNER SELECTION**

**Report Summary:** 2021 was a year of consolidation and progress for the project. The relationship with Homes England has been strengthened and their support re-confirmed through revised Housing Infrastructure Funding (HIF) contractual Milestones. The critical Milestone of the spending of all grant funds has been moved from March 2022 to March 2023.

The Outline Planning Application was validated in November 2021, which was the culmination of detailed pre-application discussions with the LPA, which allowed us to meet a critical HIF milestone.

The land Option Agreements, whereby an interest in land is secured by the Council, are now going through the final legal documentation stage with four landowners and terms have been agreed with a fifth.

In July 2021, the Council resolved that it would begin the process of gathering the evidence required to support the development of a Compulsory Purchase Order (CPO) Strategy for the site.

In December 2021, a Soft Market Engagement (SME) exercise was carried out in order to understand the development market's view of the project and to get commercial feedback to inform the Councils ongoing role in the project. As a result of the responses to the SME, greater clarity and focus has been provided by the market on how Godley Green is perceived as a development opportunity.

A recommendation report (**Appendix 1**) has been produced by the Council's project team. This assesses the options available against the Councils Objectives for this process and concludes that a development agreement with a master developer would be the preferred route to market.

**Recommendations:** That Executive Cabinet be recommended to:

1. Note the analysis of the soft market engagement exercise, restrictions and 3<sup>rd</sup> party obligations, assumptions and objectives when considering the preferred delivery option and procurement route.
2. Approve the commencement of the developer partner selection process, in accordance with the preferred delivery option, procurement route and procurement timetable.
3. Note that the project team will update on the outcome of the delivery partner selection process and outline in detail the proposed legal and commercial arrangements of a proposed development agreement to a future Executive Cabinet meeting.
4. Note that the project team will also return to a future Executive Cabinet meeting with proposals for governance

and procedures with the necessary delegated authorities to support the operationalisation of the development partnership.

**Corporate Plan:**

The Council's ambitions for Godley Green are reflected in the Corporate plan by aspiring to build successful lives, strong and resilient new communities, and invest in a local and vibrant economy.

**Policy Implications:**

Godley Green is the key strategic site for Tameside, as identified in the Places For Everyone Spatial Framework. If the site does not come forward for development, the Council will be required to find alternative sites to meet its future housing requirements.

**Financial Implications:  
(Authorised by the statutory  
Section 151 Officer & Chief  
Finance Officer)**

The report provides an update on the proposed Godley Green Garden Village development including the preferred delivery option and procurement route for the scheme.

Section 3 of the report sets out details of the soft market engagement process that was undertaken during 2021 in accordance with procurement advice provided by STAR and the Council's current independent legal advisors to the development (DAC Beachcroft).

Section 7.4 table 1 sets out details of the four delivery options available to the Council. A summary of the high level analysis of the risk implications for the Council relating to each of the four options is provided in section 7.6 table 2 with further supporting details of the benefits and disadvantages of each option provided in **Appendix 1** (sub appendix 4) of the report.

Option 1 (Development Agreement with a Master Developer) is the recommended delivery option with the supporting rationale provided in section 9 of the report. This option provides the most flexibility for the Council over the delivery period of the development whilst minimising any further financial contributions by the Council. The estimated levels of significant financial investment that would be required by the Council for option 3 (Joint Venture) and option 4 (Investor) are provided in **Appendix 1** (sections 9 and 10 and sub appendix 3). Clearly the Council is not in a position to provide such levels of investment and be exposed to the associated risks as set out in these sections of the report.

The proposed recommended option will require the master developer to provide additional investment to the development and also re-imburse the Council for all expenditure incurred on the project (including prior years). The existing project budget (including prior years) is £5,164,000. The budget is financed via £3,860,000 of Council funding and £1,304,000 of grant funding.

It should be noted that there is a clear risk that expenditure incurred on the project will be an abortive cost if the Godley Green development does not receive planning approval to proceed. In addition there is a risk that the grant support awarded to the Council of £1,304,000 would also have to be repaid. Section 9.3 (and **Appendix 1** section 7) of the report provide a summary of the additional investment requirements.

