

REPORT TITLE: CENTRAL WINCHESTER REGENERATION SCHEME UPDATE

21 JANUARY 2026

REPORT OF CABINET MEMBER: Cllr Martin Tod, Leader and Cabinet Member for Regeneration

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WARD(S): ALL WARDS

PURPOSE

Central Winchester Regeneration (CWR) is a once in a lifetime opportunity to transform the centre of our historic city via a comprehensive regeneration scheme. Bringing homes for local families, providing jobs for local people and bringing new businesses and new energy to our city.

In March 2023 the Council appointed Partnerships & Places LLP (Jigsaw) a limited liability partnership consisting of two joint venture consortium members, PfP-Igloo Limited Partnership and Genr8 Kajima Regeneration Limited (GKRL), as their development partner.

The Development Agreement (DA) was signed in April 2024 and the first milestone set out in the DA was approval of the Development Delivery Plan (DDP), which took place in March 2025.

Since then, Jigsaw have been working towards submitting a planning application which has to be submitted by the middle of 2027 within 2 years of the Development Delivery Plan being approved.

GKRL have informed the Council that they intend to leave the Partnership & Places LLP partnership. However, Igloo have obtained board approval to take on the project including necessary funding and will propose another company from within the Places for People group to join the Partnerships & Places LLP shortly. The development agreement provides that the Council has the right to approve any new consortium member and must act reasonably in doing so. This report seeks

consent to approve the change in consortium composition and sets out the implications for the Council.

These changes, if agreed, should expedite the delivery of the Central Winchester Regeneration scheme, leading to a public engagement event in February and further Cabinet decisions in March and July 2026.

RECOMMENDATIONS:

That Cabinet:

1. Agree a Change of Consortium Composition to replace GKRL with another company from within the Places for People Group and to delegate to the Strategic Director with responsibility for Central Winchester Regeneration and the Director (Legal), authority to amend the Development Agreement as appropriate.
2. Accept PfP-Igloo's proposal not to replace the GKRL bank guarantee.
3. Agree that an entity from the PfP-Igloo consortium can be a Guarantor for the Phase Delivery Stages subject to the Council being a party to performance bonds between that entity and any funder and contractor.
4. Delegate to the Strategic Director with responsibility for Central Winchester Regeneration, Director (Finance) and the Director (Legal) to agree the detailed contractual arrangements as part of the Phase Delivery Plan.
5. Note that a report will be submitted to the March Cabinet setting out provisions for matters outside the existing Development Agreement that are required to strengthen the scheme, addressing CIL; potential land acquisitions and Compulsory Purchase Order resolutions; and potential off-site affordable housing provision.

IMPLICATIONS:

1 COUNCIL PLAN OUTCOME

Creating places for people and communities to live, work and thrive is of paramount importance to the Council. To bring forward the best possible development that respects the past and brings opportunity for the future, the Council has appointed Jigsaw, a Development Partner that shares the same vision and ambition to deliver vibrant new mixed-use development that will be creative and innovative.

The Development Delivery Plan maps out how Jigsaw will deliver the Central Winchester Regeneration scheme that supports the priorities set out in the Council Plan.

1.1 Greener Faster

The Council has declared a Climate Emergency and addressing the climate crisis and reaching carbon neutrality is the Council's overarching priority.

Sustainable Development is a key priority for both the Council and Jigsaw. The DDP outlines how development will be undertaken sustainably, based on the Footprint methodology. Footprint is Igloo's sustainability policy and practice. It sets out a process which they embed in all their developments to support delivery of great projects for people, places and planet. This aligns to the Council's vision for a climate resilient district.

1.2 Thriving Places

The Council is focusing on sustainable growth through our Green Economic Development Strategy which sets out the opportunity to build a cluster of national significance in creativity, design and related heritage and nature/land based professional services along with the opportunity to deepen a creativity network of scale.

The newly adopted Cultural Strategy outlines the vision for the Winchester district whereby the district's creative dynamism enriches lives and makes amazing things happen through education and young people, placemaking, creative industries and events.

