



<b>Classification:</b> <a href="#">Open</a>	<b>Decision Type:</b> Key
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<b>Report to:</b>	Cabinet	<b>Date:</b> 17 November 2021
<b>Subject:</b>	Acquisition of the Millgate Estate Bury (part A report)	
<b>Report of</b>	Leader and Cabinet Member for Finance and Growth	

## Summary

Bury is a regionally important retail destination within Greater Manchester.

The forthcoming Town Centre Masterplan identifies opportunities to bolster the town's economy and unlock the evolution of the centre, through diversification of uses, facilitating innovation and delivering investment.

The most important area of intervention is the 15-acre estate that includes the Millgate Shopping Centre currently owned by InfraRed Capital / HSBC. The current owners are looking to dispose of this asset.

The Millgate estate presents significant development opportunities to deliver once in a generation investment into housing, employment, civic infrastructure along with unlocking opportunities for new wellness, health, and education facilities.

It is important to note that the current occupational tenancies and operation of Bury Market will not be interrupted.

The vision is to future-proof Bury Town Centre, seeking to replicate the long-lasting legacy of, and be complementary to, the nearby Rock development completed 15 years ago.

This report outlines the rationale for intervention, and the exploration of a Joint Venture with Bruntwood, to deliver the proposed project and seeks the first stage approval for the acquisition of the Millgate estate.

Bruntwood are a best-in-class developer with an award-winning track record of regenerating urban centres with an informed mix of inclusive commercial growth and infrastructure plans coupled with a clear current place management and future placemaking strategies. Bruntwood have a demonstrable collaborative, consultative approach to engaging with communities that will benefit from the regeneration.

Due diligence will be completed on tenure, title, and condition with specialist commercial legal and financial advice. Once complete the details will be submitted to Cabinet.

The terms of the Joint Venture proposal will also be submitted to Cabinet for approval with a full financial model demonstrating capital and debt requirements along with commercial opportunities and risk management.

## **Recommendation(s)**

That Cabinet:

1. Approve in principle the acquisition of the Millgate Estate in accordance with the commercial terms included within Part B of this report, to facilitate a multifaceted regeneration programme that has the potential to transform Bury Town Centre.
2. Approve that the Council establishes the terms and structure for a joint venture delivery vehicle with Bruntwood.
3. Delegate to the S151 officer in consultation with the Cabinet Member for Finance and the Chief Executive a budget to complete the appropriate due diligence on condition, title, tenure, and the Joint Venture arrangements.
4. Note that Cabinet will receive a report seeking final approval to purchase the Millgate estate in January 2022 following the completion of the due diligence work and establishment of legal and financial models.
5. Approve the acquisition of 6-10 Princess Parade Bury in accordance with the terms as set out in Part B of this report, agree to delegate the finalised terms of the agreement to the Chief Executive in consultation with the Cabinet Member for Finance, S151 Officer and Monitoring Officer.

## **Reasons for recommendation(s)**

1. To unlock an opportunity to future-proof Bury Town Centre.
2. To facilitate the delivery of new opportunities for employment, hundreds of new affordable homes and in doing so instilling economic resilience to the town centre.
3. To avoid the shopping centre being disposed by the Bank to an 'income-investor' who would likely extract surpluses from the Centre for personal profit instead of re-investing in the Estate, overseeing a decline of the Centre and increasing the later costs and need for public sector intervention.
4. Bury town centre masterplan identifies further development opportunities to the South of Anglome Way and further into the areas of Bury East ward, acquisition of the Millgate facilitates physical reconnection and attract investment that will have an impact on the surrounding communities.

## **Alternative options considered and rejected**

1. Given the long-term trend of decline within the retail sector, if the Shopping Centre were to be purchased by a third party they may not be motivated to reinvest income to maintain the centre to a high standard. This may contribute to the condition of the centre declining.
2. Working with the vendor was originally an option, assisting in their search for a development or investment partner however the vendors disposal timeframe expectation would not allow for this.

For these reasons this was discounted.

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## Background

The current owners of the Millgate Estate in Bury Town Centre informed the Council of the intention of the current owners to dispose of their interest. As the Council are a major freeholder owner in the Centre the opportunity to acquire the long-lease interest was offered to the Council. The Council have internally been working with specialist advisors to assess whether there is a strong regeneration and financial case for acquiring the centre. The conclusion has been reached that there is indeed both a strong financial and regeneration case for an acquisition, on the basis that the Council works alongside a highly skilled commercial investment partner with the skills and experience to realise a major redevelopment project.