Members are reminded that the estimated financial benefits that will be realised by the Council via the development (which are

conditional on a successful planning application) are set out in **Appendix 1** of the Godley Green Project Update and Business Case Executive Cabinet report approved on 2 November 2020. These benefits include the estimated recurrent Council Tax revenue that will be received via the properties constructed, together with non-recurrent Section 106 funding and land promoter return.

The annual profiling of the financial benefits that are estimated to be realised will be continually updated as the development phasing progresses, with related details included within the Council's Medium Term Financial Plan as appropriate.

It is noted within the report (section 10 refers) that STAR and DAC Beachcroft will continue to work in collaboration with the Council to ensure the procurement process is run efficiently to minimise any procurement risks while maximise value/outputs (both monetary and non-monetary). It is expected that the procurement process will take six to nine months to complete (**Appendix 1** section 13 refers).

The financial benefits that will be realised by the Council will be one of the key outcomes that will be evaluated within submissions received from master developers. These will be compared to the expected levels of benefits as set out in the 2 November 2020 Executive Cabinet report.

The Council will need to procure independent commercial finance expertise to support the appraisal of the submissions received to ensure the Council has assurance on the financial viability of the successful master developer that is selected. The related cost of this independent advice will need to be financed via the previously referenced budget that is currently resourcing all expenditure associated with the development.

Any additional budget allocation to the existing £3,860,000 Council funding (£5,164,000 including grant funding awards) that is required to support the development will be subject to separate Member approval.

**Legal Implications:  
(Authorised by the Borough  
Solicitor)**

This report is intended to provide Members with a general update on this project and to specifically seek a resolution to identify the delivery vehicle for the delivery of Godley Green together with the most effective, and compliant route to secure the same.

As such the project team has undertaken a due diligence exercise to consider all of the options in order to identify the best approach for the council and the successful delivery of the village.

That due diligence together with the detailed legal implications are appended to this report.

The appointment of a delivery partner is clearly critical for the delivery of the project as set out in this report. It is also time critical as the CPO strategy cannot progress without a delivery partner in place so as to evidence not only that the scheme is capable of being delivered but also that there is the necessary funding in place to support the CPO process itself together with any compensation payable thereafter.

Part of the selection process will include an assessment of the financial outcomes against the original business case. This will be

reported back to Members in due course and as part of the decision making process to appoint the successful bidder.

The project officers will also be considering the options for project management and governance of this project to present to Members for consideration at the same time as the appointment of the successful bidder.

The process will be supported by both STaR and the external legal advisors together with the project team.

### **Risk Management:**

A project of this size has a number of risks across each of its phases. The initial risks are:

1. Failure to agree and enter into an agreement with the Godley Green Landowners.
2. Planning permission not being granted.
3. The project is governed by the funding agreement with Homes England, which includes a number of milestones, and funding to support the initial infrastructure work, site assembly strategy and the planning application. Homes England could withdraw the funding to use elsewhere in the country.
4. Places for Everyone Spatial Framework Timing.
5. The housing market being depressed due to the impact of Covid and Brexit.
6. Land values not being realised.
7. Judicial review and challenge.
8. Failure to achieve the granting of a CPO

A detailed risk log has been developed to mitigate against all associated project risks. The risk log is managed and monitored by the Project Steering Group.

### **Access to Information:**

#### **CONFIDENTIAL**

The business case at **Appendix 1** is exempt from publication as it contains exempt information relating to paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972 (as amended). On balance, under paragraph 10 of Part 2 of Schedule 12A, it would not be in the public interest to disclose this information to the public because disclosure would, or would likely to, prejudice the commercial interests of the Council and/or 3rd parties, which, in turn, could impact upon the interest of the local taxpayer.