The DDP shows how the CWR scheme links in to and works to support the visions set out in these key Council documents by working to fill the gap of affordable and flexible commercial space, enhancing the evening economy offer and creating an area aimed at attracting and retaining the young and creative talent in the city.

1.3 Healthy Communities

The Council's ambition is that all residents live healthy and fulfilled lives, feel safe and secure in their neighbourhood, and enjoy the recreational and

cultural opportunities that the district offers and is therefore committed to investing in our public spaces and working hard with partners to deliver pride in place for our residents.

The DDP outlines how provision of improved green space and public realm across the CWR area will encourage residents from across the district and visitors to spend and enjoy more time outside and, with an emphasis on pedestrians and cyclists, will also promote active travel and improve air quality.

1.4 Good Homes for All

Housing in the Winchester district is expensive and finding suitable accommodation which is affordable is a challenge for our young people and families.

Jigsaw's plan is for a mixed intergenerational quarter with a housing offer that could include homes for younger people, people with young families and older people perhaps looking to downsize. Affordable homes will be part of this housing mix.

1.5 Efficient and Effective

The CWR programme is being managed in line with the Council's project management framework. This includes reviewing and updating the programmes risk register and ensuring that mitigation measures are implemented. Quarterly highlight reports are submitted to the Councils Project and Capital Programme for review and a summary report is made in the quarterly performance report considered by the Scrutiny Committee before consideration by Cabinet.

The DDP outlines Jigsaw's approach to managing the development and delivery of the regeneration schemes to ensure it meets the Council's priorities.

1.6 Listening and Learning

The Council is committed to ensuring that everyone from everywhere in the district, every background, income or life circumstance has the opportunity to make their voice heard, and that these views are carefully considered and acted upon. Public opinions have been taken into account through the adoption of the Central Winchester Regeneration Supplementary Planning Document (CWR SPD) and the subsequent CWR development proposals and as regeneration of the central Winchester area comes forward.

The DDP outlines how the Jigsaw team have spent time meeting and talking to stakeholders, the local community and residents from across the district to hear their views and aspirations for the site and how the process will continue throughout the life of the project. Bringing the community and stakeholders together to shape the vision and designs for the scheme is a core focus of the

Footprint methodology with a golden thread of learning, reporting and feeding back.

Issues raised by the local community included developing links with surrounding transport networks, making it easier to walk and cycle through the city, reflecting the identity of the wider city and striving for carbon neutral development. The DDP responds to these important topics by setting out how Jigsaw will ensure these priorities are met. For example, within the Design Principles section it sets out key objectives to ensure that development will be of exemplar design rooted in Winchester's rich context, history and culture.

2 FINANCIAL IMPLICATIONS

- 2.1 The Development Agreement states that the financial model is to be prepared by the Developer prior to submission of the Planning Application and agreed in accordance with the provisions of clause 5 (Delivery Plans, Phasing Plan and Phase Delivery Plan) and Schedule 14 (Financial Model Instructions). Provisions contained in Schedule 14 set key thresholds and therefore involve agreeing inputs that will change as the design process continues through to planning.
- 2.2 The change in consortium composition does not change the overall requirement set out above, but there are two matters that do change in relation to the existing security deed/bank guarantee and the proposed Guarantor for the Phase Delivery Plan as set out in Section 15.

3 LEGAL AND PROCUREMENT IMPLICATIONS

- 3.1 The Council entered into the Development Agreement on 22nd April 2024 and the first milestone event, submission of the Development Delivery Plan, was approved by Cabinet (Report CAB3484) on 13th March 2025.
- 3.2 The DA allows for a Change in Consortium Composition and specifically reserves the right of approval for any change to the Council. A Limited Liability Partnership (LLP) requires two entities within it and the exit of GKRL means that PfP–Igloo have to find another entity to substitute into the LLP within 6 months of exit. As part of their Board approval PfP–Igloo have agreed to ensure that a suitable entity is placed into the LLP, which the Council will have to approve. Recommendation 1 delegates that final approval to the Strategic Director with responsibility for CWR and the Director (Legal).
- 3.3 Minor amendments will be required to the Development Agreement to accommodate this Change in Consortium Composition and can be undertaken within the existing delegations to the Director (Legal) in their substantive role but changes to the Guarantor provisions require the delegated authority set out in Recommendation 4.

