

REPORT FOR DECISION



Classification Part A Open	Item No.
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Meeting:	Cabinet
Meeting date:	24 th March 2021
Title of report:	Prestwich Town Centre Regeneration: Progress update on acquisition and pathways to development.
Report by:	Cllr Eamonn O'Brien
Decision Type:	Key Decision
Ward(s) to which report relates	St Marys

Executive Summary

This report provides an update on plans for the regeneration of Prestwich town centre and proposes the acquisition of the Longfield shopping centre in order that the wider regeneration outcomes for Prestwich can be achieved as well as proposals to take forward the future development.

Recommendation(s) That Cabinet:

- Note the progress made with the Prestwich Town Centre regeneration scheme.
- That approval be given to the acquisition by the Council of the Longfield Shopping Centre for the amount set out in the report in Part B of this agenda, subject to the detailed terms of the transaction and a best value report being submitted to Cabinet for approval before the end of June.
- Approve in principle to the Council entering into a Joint Venture agreement with a developer subject to detailed terms of the agreement being submitted to a future meeting of Cabinet for approval.

- The Council will submit a costed proposal for the interim property management of the Longfield Shopping Centre which will be subject to a competitive procurement process to be carried out in accordance with the Council Contract Procedure Rules.

Key Considerations

1.0 Background

- 1.1. Prestwich is a popular suburb neighbourhood with some of the highest demand for housing across the borough. The Longfield shopping centre which dominates the town centre was built 50 years ago and is no longer fit for the purpose of this modern Metropolitan suburb. Retail, leisure and cultural functions are also fragmented across the town centre and the area lacks a distinct, usable civic external space which symbolises the centre of the neighbourhood.
- 1.2. The regeneration of Prestwich town centre is an opportunity to deliver much needed new homes, facilitate growth through high quality commercial spaces, and embed a new cultural offering within new public buildings, whilst also providing an opportunity to deliver operational savings for the Council by consolidating buildings and service delivery with wider public estate functions across the town.
- 1.3. It has previously been recognised that a comprehensive regeneration programme for Prestwich will only be delivered by bringing together into a single scheme the redevelopment of the Longfield Suite and Library which are owned by the Council and the redevelopment of the privately owned shopping centre. NHS properties in the town centre and Transport for Greater Manchester (TfGM) will also play key roles in the development of a comprehensive regeneration package.
- 1.4 **Progress since October 2019**
- 1.5 The Cabinet approved a plan to bring forward development in Prestwich in October 2019 Officers have worked closely with all the key stakeholders and in particular the owners of the shopping centre and a developer who holds an option agreement to acquire the long leasehold.
- 1.6 One of the options discussed has been for the Council to purchase the Longfield Shopping Centre, either in its entirety or in partnership with the developer. Until now the purchase price for the Shopping Centre has been too high to develop a viable scheme. Recently the Council has been notified that the owner of the shopping centre is willing to consider a reduced price and one which makes the proposal viable, from the council's perspective, in the context of the regeneration programme. The reduced price is however time limited to Summer 2021 and therefore should the Council wish to take forward the proposal, a decision by Cabinet is needed in order that there is sufficient time for the appropriate due diligence and finalisation of financial and legal processes to take place.
- 1.7 In addition to this, the proposals for the scheme have also changed with less reliance on high density housing and a leisure offer and a greater focus on a public service hub, creative workspace and housing at a more appropriate scale.

2.0 The Proposal

2.1. The proposal forms two parts:

- **Part One:** Acquisition of the long leasehold interest, the commercial details for which are set out in the Part B report attached to the agenda. It should be noted that prior to any finalisation of the purchase, the proposal will be subject to satisfactory completion of financial and legal due diligence including a best value report.
- **Part Two:** Develop a Joint Venture structure with the developer, in order to take forward the delivery of the scheme. At this stage, approval to continue with discussions and develop this as a viable option is sought and a further report to a meeting of Cabinet will seek approval to the commercial arrangements for the Joint Venture agreement.

3.0 Options Appraisal

3.1 Other options have been considered and have been subject to external validation by the Council's advisers CBRE. The options have been considered in relation to risk, likelihood of development in the short to medium term and best value for the Council. These are:

- do nothing;
- buy the lease;
- developer to buy the lease as part of a Joint Venture approach
- Compulsory Purchase Order

3.2 The detailed evaluation of the options is set out in Part B however the recommendations from the advisers is to purchase the long lease.

3.3 The do-nothing option will continue to see the redevelopment of the centre frustrated. The Longfield Shopping Centre will remain in a dilapidated and run-down state with the current owners remaining in-situ. The Longfield Centre will be an abandoned building above the Centre, adding to the sense of a failing centre.