### **Background Information:**

The background papers relating to this report can be inspected by contacting Ben Gudger, Head of Investments & Development



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## **1. INTRODUCTION**

- 1.1 After securing £10m from the Government's Housing Infrastructure Funding (HIF), the Godley Green Garden Village scheme is now recognised by Homes England and the Greater Manchester Combined Authority as one of the largest and most ambitious programmes of development and regeneration within the City Region and North West of England.
- 1.2 Godley Green has the potential to provide transformational change to the Tameside housing market through delivery of up to 2,350 new quality homes, helping to satisfy the housing requirements of local people across all tenure and housing types, from affordable to executive homes.
- 1.3 The vision for Godley Green Garden Village is to create a nationally recognised vibrant and sustainable new community, based on Garden Village principles. These principles are currently being promoted by Government as a policy initiative designed to promote well-planned areas of significant residential growth.
- 1.4 The 1st November 2020 Executive Cabinet report included a confidential business case, which provided the rational and financial modelling for the land promoter approach as a hypothetical scenario. This was to gain the necessary delegations and budgets to allow Option Agreements to be secured over parts of the relevant site, which is the subject of the outline planning application. The report set out that there will be further stages within the project for the Council to consider how the scheme will be delivered and its role in the delivery.
- 1.5 The Council has a facilitating role through the delivery of the opening up infrastructure (i.e., the initial spine road in the west and the energy connection for the site) funded by Homes England grant.
- 1.6 The Council's Executive Leadership Team has consistently signalled that it wants to see itself as an active rather than a silent partner in the future delivery of Godley Green. However, this role needs to be carefully considered and determined. This role could take a number of forms. The right one will depend on the Council's appetite for risk and reward, its ability to draw in the right partner or partners with the relevant expertise and level of financial resources for the next stage of project delivery.
- 1.7 In addition to the Council Leadership Teams aspirations, there is a requirement for the Council to identify a partner or partners in order to satisfy the contractual conditions and milestones set out in the Homes HIF Grant Funding Agreement. The specific Home England Milestones are set out below:
  - Commencement of procurement of HIF Infrastructure Works
  - Commencement of procurement of delivery partners for wider project
- 1.8 Therefore, the Council now needs to turn its attention to the identification of a partner or partners to deliver the Godley Green Vision as this process will also play a critical element in establishing the Council's future role in Godley Green

## **2. CURRENT POSITION**

- 2.1 A delivery strategy has been produced to directly respond to the land acquisition approach adopted in the November 2020 Executive Cabinet Report and the works subsequently undertaken. It utilises the site-wide equalisation principle, which underpins the land acquisition approach and sets out how the Godley Green Planning Application can be delivered in a comprehensive manner.

- 2.2 Since November 2020, work has been ongoing to secure Option Agreements on the site. Currently 5 Option agreements are with landowners and their solicitors for consideration. For the purpose of this report, it is assumed that these will be concluded ahead of a procurement exercise commencing. This will provide sufficient land to deliver circa 950 of the 2,150 units on the site.
- 2.3 The financial analysis which supported the Executive Cabinet report worked on the basis that all land was secured through Options. This would allow the Council to both recover their spend to date in pursuing the planning consent and also to benefit from an uplift in the land value through securing the change of use. As the Council has not secured all of the land, they are not currently in a position to financially benefit from the entire site or to recover their full costs.
- 2.4 Given the context set out above, this strategy aims to provide a route forward, which allows the Council to deliver on their aspirations for the site while guaranteeing its delivery, recovering its costs where possible and making a financial return.
- 2.5 It is assumed that the land which the Council has not currently secured via Option Agreements will be acquired via Compulsory Purchase Order (CPO). This is also part of the contractual commitment with Homes England.