4 WORKFORCE IMPLICATIONS

4.1 There will be an ongoing Council resource requirement through the life of the Development Agreement. The resource requirement will vary depending on the stage of development and will be reviewed at regular intervals but remains the same as reported in CAB3371.

5 PROPERTY AND ASSET IMPLICATIONS

5.1 The Council is the landowner for the site, and the Development Agreement contains the agreed structure and mechanisms governing land and asset transfers to Jigsaw as the project progresses. These were detailed in CAB3371 for the Cabinet meeting on 6th March 2023. The future report that will come forward in March 2026 will detail costs of any potential acquisitions, including holding costs and further Council resources. It is intended that these costs be recovered from the developer by means of a legal agreement.

5.2 The future report will identify the cost implications in holding assets if acquired that cannot be offset by meanwhile uses or disposed to the development partner on a back to back basis.

6 CONSULTATION AND COMMUNICATION

6.1 The Council has carried out extensive engagement throughout the life of the project, from development of the CWR SPD through to appointment of Jigsaw in March 2023. The full details were set out in CAB3371 of 6 March 2023.

6.2 Continued engagement both in the city and immediate CWR area but also across the district was an important element of the Development Brief. The DA requires Jigsaw to set out their Community and Stakeholder Engagement Strategy and the DDP sets this out.

6.3 Since their appointment, Jigsaw have built on work already done by the Council and have established an effective and productive engagement process with a wide range of community groups, stakeholders and members of the public. These include drop-in sessions, meet and greets, attending events such as Hat Fair, stakeholder workshops and a series of Co-Creation workshops.

6.4 Outputs from the engagement sessions are being used and will continue to be used to inform the CWR masterplan and designs.

6.5 Going forward, Jigsaw will continue to engage and involve the community and stakeholders throughout the life of the project using active (personal interactions such as co creation and focus groups), passive (online) and meanwhile methods (trying and testing a variety of activities across the site). Further engagement is planned in February 2026 and following the local Elections in May.

7 ENVIRONMENTAL CONSIDERATIONS

7.1 Throughout the procurement process and as a priority in their final tender submission, Jigsaw demonstrated an understanding of and commitment to the Council's sustainability policies and commitments. The DDP outlines Jigsaw's approach to achieving the Council's sustainability objectives while seeking to evolve them further to ensure that the climate change and sustainability outcomes are truly best in class.

7.2 The Green and Blue Infrastructure Strategy being developed by Jigsaw will detail the proposals of green and blue infrastructure across the development. Key outputs include:

- Flood risk mitigation.
- Proposals for enhancing the river corridor.
- Development of a sustainable drainage strategy.
- Strategies for achieving amenity, wellbeing and biodiversity net gain targets.
- Addressing water resource scarcity in Winchester and incorporation of water circularity into design.

8 PUBLIC SECTOR EQUALITY DUTY

8.1 The Council has a statutory duty under section 149 of the Equalities Act 2010 that requires all public bodies to consider the needs of all individuals in their day-to-day work in shaping policy; delivering services; and in relation to their own employees. The Public Sector Equality Duty (PSED) is a duty on public bodies and others carrying out public functions. An updated Equalities Impact Assessment will be prepared alongside the Full Business Case due in summer 2026.

9 DATA PROTECTION IMPACT ASSESSMENT

9.1 Due regard has been given to the Council's obligations under the Data Protection Act 2018 and General Data Protection Regulation (GDPR) 2018, it is considered that a Data Processing Impact Assessment (DPIA) is not required for this report.

9.2 Any data collected has been and will be held in accordance with the Data Protection Act 2018 and General Data Protection Regulations 2018.

