

Classification: Open	Decision Type: Key
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Report to:	Cabinet	Date: 19 April 2023
Subject:	Bury Market and Flexihall - Property Acquisition (Part A)	
Report of	Leader and Cabinet Member for Strategic Growth and Skills	

Summary

In October 2021 the Council were notified of its successful bid to the Levelling Up Fund (LUF) for a £20million contribution towards the Bury Market and Flexihall project. The purpose of this programme is to regenerate Bury Market and deliver a new community space. Work has continued at pace towards delivering this project. To proceed with the scheme several property acquisitions are required to facilitate the construction works. These properties have been identified as critical to the delivery of the redevelopment plans for the market and the surrounding area.

The property, described within this report, sits within the proposed footprint of the new Flexihall building. Vacant possession of the property is therefore critical for the delivery of the project. External advice has been sought by independent chartered surveyors, Nolan Redshaw who have provided advice on the lease surrender value and has undertaken negotiations on behalf of the Council. The values arising from the negotiations are subject to Member approval. The details of the proposed terms of the acquisition are commercially sensitive and are set out in the Part B paper. A best value report for the property has been provided by Nolan Redshaw and is appended to the Part B report.

Recommendation(s)

1. Approve the payment of a surrender premium to extinguish the lease in place at 6 – 10 Princess Parade in accordance with the terms set out in Part B of this report.
2. Delegate the finalised terms of the agreement to the Chief Executive in consultation with Cabinet Member for Finance, S151 Officer and Monitoring Officer.

Reasons for recommendation(s)

1. To facilitate completion of land assembly required to deliver the Bury Market and Flexihall project in accordance with the Levelling Up Fund bid submission and subsequent notification of a successful bid.

Alternative options considered and rejected

1. An alternative option is to not secure a surrender of the lease, this option was rejected as vacant possession of the property is required in order to continue with the Flexihall development under the previously agreed scope.
2. The Council can seek to use compulsory purchase powers as an acquiring authority the Council is able to use compulsory purchase powers and acquire land without the consent of the landowner. The process however is not swift and could take in the region of 18-24 months to be concluded. The requirements of the Levelling Up Fund bid stated that all funds would need to be defrayed by quarter one 2025. This option has been rejected as it would give the Council insufficient time to acquire the properties within the funding defrayment timeline.

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Background

The Levelling Up Fund (LUF) bid for the Bury Flexihall proposes to deliver the following:

- **Market improvement works** – to sustain and enhance the market, including installation of a new roof, reconfiguration of existing spaces, access improvements, repairs and maintenance.
- **Flexihall** - the creation of a high quality, flexible facility at a key gateway to enhance cultural, leisure and hospitality offer. The facilities will support a range of business and community organisations and will be actively managed as part of a co-ordinated town centre offer.
- **Public realm** – a new public realm environment will be created to link the Market and adjacent infrastructure including Bury Interchange, Bury College and other civic infrastructure.

- **Supporting activities** - a range of complementary measures to diversify market demographic, including events, business enterprise and resident support.

In order to facilitate the delivery of the Flexihall, the acquisition of a number of properties is required along with provision of vacant possession of the buildings ahead of demolition. Following announcement of the LUF funding, negotiations have taken place via specialist advisors and, subject to Member approval, acceptable terms to facilitate vacant possession of the property referred to within this report have been agreed.

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 delivery of the Bury Market and Flexihall projects will provide community infrastructure including 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 area 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 levelling up project delivery.
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 project will include investment in physical infrastructure (roads, cycle facilities and public realm); 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.

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 –

- 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.

A full stakeholder, resident and wider community engagement strategy is being undertaken during the project.

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.

Environmental Impact and Considerations:

The Council has a pledge to be Zero Carbon by 2038. The proposals for the Flexihall have due regard for this pledge.

Assessment and Mitigation of Risk:

Risk / opportunity	Mitigation
Risk: Consideration of acquisition	Council has received external real estate advice and independent assessment of value has been obtained.

Legal Implications:

Member approval is sought to facilitate vacant possession of the premises by way of a surrender premium to the leaseholder. A report from Nolan Redshaw is appended

to the Part B report detailing the negotiations and providing a view regarding best value. Members are asked to note that the proposed surrender premium is on the basis of a negotiated price to allow development to proceed. This is not an open market valuation.

If members agree to the recommendations in this report full legal due diligence, will be required in respect of this transaction.

Financial Implications:

As part of the Levelling Up Fund bid, an allowance was made within the budget for the acquisition of a number of properties to successfully deliver the project. Cabinet has already approved the acquisition of four of these properties and this report seeks authority to proceed with this further transaction to facilitate vacant possession.

Nolan Redshaw recognise within their report that the tenant has an oversailing lease and were not looking to vacate and therefore the proposed price is a negotiated figure but vacant possession of this property is essential to secure the wider regeneration benefits and deliver the project on the basis to which the funding was secured.

Background papers:

Cabinet report 26.05. 2021 Levelling up Bids

(<https://councildecisions.bury.gov.uk/documents/s27164/Levelling%20Up%20Bids%20-%20Part%20A.pdf>)

Cabinet report 17.11.2021 - Acquisition of the Mill Gate Estate

(<https://councildecisions.bury.gov.uk/documents/s29158/Acquisition%20of%20the%20Millgate%20Estate%20Bury%20part%20A%20report.pdf>) (*specifically recommendation 5 Approval of acquisition of 6 – 10 Princess Parade*)

Cabinet report 15.12.2021 Levelling up Fund approval of expenditure

(<https://councildecisions.bury.gov.uk/documents/s29489/Levelling%20Up%20Fund%20approval%20of%20expenditure%20PART%20A.pdf>)

Cabinet report 13.04.2022 Bury Market & Flexihall – Further acquisitions to facilitate delivery of Levelling up project

(<https://councildecisions.bury.gov.uk/documents/s31294/Bury%20Market%20and%20Flexihall%20Further%20acquisitions%20to%20facilitate%20delivery%20of%20levelling%20up%20project%20PART.pdf>)

Cabinet report 01.06.2022 Bury Market and Flexihall Property Acquisition

(<https://councildecisions.bury.gov.uk/ieListDocuments.aspx?CId=126&MId=3133&Ver=4>)

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

Term	Meaning
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