4.0 Benefits Statement – *why are we doing this?*

4.1 The Council's existing freehold interest is subject to a long lease, so the acquisition gives the benefit of greater control and flexibility. HMG have notified us that there is not the value in retail at the moment to invest in the refurbishment of the shopping centre. The purchase will be based on considered valuation advice which will satisfy the Council's duty to achieve best value under the Local Government Act 1999.

4.2 The acquisition will pave the way for a new Prestwich centre which should lead to delivery of new homes, a Library and Community Hub, small business workspace, outdoor space/public realm and Market Hall as part of our ambitious vision for a thriving local economy. The purchase of Longfield Shopping Centre will be a catalyst post COVID-19 for delivering Bury Council's regeneration ambitions which supports economic recovery.

- 4.3 In the longer term, the Council will directly benefit from additional financial uplift generated through Council tax and new as well as retained business rates.
- 4.4 The acquisition of 458 Bury New Road, Prestwich in 2019 was the first opportunity to acquire land interest in Prestwich. Further land acquisitions are not required but may enhance a wider scheme.
- 4.5 Prestwich Village represents a significant regeneration and development opportunity for Bury. The surrounding residential marketplace demonstrates viable transactional values and high levels of demand. Commercial values in the area are some of the highest in the district.
- 4.6 In the event that gap funding is required to unlock viability, there are several opportunities to procure external funding such as the UK Shared Prosperity Fund, Towns Fund, Greater Manchester Brownfield Fund, Greater Manchester Local Investment Framework and the North West Evergreen Fund. The funding strategy will be prepared following the completion of a development masterplan.
- 4.7 Any development masterplan will be agreed with the Council and will ensure that sufficient flexibility exists within the proposed uses and phasing to provide a continuously viable project through its delivery programme.

5.0 Financial Considerations

- 5.1 In order to contribute to the funding of regeneration programmes across the Borough, the Council approved the creation of a Regeneration Investment Fund as part of its capital strategy for 2021/22 and a total of £6m was included in the Council's capital programme. Access to the fund is subject to schemes meeting specific criteria that was agreed when the strategy was approved in February 2021. The intention of the Strategic Investment Fund is to:
- Provide a structured and disciplined approach to investment decisions which link decisions to outcomes and projects to a place-based framework and will form part of the management and monitoring arrangements.
 - Promote a culture of success by addressing measurable outcomes including returns and the importance of re-cycling thus maximising the value of every £ which is spent - this can be compared with grant where every £ is spent only once.
 - Facilitate third party funding (whether public or private) and advancement of the regeneration programme in the quickest possible time - equally by having the capability to act quickly at the start of the regeneration process a Fund can protect long term value which may only be attributable to longer term public investment.
 - Support a Council commitment to the long-term future of the Town Centres with the potential to deliver match funding to leverage other public sector programmes.
- 5.2 In this context, the proposals set out in the report meet the following criteria 'to act quickly at the start of the regeneration process and the Fund can protect long term value which may only be attributable to longer term public investment'. It is therefore proposed that the Investment Fund be used alongside some funding that is already available within the capital programme to support the regeneration of Prestwich.
- 5.3 In concluding the acquisition, the Council will require the necessary financial and legal due diligence, including a best value report, to be completed.

EQUALITY IMPACT AND CONSIDERATIONS:

24. *Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows:*

A public authority must, in the exercise of its functions, have due regard to the need to -

- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;*
- (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;*
- (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.*

25. *The public sector equality duty (specific duty) requires us to consider how we can positively contribute to the advancement of equality and good relations, and demonstrate that we are paying 'due regard' in our decision making in the design of policies and in the delivery of services.*

ASSESSMENT OF RISK:

A number of risks have been identified and reported. Mitigation is in place and will be monitored.

Consultation:

The planned redevelopment of the Prestwich Centre will be subject to a full public consultation as part of the planning process and will be in conjunction with the developer.

LEGAL IMPLICATIONS:

The recommendation to acquire the Longfield Shopping Centre is subject to detailed terms being negotiated, a best value assessment and due diligence carried out before report back to the Cabinet for approval. Exchange of contracts and completion can then take place following that approval.

The recommendation in principle to enter into a Joint Venture agreement with a developer is subject to due diligence and report back to Cabinet for approval of the detailed terms of the agreement. Following such approval the agreement can be completed.

FINANCIAL IMPLICATIONS:

The cost of the proposals will be met from the Council's Strategic Investment Fund that has been made available in the Council's Capital Programme 2021/22. Any longer term funding requirements to develop the town centre will form part of the wider regeneration plans and will be subject to decision making at that time. Where possible the opportunity to secure external funding will be maximised.

REPORT AUTHOR AND CONTACT DETAILS:

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BACKGROUND INFORMATION:

Exempt

Glossary

Term	Meaning
LSC	Longfield Shopping Centre
HMG	Hollins Murray Group
JV	Joint Venture - a commercial enterprise undertaken jointly by two or more parties which otherwise retain their distinct identities.