### **3. SOFT MARKET ENGAGEMENT**

- 3.1 Following advice from TMBC's procurement and legal advisers STaR and the DAC Beachcroft, the project team produced a questionnaire (**see Appendix 1**) aimed to provide feedback from the development sector on the opportunity being promoted at Godley Green. The questionnaire was administered as a reduced soft market engagement exercise through the CHEST procurement system.
- 3.2 The exercise sought to understand the market's view of the project and to get commercial feedback to inform the Council's ongoing role in the project. A mix of different organisations were included in the process, including registered providers, master developers, national housebuilders and investors.
- 3.3 The SME questionnaire was limited to the following organisations. Those who did not respond are marked accordingly:
- Onward Homes
  - Great Places
  - Town
  - Urban & Civic (no response)
  - Barratt
  - Jigsaw Homes
  - Countryside
  - Aviva Investment (no response)
  - GMPF (no response)
  - Legal & General (no response)
- 3.4 No responses were received from the financial investors. This was not an unexpected outcome.
- 3.5 The questionnaire focussed on the following aspects of partner and project delivery:
- Suggested partnership structure for working with the Council to deliver the Godley Green project.

- The organisations financial ability to help deliver this project including the level of funding they could bring forward.
- Approach to delivery of infrastructure across the site.
- Examples and case studies of delivering complex sites.
- Approach to mix of housing across the site.
- Organisations commitment to deliver the Council’s ambition for a net zero carbon scheme.
- Commitment to social value and delivering a mixed community and supporting local supply chains.
- Proposals and ideas for long term stewardship and management.

### **Analysis of SME Exercise**

3.6 The responding organisation addressed all element of the questionnaire. A summary of the responses are set out below.

### **Suggested Partnership Structure**

3.7 The responses included strong statements on their willingness to work with the Council to deliver the scheme. A Master developer responded:

3.8 “The leadership and ongoing involvement of the Council in the Godley Green project is excellent and likely to be the key to unlocking success. Almost every renowned large-scale new settlement in Europe”...”are conceived and operate as private-public partnerships, where municipal and commercial interests are fully aligned, behind a shared long-term vision and delivery mechanisms.”

3.9 A common theme in the responses was the recommendation for the Council to choose a range of partners to work with. A national house-builder stated that their sustainable approach is “only possible by working collaboratively with our partners”. Suggestions on who could form part of this partner group/consortium included other volume house builders, registered providers, investors, government bodies and the local community.

3.10 All responders provided a high-level view of the potential partnership structure that the Council should consider. For example, the Barratt response advised against a complex partner structure, such as a Joint Venture, that would require the creation of a separate entity. Their message is echoed in other responses which recommend selecting a structure that delivers the organisations needs in the simplest way.

3.11 Notably, all responses included reference to the delivery of the homes themselves rather than selling serviced plots into the market, though in one response the homes delivery would be led by their partners.

### **Track Record of Delivering Major Strategic Schemes**

3.12 All responders were asked to present three schemes as case studies which they had delivered. A range of schemes were set out with most demonstrating successful scheme delivery as a result of private sector and public sector consortiums and collaboration.

3.13 The case studies ranged from the delivery of 150 unit to 2000+ unit schemes. This is something the Council should consider carefully when selecting a partner or partners to ensure that they can manage the scale of the development.

### **Availability and Access to Finance**

3.14 Nearly all responders confirmed the organisations had significant levels of funding available, something which will be key to delivering the scheme. Most were supported by loan agreements, Homes England strategic partnership support funding and shareholder funding. It was also suggested that the Council could opt to provide some funding towards the scheme delivery itself due to its access to low-cost finance.

### **Specification to Obtain Bids**

- 3.15 A range of suggestions were made as to the type of information that should be included in the Council's specification to obtain bids from potential partners/partnerships. These include:
- Clarity will be needed to any potential partner on their responsibilities associated with the site wide infrastructure.
  - Indicative information on how infrastructure will be delivered in line with the phasing.
  - Clarity on responsibilities for the delivery and adoption of the spine road
  - The level of funding required from the partner
  - Variety of tenure types

### **Market View of Proposed Housing Mix**

- 3.16 All responders acknowledged that the current housing mix is indicative and suggested it would be preferable to review this in line with market changes in demand. The approach of housing densities radiating from the local centres was supported, alongside the mix in different dwelling types. Responders advised that ongoing consideration needs to be given to the tenure mix on site by the Council and its partners.