Bury Town Centre is a regionally important retail centre. The town centre has a large retail commercial footprint within excess of 460 retail units.

The Millgate Shopping Centre and associated estate is currently owned by InfraRed Capital with funding from HSBC. It is a large, covered shopping centre that occupies 15.2 acres of land and covers around 20% of Bury Town Centres retail core. The shopping centre has restricted opening hours of 0900 – 1730, after which it is closed to the public.

Wider economic trends have seen significant decline in demand for high street shopping and long-term forecasts expect further reductions and a systemic change as to how our Town Centres are anchored.

Rising vacancy rates will have a fundamental impact on the viability of the existing Millgate Centre but also creates a potential scenario where the remaining retail uses are spread across the town centre. It has been seen in town centres elsewhere that vacancy rates have created a cycle of decline that once established is very difficult to reverse.

It is also important to note that the main surrounding community around the Millgate and Bury Market is ranked in the top 10% most deprived parts of the country, including across income, employment, health, and crime domains. Town centres are the focal point for local communities and the main hub of activity should lead progress for inclusive growth.

There is an opportunity to reshape the Millgate to address acute economic, health and wellbeing issues to the benefit of the surrounding local communities.

Prior to Covid 19, the town centre contained pockets of serious deprivation and experienced well documented issues of falling footfall and increasing vacancies. Town Centre regeneration is needed to level up key communities that continue to rely on the traditional market town offer.

The health of the high street is at a tipping point. The town centre has historically attracted significant investment such as the private sector led Rock shopping centre, however because of local and wider market trends it now must address the following challenges:

#### Changing patterns of retail

Bury's economy is more reliant on retail than the UK average. In 2019 12% of all employment in Bury was supported by the retail sector compared to 9% nationally. Unemployment statistics suggest that the pandemic and policy response will have accelerated the decline and means Bury town centre remains highly vulnerable.

#### Lack of night-time economy

Bury attracts footfall during the day through local custom and coach tours, however these visitors tend to arrive in the morning and leave early. The town lacks the range of cultural and leisure venues needed to sustain an active night-time economy. Local employment in the accommodation, food, arts, and entertainment sectors is substantially lower than the GM and national levels.

#### Market town decline

Whilst Bury Market remains a vital element of the town centre offer, the quality of the market will potentially decline without intervention, something the 'Markets Task Force' was established to tackle when it reported in 2020. The Council cannot take for granted that without regular refreshes and changes the Market won't enter a period of potential decline, as many other Markets have done nationally.

Bury Council successfully secured £20m of Levelling Up funding to regenerate Bury Market. The proposal to acquire the Millgate estate is complementary to the flexi hall project.

#### Long term financial sustainability

Values are declining, leases are now being renewed and the urban environment in and around the Millgate / Bury Market is of low quality. The area is not pedestrian friendly, impermeable when open and impenetrable when not. The Millgate after hours (and being closed-up) forms a barrier to footfall, spend potential and economic resilience of all commercial uses within the town centre.

There is a compelling case for Bury Council to step-in and intervene to manage the transition from a retail-led centre to one with mixed food and drink, family leisure, visitor attractions, culture, and street markets.

Whilst the Town Centre has strong night-time functions, predominantly centred around the Rock and Silver Street, there is an opportunity for the Millgate to deliver further leisure, events, foods & beverage uses that reinforce the night-time economy.

This can be achieved by attracting investment into leisure activities that complement existing attractions in the town centre, drive footfall - and spend - by diversifying commercial uses, taking advantage of new demand for flexible offices, coworking space and small business incubators. Demand for food and beverage will benefit from hundreds of new homes with a mix of tenures and typologies to match demand across Bury.

There is also a once in a lifetime opportunity for the Council to work collaboratively with public sector bodies and potentially local education partners to create an inclusive, accessible town centre facilities that directly benefit the people of Bury.

The emerging masterplan presents a compelling vision for a mixed-use town centre. To have any chance of implementing change (the significant removal of retail units in the Town Centre) at the level required, the Local Authority cannot stand on the side as a passive spectator.

