



<b>Classification</b> <b>Part A</b> <b>Open</b>	<b>Item No.</b>
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<b>Meeting:</b>	Cabinet
<b>Meeting date:</b>	26 <sup>th</sup> May 2021
<b>Title of report:</b>	Prestwich regeneration – Acquisition of Assets, detailed Heads of Terms Longfield Shopping Centre
<b>Report by:</b>	Cllr Eamonn O’Brien
<b>Decision Type:</b>	<b>Key Decision</b>
<b>Ward(s) to which report relates</b>	<b>St Marys</b>

### **Executive Summary:**

This report provides an update to the March 2021 Cabinet Paper ‘Prestwich Town Centre Regeneration: Progress update on acquisition and pathways to development’.

The acquisition of the Longfield Shopping Centre is required to deliver the wider regeneration of Prestwich Village. The acquisition was approved by Cabinet on 24<sup>th</sup> March 2021, subject to the detailed terms of the transaction and a best value report being submitted to Cabinet for approval which are appended to the confidential part of this report.

### **Recommendation(s)**

#### **That Cabinet:**

- On the terms set out in the report in Part B of this agenda, approve the acquisition of the Longfield Shopping Centre. Delegate to the Chief Executive, Leader and Lead Member for Growth in consultation with the

Councils s.151 and Monitoring Officer the finalised documentation in respect of the acquisition.

- Note that a Vacant Possession Strategy will be developed and a full engagement exercise will take place with the current tenants of the Shopping Centre.
- Confirm the decision made by Cabinet in March the Council's intention to negotiate a Joint Venture vehicle/development partnership with Muse to deliver the Prestwich Village Regeneration project, the details of the Joint Venture/development partnership will return to a future meeting of Cabinet for approval.
- Confirm the decision made by Cabinet in March that the Council will appoint an experienced property centre manager to manage the Centre on an interim basis pending the development of the site.

## **1.0 Key considerations**

### **1.1 Background**

1.2 The Longfield Shopping Centre occupies a hugely prominent, central section at the heart of Prestwich. In addition to location, the site positions it as a fundamental piece of the redevelopment.

1.3 The regeneration of Prestwich Village 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.

1.4 On 24<sup>TH</sup> March 2021 Cabinet approved the following 3 steps:

- That approval be given to the acquisition by the Council of the Longfield Shopping Centre from Hollins Murray Group (Prestwich) subject to the detailed terms of the transaction and a best value report being submitted to Cabinet for approval before the end of June 2021.
- That approval in principle be given to the Council entering into a Joint Venture/development partnership agreement with Muse Developments subject to detailed terms of the agreement being submitted to a future meeting of Cabinet for approval.
- Agree that the Council will appoint an experienced property centre manager via a mini tender procurement exercise.

1.5 This report brings together the Acquisition in terms of the Heads of Terms, and Best Value report and the legal advice to support.

## **2.0 The proposal**

- 2.1 Across the UK, Local Authorities are bringing forward major town centre developments to respond to the structural changes affecting retail and the likely impacts of Covid-19.
- 2.2 The proposed acquisition of the Longfield Shopping Centre will be a material step in realising a mixed-use regeneration scheme that will see Prestwich become a truly modern and lively centre.
- 2.3 Given its highly prominent and central location, the implementation of a decisive strategy for the Longfield Shopping Centre can regenerate the heart of Prestwich, creating a new distinctive and attractive place with functional spaces to live, work and for events generating growth and economic sustainability.
- 2.4 In line with the recommendations of this report there are 3 main tasks:
  1. Acquisition
  2. Joint Venture/ development partnership future work and further Cabinet approval
  3. Procurement of shopping centre management function

## **3.0 Task 1: Acquisition**

- 3.1 In summary, the rationale for the acquisition is as follows:
  - Catalytic Change – Prestwich Vision and Development Strategy makes it clear that the Longfield Centre is a vital component of the Prestwich Vision and simply cannot be realised without this pivotal aspect of the town centre. Without the Longfield Centre, change will be partial at best and the distinct vision will not be realised.
  - Location – The property occupies a prominent, central position and naturally would form a main focal point for any town centre redevelopment. It is the optimum location at the heart of the centre to deliver key uses including the Community Hub and residential that are fundamental to the overarching vision. Without this important site, cohesive redevelopment cannot be achieved.
  - Scale of site – Without this land, the Council would be forced to adopt a fragmented approach to the regeneration of the town centre and comprehensive redevelopment could not be undertaken.
  - The Public Sector Hub – The hub and associated developments, will bring about a step change in the Village.
  - Deal Structure – By entering a Partnership with Muse, an experienced developer, the Council are able to exert control and influence over the redevelopment of the Longfield Centre, whilst benefitting from Muse's

extensive development expertise without the need for an expensive and lengthy procurement exercise.