### **Delivering Net Zero Aspiration**

- 3.17 All responders demonstrated how their organisation is working towards a reduction in carbon. There was limited commentary on achieving net zero carbon for the development, meaning this is something which requires further consideration during the selection process.

### **Commitment to Social Value, Place-Making and Delivering Mixed Communities**

- 3.18 Registered providers gave some of the strongest commentaries on this section, which was anticipated due to their long-term role in the places which they create. A variety of suggestions are made, including building community communication, working with local education providers, and focusing on these commitments in the plan for long-term stewardship of the scheme.
- 3.19 The master developer and national house-builders focused more on the financial and organisational side of this question, which is to be expected due to their time limited involvement in the scheme.

### **Commitment to Supporting Local Supply Chains**

- 3.20 Responders acknowledged that there will be significant opportunities available to local suppliers over the 15-year project lifecycle. To maximise their involvement, a range of suggestions are made from holding local events for suppliers, to parcelling off sections of the site and targeting local small-scale house-builders.

### **Summary of SME Analysis**

- 3.21 The responses provided confirmation that the approach the Council has taken to date is aligned with that taken by those operating within the housing market. Highlights include:
- There is a clear appetite from major players in the market to be involved in the delivery of Godley Green Garden Village, in partnership with the Council.
  - There are various options open to the Council as to how any partnership agreement is to be structured.
  - The information in the responses should be considered when deciding on a partnership structure, preparing procurement documentation and commencing the partner selection process.

## **4. RESTRICTIONS AND THIRD PARTY OBLIGATIONS**

- 4.1 A funding agreement already exists with Homes England. The timescales set out within the funding agreement and subsequent Deed of Variations remain challenging however is being managed through the Homes England Client Relationship Manager process.
- 4.2 Electricity Northwest are also committed to supporting the delivery of the Godley Green scheme. To date they have reinforced bulk supply and primary sub-station capacity, to facilitate the sites energy demands and will be delivering elements of the HIF funded infrastructure (connection between the primary sub and site).
- 4.3 A residential developer has secured a number of Options on small sections of the site. The options the Council has for managing their interest and the subsequent development of these parcels is set out in the confidential appendix.
- 4.4 Currently there are restrictions on the Council-owned land within the scheme, which will either need to be resolved before the procurement/selection process commences or will need to be accommodated within any agreement. These are:
- Land South of Mottram Old Road (Mottram Show Committee)
  - Western Village Access Land (Alder High PFI)
- 4.5 The access road land for the Western village is currently subject to an undocumented PFI agreement. This matter is currently being dealt with by TMBC Estates through completing the PFI contract and then arranging a subsequent surrender back to the Council, to allow the land to be used for the development.
- 4.6 The land south of Mottram old road is allocated for sports provision and ecological improvements within the planning application; however, this land is subject to a 125-year lease to the Mottram Show Committee. The Estates team are currently looking into options for reaching an agreement with the committee, which satisfies both party's requirements.
- 4.7 There is also an overage provision on the Council-owned land on which the access road will be delivered. As the overage can be dealt with by the budgeting of funds to pay the beneficiary directly, this is not considered a restriction which would impact upon the partner selection process or agreement.

## **5. ASSUMPTIONS**

- 5.1 To date, the Council has spent considerable time and funds promoting the site through the planning system and to managing the complex landownership on the site by seeking to secure Land Option Agreements. The Council will need to give any potential development partner or partners sufficient comfort that the scheme is deliverable. As such, this report and its recommendations make the following assumptions, meaning that these matters will be dealt with or a strategy put in place by the project team, ahead of the procurement process:
- The Council-owned land within the development (land adjacent to Alder High and Mottram show ground) is available without restriction.
  - The Council retains the £10m of HIF grant to fund initial infrastructure.
  - That the Council has secured Options on a significant quantum of land across the site (for example, the five Options currently out with Landowners would secure land to deliver circa 950 homes).
  - The Council continues its commitment to use CPO powers for land not acquired through private treaty and to ensure clean title (wayleaves, easements, Public Rights of Ways (PRoW)
  - The Council will continue to support the Planning process for the site through determination to final decision in their promoter role. This will include

S106/S111 negotiations and call-in by the relevant Secretary of State (if applicable).