It would not be correct to assume the 'Millgate' is limited to the indoor mall, it extends to Princess Parade, Minden Parade, and land adjoining Angouleme Way. The ownership includes the multi-storey car park, a large office suite and some substantial service yards (which provide space for re-modelling and redevelopment).

Figure 1: Millgate estate shown in red – a large proportion of the town centre



*(Source: Bury Council / Land Registry)*

The scale of the site would enable new commercial and residential development to be a part of the re-purposing of the site, along with a consolidated retail core. The Council will seek to use some of the land to position the proposed Market Flexi-Hall onto a part of the site currently a part of the ownership of the Millgate.

## **2. The regeneration case for acquiring the Millgate Estate**

It is important to note that the regeneration of the Millgate is anticipated to take several years. Current tenants would not be affected, and the estate will continue to be maintained to the current high standards. As and when vacancies allow for redevelopment, the Joint Venture vehicle will use its ownership to manage the process limiting the loss of any retailers.

The future health of Bury Town Centre will be dependent upon the successful re-purposing of the Millgate estate. It is too large a piece of real-estate and too centrally located to countenance the threat of the Centre going into a significant decline.

The town currently functions as a regionally important retail centre however as retail demand drops due to wider economic factors and general moves to internet retailing, it is expected that vacancy rates will increase.

The owners of the Rock development are strongly supportive of the Council taking a strategic approach towards the future supply of retail in the town centre.

The Millgate estate extends to Princess Parade, Minden Parade, and land adjoining Angouleme Way. The ownership includes the multi-storey car park, a large office suite and some substantial service yards.

It should be noted that several commercial properties on Princess Parade will be required to deliver the proposed Flexi Hall as part of the £20m Levelling Up funding award recently announced by the Government.

Bury Market is a success story – arguably the strongest market in the North that caters for all demographics and all of society. The physical interaction of the Millgate Estate to the Market is currently limiting the expansion and evolution of the Market. Selective demolition will allow the spaces to open up and give the Market room to breathe.

There is a compelling case for Bury Council to step-in and intervene to manage the transition of the Millgate from a primarily retail-led centre to one with mixed food and drink, family leisure, visitor attractions, culture, and street markets.

In March 2021 Cabinet approved the appointment of a consultancy team to deliver a new masterplan for Bury Town Centre. The emerging work has flagged the Millgate as an area that will need to be re-imagined and partially repurposed to respond to economic challenges. Whilst the Millgate site will still be identified as an important part of the town centre retail core, the area provides significant opportunities in the heart of the town for additional residential, leisure and business developments, that will help increase and sustain footfall across the centre. Its central location is also key to realising aspirations for greater permeability between the key designations within the town, particularly between the proposed new Interchange and the Rock. Given the importance of the site to the long-term success of Bury town centre, and its physical centrality in the town centre, the Council is seeking to secure control over this asset.

The scale of the site would enable new commercial and residential development to be a part of the re-purposing of the site, along with a consolidated retail core.

### **3. Financial Case for acquiring the Millgate Centre**

The owners of the Centre, InfraRed, are looking to dispose of the Centre following a request from their major funder, HSBC, to recover their exposed lending to the Centre.

The Millgate Centre was acquired by InfraRed from Aberdeen Asset Management in 2014 for £52m. Since the acquisition, a further c.£20m has been spent improving the facility. The original objective of the investors was to improve the performance of the centre and to seek to make a profit on the back of the improvements they funded.

Partly because of this investment in the Millgate, and partly because of the resilience of Bury town centre, it has continued to perform well in comparison to other comparable regional shopping centres.

The Centre has a low exposure to fashion retail, which has been the hardest hit segment of the physical retail market, having a much greater focus on high street traders and small businesses. The centre does not contain a traditional department store.

CBRE have been retained to provide technical advice to the Council relating to the proposed acquisition.

Despite the investment by InfraRed and the robust performance of the centre, the capital value of secondary retail centres in the north of England has collapsed. There are many assets for sale in the market and only a limited number of buyers.

#### Current Millgate Estate income & costs

The Millgate estate is currently producing net income of approximately £3,640,000 per annum. After rebasement and removal of additional management costs this would equate to absolute net income of around £2,930,000. Following external advice from CBRE this is a relatively stable income stream however subject to erosion as the age of the centre increases. Specialist financial advice will be taken, and this will form a part of the subsequent Cabinet report in January.