9.3 This will be applied to any data collected as a result of any future events, consultations and engagements.

10 RISK MANAGEMENT

Risk	Mitigation	Opportunities
Financial Exposure Risk that PfP-Igloo are unable to fund 100% of the costs to secure planning	PfP-Igloo Board have assured the Council in writing that, subject to the Council's acceptance of the proposed consortium change and associated impacts, they have secured necessary funding and approval from their Board to take on 100% of the project funding and risk	
Financial Exposure Risk to Council at delivery stage	Council have taken external advice and will ensure appropriate security is in place to reduce risk where possible (e.g. performance bond with any contractor and funder.) Further detail on this is set out in section 15 and in the exempt appendix	If the delivery were to fail, the Council could dispose of the site in return for a capital receipt equivalent to the market value of the site at the time of disposal
Exposure to challenge Risk of legal challenge	Work with legal, planning and procurement colleagues to ensure we adhere to correct process	
Innovation Jigsaw were selected in part due to the innovation and sustainability approach that PfP-Igloo brought to the table		To realise this innovation in the design and delivery of CWR scheme
Reputation Risk of reputational damage due to lack of progress	The sub-consultants of the Jigsaw team (architects, transport, cost etc) are ready to re-engage as soon as approvals are given.	

Risk	Mitigation	Opportunities
	Communications strategy in place	
Achievement of outcome Risk that expected benefits will not be achieved	PfP-Igloo and, if agreed, the new consortium member, continue to be bound by the Development Agreement. PfP-Igloo have assured the Council in writing of their intention to continue to work to the Development Delivery Plan agreed by Cabinet in March 2025 which is based on the objectives set by the Council	Potential for additional benefits with enhanced scheme
Community Support Risk of losing community support	Public engagement will be undertaken to discuss how the scheme is progressing	
Timescales Risk of delay in agreeing changes to DA	PfP-Igloo and WCC appointed lawyers agree drafting based on delegation to Strategic Director	
Project capacity Risk that capacity is reduced from losing one partner	The Jigsaw sub-consultant team has been retained and waiting to reengage once approval given. PfP-Igloo have identified additional Development Managers to ensure project moves forward	
Local Government Reorganisation	The delivery of a regeneration scheme on this site has been a longstanding priority for the Council. Whilst the Cabinet decision to enter into the Development Agreement was made nearly 3 years ago any amendments that are not	

Risk	Mitigation	Opportunities
	agreed to it prior to a Structural Change Order may require the consent of a Joint Committee or Shadow Unitary Authority	

11 SUPPORTING INFORMATION

- 11.1 In March 2023, following a thorough procurement process, the Council appointed Partnerships & Places LLP, known in Winchester as Jigsaw, as its development partner to take forward the regeneration of central Winchester.
- 11.2 The Development Agreement (DA) was signed in April 2024 and the first milestone set out in the DA is approval of the Development Delivery Plan (DDP), which took place in March 2025. Following the submission of the Development Delivery Plan Jigsaw began working toward the next key milestone within the Development Agreement, the submission of the planning application. The Council checked with Jigsaw that they had all approvals in place to progress the scheme in accordance with the DA. PfP-Igloo confirmed immediately that their approvals were all in place, but GKRL confirmed that they were seeking approvals to do that and in October wrote to say that they intended to exit from the partnership.
- 11.3 This meant that whilst PfP-Igloo had kept the design team working their 50% share of the costs of doing so was no longer sufficient to take the project forward without further approvals and budget.
- 11.4 PfP-Igloo have now written to the Council to confirm that they have approval to take 100% ownership of Partnership and Places (Jigsaw) subject to the conditions being considered in this report. They will substitute another entity into the LLP and a significant budget to take the project through to a planning application submission has been agreed.
- 11.5 The commercial terms for GKRL exiting Partnership and Places have now also been agreed between PfP-Igloo and GKRL and will take effect subject to these decisions.
- 11.6 There are two specific issues to address arising from the exit of GKRL: the loss of the security deed/bank guarantee provided by GKRL that will not be replaced, and the Phase Guarantor provisions at the Phase Delivery stage contained in the Development Agreement.

12 SECURITY DEED AND BANK GUARANTEES

- 12.1 The Council benefits from two bank guarantees, each worth the same from the current consortium partners, PfP-Igloo and GKRL. When GKRL exit the JV, their bank guarantee will fall away, and PfP-Igloo are not proposing to replace it. Accompanying the bank guarantee is a Security Deed, which sets

out the process and the circumstances in which the Council can call upon the bank guarantee.