- The Council will establish governance and procedures with the necessary delegated authorities.

5.2 Once a critical mass of land options has been secured, demonstrating a continuous, deliverable, development of scale, it is then anticipated that potential partners will be prepared to commit time and funding, while bringing their respective expertise and commercial relationships.

5.3 This should not be on a “subject to planning basis”, as one of the stipulations of the agreement should be that the partner picks up planning pursuit costs from the agreement signature.

5.4 The above will be included in the procurement documentation and dealt with by way of a condition within the development agreement (including longstop dates).

## 6. OBJECTIVES

6.1 The Councils assumed objectives through this process are as follows:

- Protecting Homes England funding for reinvestment in the borough.
- Obtaining private sector investment.
- Obtaining professional capacity and expertise.
- A required minimum financial return from promoting the project for the Council.
- Recover spend to date in promoting the site.
- Best consideration for Council’s own land holdings.
- Control over development in addition to that given by planning controls to protect the garden village principles.
- Low commercial risk.
- Low procurement challenge risk.

## 7. DELIVERY OPTIONS

7.1 There are many complex and inter-related issues to consider in establishing a delivery strategy for the project. Therefore, the Council will need to work alongside a partner organisation with the capacity to bring significant finance, expertise, resources and creativity to deliver the scheme.

7.2 Both the April 2020 Initial Investment and Opportunity Strategy and the November 2020 Executive report set out the options available to the Council with regards to identifying a delivery partner based on a variety of operating models.

7.3 Subsequent work has been completed by the project advisory team at the instruction of the Council to allow them to put forward a recommendation on the type and role of a potential development partner for the Godley Green Garden Village. It also advises on the procurement routes available for the project having regard to the Council’s time constraints and requirements. The full report can be found in the confidential **Appendix 1**.

7.4 The options regarding the Council role are summarised in table 1 below:

**Table 1**

Partnership Options available to the Council		
Option		Potential Role
1	Development Agreement with Master Developer	Would fund all infrastructure /servicing across the site on a phased basis and sell fully serviced plots to housebuilders
2	Development Agreement with Development Partner Consortium.	Consortium led by a master developer. The land would be serviced on a phased basis and delivered by the consortium members who may include housebuilder/s, registered provider/s and build-to-rent operator/s.
3	Joint Venture Limited Liability Partnership	The Council makes funding available to match the input of the partner, which could be a Master Developer /Housebuilder or Registered Provider to service the land and potentially deliver homes.
4	Investor	The Council directly delivers the scheme (acting as master developer and selling serviced plots on a phased basis) with a funding agreement

7.5 Each of the above options have been considered in full with consideration and the due diligence being competed on;

- Council Objectives
- Legal implications
- Procurement impacts
- Financial impacts
- Soft Market Engagement Feedback

7.6 Table 2 is a high-level analysis of the different options set out in this report. The full options analysis can be found in the confidential **appendix 1**.

**Table 2**

	MD	MD/HB	JV	DD
Capacity Requirements	2	2	4	5
Expertise/Experience Requirement	2	2	4	5
Financial Return	2	3	4	5
Financial Expenditure	1	1	3	5
Risk	2	4	3	4
Control (Timing)	3	2	3	4
Control (Quality – Infrastructure & Greenspace)	4	3	3	5
Control (Homes Quality)	3	3	4	5
Control (Non-Profit driven outputs)	2	3	3	4

*Scoring (1 - Lowest / 5 - Highest)*

*Colour Grading (Red - Least optimal / Green - Optimal)*

## 8. SUMMARY/PREFERRED OPTION

8.1 Having reviewed the different partner delivery routes available against the Council’s objectives for the project, it is recommended by the Council’s project team that the Council proceed with Option 1 – a development agreement with a master developer. This is the route that provides the most flexibility for the Council over the delivery period of the project, while minimising additional financial contributions to the project.