#### PWLB borrowing

Under the proposed terms of the Joint Venture and acquisition, Public Works Loan Board debt would be used to complete the transaction, secured against the asset itself.

A full financial model will be submitted to Cabinet for approval along with the proposed Joint Venture terms. In principle it is expected that following amortisation, that a margin will be paid on top of the cost of finance back to the council

There is also an opportunity to potentially recover Council costs from the Joint Venture. Detailed proposals and a full financial model will be submitted to Cabinet in January.

#### Options for commercial income investment

The Joint Venture will determine options around the additional commercial income include providing development capital to fund the master planning and planning works required, investment into infrastructure / forward funding, gap

funding for development viability and capital repayment. We are also exploring a reinvestment fund for the wider Town Centre. This will be detailed in the January Cabinet report.

#### Stretford Mall example

Stretford Mall was acquired by Trafford Council and Bruntwood through a Joint Venture and has sought to rationalise the retail footprint whilst diversifying uses and driving quality of the overall offer. Following an extensive public consultation, plans have been submitted to deliver business incubator office space, flexible coworking facilities hundreds of new homes and design led public realm. This is a notable example as to what opportunities the Millgate estate offers as it evolves.

#### Link to Bury Interchange Project

Transport for Greater Manchester recently announced £1.6bn funding had been awarded to invest into transport infrastructure across the region. Bury Council's strategic transport team included the proposed redevelopment of Bury Interchange as part of the bid.

The proposed acquisition of Millgate has an intrinsic link to the redevelopment potential of the Interchange – unlocking pedestrian permeability and natural desire lines through the removal of building obstacles. The placemaking led reinvention of the centre will also assist with the creation of a world class gateway with high quality public realm and strong invisible connections between the interchange, the Rock shopping district, and cultural destinations.

### **4. Do Nothing Option**

If the Millgate Estate is put up for sale on the open market the likely market interest in the asset would come from 'income investors.'

This is potentially the most damaging form of ownership for the Town as the objective of an income investor is to maximise the cash margin between their cost of borrowing and the income generated from the Centre. This category of investor may have little interest in making any investment in the ongoing fabric of the building let alone any refurbishment or regeneration of the Centre.

There have been examples of Centres in both Prestwich and Radcliffe where there has been no obvious investment by a private owner for over a decade. This has caused challenges in maintained vibrancy and stops the centres from meeting the needs of our residents.

In many locations Local Authorities end-up under enormous pressure to intervene when a facility is being mis-managed, and often this will require a premium above market value to be paid and a series of rectification works following potentially many years of neglect.

### **5. Government guidelines in respect of major property acquisitions**

The Government has recently tightened the regulations around Councils acquiring commercial assets.

There are several examples of PWLB borrowing being used to acquire commercial assets. This is not the case with the Millgate, whilst the commercial income is used to fund the delivery activity, the fundamentals of the project are to unlock regeneration.

In response to this the Government has introduced requirements to demonstrate that assets must be acquired for the purposes of regeneration. This is the basis upon which the Council has acquired retail assets in central Prestwich and Radcliffe. Whilst the guidelines do not entirely rule-out the acquiring of assets for the purposes of yield, it has been made more difficult to do so.

However, the motivation of the Council to acquire the Millgate Estate is to undertake major regeneration works. The Council will make a formal application to the PWLB on this basis once a Cabinet approval is secured.

## **6. Reason for Forming a JV**

The Council is clear that the objective of acquiring the Estate is to promote its redevelopment and regeneration.

Bruntwood is a property company with decades of experience in regenerating towns and delivering placemaking led schemes.

Our ability to form a Joint Venture will unlock the use of their skillset and resources to enable the fast, efficient, and best in class regeneration project delivery.

It should be noted that any Joint Venture is only as good as what each constituent party allocates resources into and the lever of control each have. As such a proposal will be submitted to Cabinet that fully resources from the Council's side the team required to deliver the Joint Venture project. The Joint Venture is proposed to be formed on a 50:50 deadlocked decision-making basis by Bury Council and Bruntwood.

The Joint Venture acquire the Millgate estate and receive its commercial rent. The Council would receive remuneration for the cost of finance. The Joint Venture would work up a jointly agreed business plan, masterplan and identify development build plots.