12.2 The security deed and bank guarantees were put in place to provide the Council with an ability to recover sunk costs in the event the Developer withdrew from the Development Agreement. There are two sums of money payable to the Council under the Development Agreement: project costs of £500,000 and procurement costs £490,000. The former are paid monthly at the rate of £20k and billed annually. The latter are paid at the drawdown of land and divided by the number of phases (currently expected to be 2 phases).

12.3 PfP-Igloo are proposing to leave their bank guarantee in place but not replace the GKRL amount for the following reasons:

The risk to the Council has changed since the Development Agreement was completed because:

- a) PfP-Igloo will have spent a significant seven figure sum at the point at which GKRL exit.
- b) PfP-Igloo have confirmed in writing that they have Board approval in place for the significant budget to take this project through to the submission of a planning application.

12.4 This means that at drawdown of the first phase, the Council will receive a portion of the procurement costs. At the drawdown of the first phase the bank guarantees are reduced by half if there are two phases or proportionately if there are more than two phases.

12.5 If for any reason PfP-Igloo withdraw from the project prior to submitting a planning application, then the Council will have received the project fees due to it until that point and could call on the bank guarantee if necessary to secure the underwritten amount to fund a future procurement.

12.6 Given the changed circumstances from when the development agreement was entered into, and the reassurances provided by PfP-Igloo, Cabinet is asked to consider not requiring the replacement of the GKRL bank guarantee amount.

13 PHASE GUARANTOR

13.1 To protect the Council from financial and delivery risk in the case that the delivery partner exited the DA during the delivery phase, the DA also required the Developer at the Phase Delivery stage to provide a Guarantor as part of drawing down land from the Council for development. The purpose of the Guarantor is to provide the Council with assurance that there is a strong enough financial covenant behind any of the companies that will develop out the scheme.

13.2 The definition is set out: Guarantor – “means any one or more (in the discretion of the Developer) entity proposed by the Developer and approved

by the Council acting reasonably and without undue delay, provided that the proposed Guarantor(s) satisfies the Financial Standing Test set out in Schedule 15 of the DA (Financial Standing Test).

- 13.3 Schedule 15 sets out the three stages of the financial standing test that a potential guarantor must meet:
 - Stage 1: Ratio analysis scoring (including current ratio, gearing, Return On Capital Employed)
 - Stage 2: Dun & Bradstreet assessment
 - Stage 3: A risk-based assessment of the entity's financial standing
- 13.4 The financial standing test for one of the PfP-Igloo entities is set out within the exempt appendix, due to the commercial nature of the information.
- 13.5 By the time PfP-Igloo ask the Council to drawdown land for the first phase they will already have met all the conditions precedent required under the Development Agreement— a total of 17 separate conditions. These include informing the Council who is funding the development, satisfying the phase funding condition, the deed of guarantee, viability condition and all matters to do with securing planning permission. These provide the Council with a level of assurance that PfP-Igloo have satisfied all the requirements to allow drawdown of land for Phase 1 and have the means to construct Phase 1.
- 13.6 The risk at this stage of the project is primarily held by the developer and the Council's risk is also mitigated by giving the developer a building lease for the duration of the construction programme. The building lease will have provisions that allow the Council to take the site back in certain circumstances and/or negotiate with any funders if a failure of delivery happens.
- 13.7 Having taken legal and financial advice from external advisors, Cabinet is being asked to agree that an entity from within the PfP-igloo consortium can be a Guarantor at the Phase Delivery Stage subject to the contractual arrangements suggested in the Exempt Appendix that will further mitigate any risk to the Council, whilst providing a means of remedy if so required.
- 13.8 These measures do not have to be put in place now but should be considered at this decision point because of the impact the change in consortium composition will have on the financial guarantee measures in the DA. The measures will be discussed in the run up to and as part of the Phase Delivery Plan that is required as one of the Conditions Precedent, which the Council has approval rights over, acting reasonably.
- 13.9 The Council, after considering legal and financial advice, has assessed whether there is a greater or different risk profile in accepting an entity from within the PfP-igloo consortium as the sole development partner and, if so, if that is acceptable to the Council. This risk needs to be balanced against the objective of delivering the regeneration of CWR previously agreed.