- 8.2 This will essentially be a hybrid Option, which provides both flexibility and control. No parties will be excluded from bidding for the opportunity and would not preclude a house-builder/consortium of organisations (as per Option 2) in making a contractual commitment to fund and deliver the Godley Green project over its lifetime.
- 8.3 This route will allow the Council to benefit from the land promoter return for Options completed and recover their spend to date, while also potentially benefitting from the increasing land value over time and the recovery of the HIF grant funding. The estimated return to the Council from the increase in land value over time, the opportunity of participating in the project with the benefit of the contribution of the Council-owned land and the HIF Grant, will be dependent on the proposals put forward by the potential partners during the selection process.

## **9. OPTION 1**

- 9.1 The Council will enter into a Development Agreement (DA) with a master developer (or indeed any entity which meets the selection criteria including a house-builder or developer/house-builder consortium). Through the DA, the partner would be contractually committed to pursue the planning consent, purchase land on an agreed phased basis, fully service that land and then sell on or license land to house-builders or registered providers i.e. they are still contractually committed to procure the construction of homes, but who they procure from and the detailed design of those homes will be subject to minimum principles, but not prescribed in detail by the procurement process.
- 9.2 Under this Option, the delivery partner would need to enter into the house-builders/registered provider agreements after award of the DA. As such, the procurement process would not test designs and housebuilding skills in detail; it will test the developer's supply chain, procurement strategy and processes, to ensure full probity and that plots will be sold on market terms, and that sale contracts include minimum terms as to design and price. This will not preclude the ability to sell to a specific house-builder partner if they have bid as a consortium.
- 9.3 The partner would be contractually required to:
- Reimburse any spend to date by the council in pursuit of a planning consent.
  - Fund the cost of call in (if required).
  - Fund reserved matters applications.
  - Match the HIF grant expenditure of £10m, to be targeted at enabling infrastructure.
  - Fund CPO including costs associated with land acquisition. Irrespective of phasing.
  - Confirm through the Tender process the financial return to the Council for the opportunity
- 9.4 The development parcels/phases would be created based on reserved matters applications, which would protect the integrity of the master planning process. The detailed design and quality of homes would be left to the individual house-builders. The reserved matters application will be in line with the parameters set through the Outline Planning Consent.
- 9.5 The Council can stipulate in the DA that adherence to the masterplan and HIF timescales are a prerequisite to permit drawdown of the next tranche of land; however, it will have limited control on the quality of the final development through this route as this may be less commercially attractive to the market.
- 9.6 The requirement for a master developer to commit to the delivery of the full scheme, with uncertainty on timing, price and deliverability, will limit the number of interested parties. As a

result of the partner shouldering the substantive risks and responsibilities under this route, control and financial return to the Council will also, naturally, be limited.

- 9.7 The DA would, however, offer a level of control, in addition to that exercised by the planning system and building control powers. This is a structure that the Council has experience of working with the private sector on (e.g., Hattersley) and it is a well-established route for the public sector and private organisations to work together. Both parties would benefit from the clarity on their respective obligations.
- 9.8 Under this approach, the master developer would have to commit to ensuring the delivery of the full Godley Green Outline Planning Application. This would also include deliverables required by the planning consent which sit outside of the scheme boundary, such as the Mottram Showground ecological improvements, the bridge connection to the Hattersley Rail Station and the sports complex to the South of Mottram Old Road.
- 9.9 To ensure that the Council maintains any control enshrined within the DA, the DA will require active management on behalf of the Council through internal and external resource.
- 9.10 If the Council was to enter into a DA with a MD, it would have the opportunity to financially benefit from four scenarios:
- Land value increase through a planning consent for change of use (greenfield to residential);
  - Increased land value through the servicing of land and subsequent sale/licensing to housebuilders;
  - Increase in land value through market growth during the time in which the land is being serviced;
  - If land is licensed to housebuilders, the Council and partner may benefit from a % of the land value increase over the period in which the homes are delivered.
- 9.11 The promotion % uplift and spend to date must be a commitment from the selected partner, along with confirmation on the extent to which they would be willing to share the additional uplift over time.