Upon receipt of planning development, plots would be disposed of to create capital receipts. These capital receipts could be used to repay the capital debt to zero or fund further development works.

Advice will be taken on the most appropriate structure for the JV, Partnership/membership agreement and ancillary agreements which will form a part of a report to Cabinet in January 2022.

## **7. Plan for Future of the Centre**

The Council should not default into an assumption that it should hold the entire Millgate estate for the long-term. Parts of the Estate might be re-purposed so that private capital can be invested in the transformation process.

At this stage it is not proposed that the Council commit to investing any further capital investment in the regeneration of the Estate. Should the Council identify a development opportunity within the remodelled Estate on a development plot, it may decide to invest, but would do so based on a standalone business and investment case.

Any development opportunities brought forward will be focused on improving the overall experience and environment of the Town Centre, positively impact Bury market and to provide opportunities to invest into civic infrastructure.

The JV will agree a phased redevelopment plan for the Centre, which is likely to focus on redesigning the most outmoded and tired parts of the Estate first. This will allow critical elements of the Estate to continue trading without disruption, maintaining a 'core' of retail rents necessary to pay down borrowing.

The JV will identify development plots where neither partner is interested in directly investing. In these circumstances the partners would act as 'master-developers' and would seek a developer/investor partner with a credible proposal to build-out the plot. Each disposal would create a land-receipt which can be used to either pay-down the initial borrowing or potentially be re-invested.

The JV will likely form a view on the timing to exit the asset, which will be influenced by the extent to which the regeneration vision has been achieved. It is not the strategic objective of the JV partners to hold the estate longer than necessary. It may be that the site is sold via a mix of plot sales with the disposal of the retail element being completed once the remodelling is completed. There is no requirement to determine the exact nature of the exit at this stage, simply that an exit is the current aspiration.

Whilst the JV partners would seek to potentially dispose of the entire freehold estate, it is probable upon exit the Council would retain our freehold interest in the entire estate to ensure that a critical part of the town centre has an appropriate degree of strategic control and influence.

Full details of development options will be submitted to Cabinet in due course.

## **8. 6-10 Princess Parade**

Alongside the proposal to acquire the Millgate Estate, the Council is seeking to follow the success of the Levelling-Up proposal to acquire interests that complement our existing lease ownerships.

6-10 Princess Parade is a commercial property that sits within the proposed building footprint of the Flexi Hall design, a key element of the submitted Levelling Up Fund application for the regeneration of Bury Market.

Following the Government's announcement to provide £20m Levelling Up Funds to deliver the flexihall and the wider regeneration of Bury Market, it is proposed that the Council acquire this site.

The Diocese of Manchester own the property and have marketed it for disposal.

The Council have approached the vendor and have drafted in principle terms to acquire the site on an unconditional basis. The full details of the terms are included within Part B of this report.

Given a static asking price and the volatile market conditions the Council commissioned CBRE to complete an independent Best Value assessment in the context of the wider regeneration outputs. The Best Value assessment supports the acquisition of the property. Full details are included in Part B of this report.

It is proposed that the Council acquire the property to enable the delivery of the regeneration of Bury Market, the construction of the proposed Flexi Hall and associated public realm. The project will be funded by the recently announced £20m of Levelling Up Funding.

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### **Links with the Corporate Priorities:**

The regeneration of Bury Town Centre 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. The five themes are summarised below and how they link into the vision for Bury Town Centre.

- 1. Healthy Communities:** The acquisition of the Millgate provides options for providing new community infrastructure including adult learning, civic facilities and other health related services will be a true connection to the community. The implementation of active travel, walking and cycling routes connecting people with local amenities and increasing the availability of public open space will enable the community in Bury Town Centre and surrounding suburban to reconnect and thrive.
- 2. Carbon neutral:** We need to use every opportunity to ensure that development in Bury Town Centre on our land is carbon neutral and prioritises active travel.
- 3. Inclusion:** making sure that everyone's voice is heard, this will absolutely be a focus through the Consultation of the regeneration work.
- 4. Digital first:** the full fibre roll out has enabled access to faster speeds and future-proofed infrastructure. This presents an excellent opportunity for the businesses and community with Bury Town Centre being the ideal location to cultivate new business growth, encourage start up SMEs, promote digital growth, and deliver tech enabled employment space.
- 5. Inclusive Growth:** the regeneration scheme at the Millgate in Bury Town Centre will include investment in physical infrastructure (roads, cycle ways and public transport); creating more flexible and innovative/digital workspaces to encourage more businesses to open and remain in Bury; to ensure residents have the best chance to access good jobs.