#### **4.0 Task 2: Joint Venture/Development partnership**

- 4.1 The Council is now looking to develop Heads of Terms with Muse for the Joint Venture/development partnership. There are several tasks to work through on this phase and a further Cabinet paper decision will be sought before any decision is made to appoint Muse as a development partner. The Council expect this work to take approximately 6 months.
- 4.2 Officers will continue to develop masterplan and viability in the period to agreeing the Joint Venture/development partnership

#### **5.0 Task 3: Procurement of shopping centre management**

- 5.1 The Council will appoint an experienced property centre manager via a mini tender procurement exercise. A property centre manager is considered to be the most economic approach and the management role will provide a full remit of property centre management functions.

#### **6.0 Project Delivery**

- 6.1 The regeneration of Prestwich Village Centre is complex multifaceted development programme, Officers will continue to review resources and where possible bid for additional funding. There is likely to be future Evergreen funding available to support pre-development activity.
- 6.2 A Governance structure is being developed for the lifecycle of this project which will monitor progress against the delivery outcomes, targets, financial costs, and resourcing.
- 6.3 A Communication plan and strategy will be formulated along with a stakeholder engagement plan. The Council will ensure the current tenants of the shopping centre are clearly engaged. The Council will set up a regeneration shop in a vacant unit (if available) this can be used for public meetings, consultation, and workshops with the community and Businesses.

#### **7.0 Conclusions and recommendations**

- 7.1 The acquisition of the Longfield Shopping Centre is the first step in a key strategic acquisition in achieving the ambitions of the Council in regard to the regeneration of Prestwich Town Centre. To deliver such regeneration and truly achieve the vision for Prestwich, The Longfield Centre must form an integral component of any redevelopment plans.

7.2 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.

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### **Community impact/links with Community Strategy**

If proposals are brought forward to Cabinet in due course for comprehensive redevelopment a full resident and wider community engagement strategy will be included.

The Council has a pledge to be Zero Carbon by 2038. This means that the current estate needs to be rationalised and modernised with the likely outcome that all Council services will need to be provided in a new building, whilst sharing services and facilities with the wider public sector. The Longfield Suite has been closed since March 2020 and it has been recommended it is decommissioned.

Our Corporate Plan 2020/22 sets out key themes, principles and deliverables to support the Borough of Bury as it recovers from the local impact of the Covid-19 pandemic and builds a better and brighter future for our population, communities and businesses. The regeneration of Prestwich supports delivery of the Let's do it strategy and the five themes that underpin the plan.

The five themes all have a correlation to how we design our Towns. As we move towards a future in urban areas where people travel less, buy locally, work and access local services, we need vital and liveable neighbourhoods. This means the Council must think carefully about neighbourhoods and how they can be either built or re-designed to work well.

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### **Equality Impact and considerations:**

*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.*

*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.*

<b>Equality Analysis</b>	<i>Please provide a written explanation of the outcome(s) of either conducting an initial or full EA.</i>
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*\*Please note: Approval of a cabinet report is paused when the 'Equality/Diversity implications' section is left blank and approval will only be considered when this section is completed.*

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**Assessment of Risk:**

There are a number of potential risks identified with the acquisition of the Longfield Shopping Centre. However, there are mitigations in place and wherever possible an alternative plan proposed.

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**Consultation:**

If proposals are brought forward to Cabinet in due course for comprehensive redevelopment a full resident and wider community engagement strategy will be included.

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**Legal Implications:**

Following the Cabinet's decision in March negotiations and a due diligence has been undertaken, independent best value report and legal advice has been obtained. If the cabinet are minded to agree to proceed the Council will become responsible for the tenancies within the Centre from the date of completion of the purchase. It is planned that the necessary management arrangements will be entered in to. The proposed joint venture/development agreement will be subject to a period of negotiation between the Parties legal support will be provided throughout this process.

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**Financial Implications:**

The opportunity to develop Prestwich Town centre forms part of the Council's strategic regeneration ambitions. The purchase of the Longfield Site has been previously approved by Cabinet subject to the completion of appropriate due

diligence which has now completed. The Council's capital programme for 2021/22 reflected the regeneration priorities for the Council and a strategic investment fund was created to support acquisitions that would support the regeneration of the borough and contribute to the overall economy. This has been evidenced in the best value reports obtained by the Council and is therefore considered to meet the criteria approved by Full Council.

The overall cost of the acquisition will be met from the capital programme for which the borrowing costs have been factored into the revenue budget. Any rental income received will be used to offset the budgeted borrowing costs associated with the acquisition and will also be used to fund the centre management costs.

In the longer term there are likely to be other costs associated with the regeneration and the scale of these will be understood as plan develop and are approved. Funding, including the opportunity to attract external funding, will be considered as part of this process and will be reflected in the council's capital strategy and capital programme.

The proposed joint venture approach and the financial implications of this will be considered throughout the process to secure a partner and will be reported as part of future reports to Cabinet.

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**Background papers:**

1. October 2019 Cabinet Paper

**Please include a glossary of terms, abbreviations and acronyms used in this report.**

Term	Meaning
JV	Joint Venture - a commercial enterprise undertaken jointly by two or more parties which otherwise retain their distinct identities.