## **10. PROCUREMENT ROUTES**

- 10.1 STAR procurement has supported the Project Steering Group to navigate the various routes to procurement for the development partner. Their recommendation is that the Council undertake a full Find a Tender compliant Competitive Dialogue procedure, via the Concession Contracts Regulations 2016. STAR Procurement and DAC Beachcroft will continue to work in collaboration with the Council to ensure the process is run efficiently to minimise any procurement risks while maximise value/outputs (both monetary and non-monetary).
- 10.2 Selecting the Competitive Dialogue Process allows the Council the flexibility to change and shape the specification / development agreement within the live procurement process. This flexibility will be critical when entering into the eventual Development Agreement.
- 10.3 **Procurement Timescales**
- 10.4 The indicative timescales involved for carrying out the Find a Tender procurement tender is set out in table 3 below:

**Table 3**

Single Stage/ Approach	Timescale Days
PID approved and processed by STAR procurement	10
Prepare draft specification, questions, and pricing schedule etc	30
Final approval of tender documentation	10
FTS advert and return of SAQ	30
Evaluation of SAQ responses	20
Invitation to Participate in Dialogue (ITPD)	30
Invitation to Tender	20
Award sign off	14
Standstill period (10 days)	10
Contract award	10
Contract starts	1
<b>Total</b>	<b>185 (Approx. 6 months)</b>

- 10.5 It must be noted that the Competitive Dialogue phase can include multiple rounds, which can extend timescales.

## 11. CONCLUSION

- 11.1 2021 was a year of consolidation and progress for the project. The relationship with Homes England has been strengthened and their commitment to the project through the Housing Infrastructure Fund (HIF) has been re-confirmed through revised contractual Milestones, demonstrating a flexibility in approach. The critical Milestone of the spending of all grant funds has been moved from March 2022 to March 2023.
- 11.2 The planning application for Godley Green was validated in November 2021, which was the culmination of detailed pre-application discussions with the LPA. This allowed us to meet a critical HIF delivery milestone.
- 11.3 Negotiations with landowners across the Godley Green site progressed throughout 2021. In the final quarter of the year progress was made with a number of key landowners, to the point of agreeing terms. The Land Option Agreements, where by an interest in land is secured by the Council, are now going through the final legal documentation stage with five landowners.
- 11.4 As a consequence of the above, a number of the key building blocks are now in place. The Soft Market Engagement (SME) exercise was commenced in late 2021. Without the ongoing commitment of Homes England (demonstrated through revised Milestones), the planning application being validated and imminent commitment from landowners through Options Agreements, undertaking the SME would have been premature.
- 11.5 As a result of the responses to the SME, greater clarity and focus has been provided by the market on how Godley Green is perceived as a development opportunity. Master developers, house builders and Housing Associations have responded with answers that have helped focus the delivery option analysis and procurement strategy.
- 11.6 The themes emerging from the responses are that the scale of the proposition will require a consortium approach, with more than one of the above working together to deliver infrastructure, market housing (for sale), affordable housing (mixed tenure) and market housing to rent. There would need to be an integrated approach to project funding, with each consortium member being a contributor. This approach follows previous soundings from those operating in the housing market.

- 11.7 The recommendation from the project team is that the option that provides the greatest flexibility at present and responds to the Council's requirements is that of the Development Agreement entered into with a Master Developer (Option 1).
- 11.8 The hybrid version of Option 1 provides both flexibility and control, but will not preclude a House-builder/consortium of organisations making a contractual commitment to fund and deliver the Godley Green project (including the delivery of homes) over its lifetime; however, this will not be a requirement of those responding with bids.

## **12. RECOMMENDATIONS**

- 12.1 As set out at the front of the report.