13.10 Cabinet should be aware that if it chooses not to approve the recommendation to accept the change in composition outlined in this paper, there may be financial and other implications. An assessment of the extent to which the Council and Jigsaw have each met their obligations under the Development Agreement would need to be undertaken, which could result in legal fees, potential litigation, and potential reimbursement of Jigsaw's expenditure to date. Whilst the Council would continue to receive rental income for the site, this decision would further delay the comprehensive regeneration of Central Winchester. Any future decisions outside the DA not agreed prior to the Local Government Reorganisation Structural Changes Order will require the consent of a Joint Committee or Shadow Unitary Authority.

13.11 Aside from the changes in the strength of the financial guarantee, the impact of the proposed change is positive. Partnerships and Places would have a single decision-making body rather than two, simplifying governance. The PfP-Igloo Board has committed to taking on the entire project and funding the completion of the planning application. Having one organisation solely responsible for delivery will create a step change in visible progress toward submission.

14 NEXT STEPS

14.1 Following this Cabinet meeting in January, PfP-Igloo are planning further engagement with local stakeholders and residents. Cabinet will receive a report in March 2026 addressing the following issues:

- a. Potential land acquisition and compulsory purchase order resolutions to enable a better comprehensive scheme.
- b. Provision of off-site affordable housing provided via a design and build contract and acquired by the HRA so as to meet the affordable housing obligation stemming from the CWR proposals.
- c. Community Infrastructure Community Levy (CIL) funding application following a previous approval to allocate CIL.

14.2 All these items are designed to support the viability of the project, provide an enhanced scheme and achieve the development objectives for the project. Provision will be made in the MTFS in February for these items, with further work underway and the detailed report following in March which will demonstrate the business case for release of funds.

14.3 The Council, as landowner, will receive a Full Business Case to assess whether or not the proposed planning application meets the development objectives for Central Winchester Regeneration and is affordable to the Council in June/July 2026.

15 OTHER OPTIONS CONSIDERED AND REJECTED

Option 1 – do not agree the change to the consortium

- 15.1 The option of not approving the change to the consortium should be considered.
- 15.2 The Council has the right of approval to any changes proposed to the consortium composition, acting reasonably and it therefore follows that the Council could choose not to approve of these changes but in doing so it has to take into account whether or not those actions are reasonable.
- 15.3 In choosing not to proceed, the Council will be unable to deliver the comprehensive regeneration of Central Winchester. The Council would also be potentially liable for costs incurred by its current development partner, albeit those may be mitigated by any counter claim by the Council.
- 15.4 The Council would then have to start a new procurement process to find a development partner, which will incur additional costs and staff resources at a time when Local Government Reorganisation (LGR) will have an impact on the capacity of the organisation. In addition, the decision-making process as we move forward with LGR will be different and the Council will have to seek approval from either a Joint Committee or a Shadow Authority.
- 15.5 The Council has one developer who has shown commitment during a period of disruption to keep the project moving forward, whilst they sought approval from their Board to take on 100% of the project and agree funding to enable them to do so. That approval is now in place and given the amount of investment being made at this stage, PfP-Igloo have asked for clarity about one matter relating to the Delivery Stage and the need for a Guarantor.

BACKGROUND DOCUMENTS: -

Previous Committee Reports: -

- A. CAB3034 Central Winchester – Adoption of SPD - June 2018
- B. DD17 Cabinet Member for Housing and Asset Management Decision Day CWR Project Update – 12 October 2020
- C. CAB3271 CWR Development Proposals - November 2020
- D. CAB3281 CWR Development Proposals and Delivery Strategy – March 2021
- E. CAB3303 CWR Strategic Outline Business Case – July 2021
- F. CAB3322 CWR Outline Business Case – December 2021
- G. CAB3395R Governance of the CWR project – February 2023
- H. CAB3371 Appointment of Development Partner and next steps – March 2023
- I. CAB3484 Development Delivery Plan – March 2025

Other Background Documents: -

None

APPENDICES –

Appendix A: Risk Assessment of Change in Consortium Composition (Exempt)