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## **Equality Impact and Considerations:**

1. *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 -*

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

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.

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.

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## **Environmental Impact and Considerations:**

Bury Town Centre is a highly sustainable location, with a major transport interchange which links to the 100-station Manchester Metrolink system, the town centre is also a major bus hub for north Greater Manchester and contains cycling and walking infrastructure.

The Millgate Estate itself is on a 15.2-acre brownfield site in the centre of the town. This presents the opportunity to introduce a significant residential capacity in the heart of a highly sustainable town-centre, one which is not car-dependent.

The Centre itself is of a certain age and the opportunity for refurbishment and redevelopment will enable the Estate to reduce its carbon footprint over time.

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## **Assessment and Mitigation of Risk:**

<b>Risk / opportunity</b>	<b>Mitigation</b>
Risk: Consideration of acquisition	Council has received external valuation and strategic advice on the development potential that supports assessment of value for money
Risk: Choice of JV partner	Bruntwood have an extensive track record of regenerative projects that transform urban areas
Risk: Formation of Joint Venture	The Joint Venture will be formed prior to the acquisition of the Millgate estate
Risk: Borrowing risk	Any Council lending is secured against the asset. The council can secure income in the event of default. Consideration is proportionate to the alternative land value.
Risk: Commercial income Voids increase, and tenants depart, reducing commercial rental income and limiting development expenditure	The JV will ensure the current asset, letting and property management arrangements are kept in place to maintain continuity and high standards. The JV will work with existing and new tenants to ensure the centre is full. Where vacancies do appear, consolidation of space will create development site and will be redeveloped. Following receipt of planning and confirmation of viability, land disposal capital receipts will replace commercial rental income through debt repayment options.
Risk: Development risk	Development opportunities will be identified based on local planning policies
Opportunity: Hundreds of brownfield homes	Higher density housing developments will unlock hundreds of new homes on brownfield land. The Council will ensure that any residential development will include a mix of tenures and typologies to meet demand.
Opportunity: New employment opportunities	The creation of new commercial spaces will unlock new economic growth.

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## **Legal Implications:**

### **Millgate estate -**

These decisions are key decisions and have met the forward plan requirements. The recommendation to acquire the Millgate Estate is subject to an independent report from CBRE. Any purchase will be subject to an extensive due diligence exercise which includes surveys and site investigation reports.

The recommendation in principle to enter into a Joint venture agreement and associated legal arrangements will be subject to specialist advice on the terms of the arrangements. A full report will be submitted to Cabinet in January 2022 setting out the details of those terms. The Council has powers to enter into joint arrangements using the general power of competence s1 Localism Act 2011

and/or its power to invest under section 12 of the Local Government Act 2003. Specialist commercial legal advice will be obtained to advise on legal and financial models for delivery of this proposal.

The recommendation is on the basis that it will have the potential to deliver significant regeneration benefits to the Borough.

**Princess Parade**

An independent report has been obtained supporting the valuation of the property at 6 – 10 princess Parade. Any acquisition will be subject to due diligence reports and legal advice and support throughout.

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**Financial Implications:**

Funding for the purchase of the Millgate Estate will require an application to the Public Works Loans Board for the monies and will be submitted on the basis of the funding requirement for a major regeneration project within Bury Town Centre.

Work is still required to determine an appropriate budget to complete all the necessary due diligence prior to the acquisition of the Millgate Estate and the establishment of the joint venture. This will involve the commissioning of specialist professional advice. Subject to the outcome of the due diligence and the progression of the acquisition and creation of a joint venture delivery vehicle some of these costs may be chargeable to the delivery vehicle. The value and proportion are still to be determined.

CBRE have provided a financial assessment to support the acquisition valuation and also validated the commercial income generated. However, at this time it is too early to determine how this income would be distributed and what costs it would cover within the future development. This will be worked through and brought back to Cabinet as part of the January 22 paper.

Funding for the acquisition of 6-10 Princess Parade is within the funding identified for acquisition of properties as part of the Bury market flexi hall levelling up funds. The acquisition valuation has been independently validated.

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**Background papers:**

None.

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

Term	Meaning