

<b>Classification:</b> Open	<b>Decision Type:</b> Key
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<b>Report to:</b>	Cabinet	<b>Date:</b> 16 July 2024
<b>Subject:</b>	Prestwich Village Regeneration Scheme: Delivery of Phase 1A (Travel Hub) – Legal Structure and Funding Approval <b>(Part A)</b>	
<b>Report of</b>	Leader and Cabinet Member for Strategic Growth	

## Summary

1. The Prestwich Village Regeneration Scheme will deliver a comprehensive re-development of the Prestwich Village site including the Longfield Centre. The scheme will deliver attractive public realm alongside housing, civic, retail and leisure benefits at scale. The project contributes to the Council’s strategic aims (Bury 2030) and ‘Let’s Do It’ Strategy.
2. Extensive progress has been made on the development and implementation of the Prestwich Village Regeneration Scheme. The development is currently as RIBA Design Stage 3 and has completed detailed consultation with local residents. A Hybrid Planning Application for the project will be considered at the Planning Committee of 23<sup>rd</sup> of July.
3. The project team is now ready to deliver Phase 1A of the scheme which will provide a Travel Hub off Fairfax Road. This will facilitate the re-development of Rectory Lane Car Park and the wider regeneration of the site.
4. A funding strategy has been developed to facilitate delivery of Phase 1A of the development and has been approved in principle by the Joint Venture Management Board. This is presented in the report for approval.
5. A legal and procurement strategy to enable development of the Prestwich Scheme is highlighted within the report alongside detailed consideration of the approach by external legal advisors. This is also presented in the report for approval.

## Recommendation(s)

6. Cabinet is recommended to:
  - Note progress made with the development of the overall Prestwich Village Regeneration scheme (the Scheme).

- Approve the recommended legal structure and procurement strategy for the appointment of the developer for the Scheme and appointment of a contractor for delivery of Phase 1 of the Scheme as set out in the Part B report.
- Approve the commencement of a procurement process by the Council for the delivery of Phase 1A (Travel Hub) of the Scheme in accordance with the legal structure and procurement strategy set out in the Part B report.
- Approval of the funding strategy to fund the delivery of Phase 1A (Travel Hub) to a maximum expenditure figure of £14m from the Council's existing capital programme.
- Note the treatment of The Prestwich Regeneration LLP as a contracting authority under the Public Contracts Regulations 2015 in the proposed legal structure and procurement strategy.
- Delegate authority to the Director of Law & Democratic Services in consultation with the Executive Director of Place and Leader to negotiate and complete detailed legal and procurement agreements associated with the delivery of the Scheme.

## **Reasons for Recommendation(s)**

### Legal Structure & Procurement Strategy

7. Cabinet approved the formation of a joint venture company (The Prestwich Regeneration LLP – The JV) with Muse Places Ltd (Muse) on 13th October 2021. This was on the basis that Muse had the benefit of an option agreement over a leasehold interest forming part of the Scheme and not as a consequence of any tendering procedure under the Public Contracts Regulation 2015 (PCR). Muse held an option to purchase the Longfield Centre and the Council relied on the “exclusive rights” exemption in Regulation 32 (2) (b) of the PCR.
8. It is now proposed that the Council will appoint The Prestwich Regeneration LLP as developer for the Scheme. The Council will make a direct award to Muse (via the Morgan Sindall Consortium LLP) via the Pagabo Developer Led Framework (Pagabo) and Muse will enter into a sub-Development Agreement with the JV. The JV will subsequently use a PCR compliant procurement route to secure the services of a building contractor for Phase 1 of the Scheme.
9. Pagabo was established in 2020 and offers a pre-procured route which enables local authorities to appoint developers directly where pricing is transparent and agreed upfront. Each successful supplier on the framework has already been subject to quality and price competition.

## Funding Strategy

10. The Prestwich Regeneration LLP's JV Management Board has agreed the principle of the funding approach recommended in this report at the meeting 13th May 2024.
11. Funding of the project in line with option one described below is recommended. This utilises existing funding provision within the Council's Capital Programme and Medium-Term Financial Strategy (MTFS) to deliver Phase 1A of the Prestwich Village Regeneration Scheme.
12. Option one maintains momentum of delivery and ensures a key enabling phase of the scheme is completed under the published programme; releasing potential for housing growth on the site.
13. This strategy ensures the Scheme is 'shovel ready' increasing the attractiveness of the next development phase (Phase 1B) to external funders. It reduces the impact of construction cost inflation and reduces the likelihood that the Council will incur significant asset holding costs at the site.

## **Alternative options considered and rejected**

14. As set out in Part B.

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## **Background**

15. As part of the Authority's vision for 2030, we are working collaboratively with our communities to achieve faster growth than the national average alongside lower levels of average deprivation. The 'Let's do it!' strategy focuses on building a better future for our children and young people, promoting inclusion, improving our environment and delivering improvements in quality of life.
16. The project aims to deliver a framework for modern urban living in Prestwich Village which delivers an active and liveable place, reducing dependence on the

motor vehicle, whilst providing local amenity and high-quality residential accommodation in a beautiful setting.

17. The Prestwich Village Regeneration scheme (the Scheme) aims to bring forward a cohesive programme of regeneration in Prestwich that will see the development of a new village centre which is inclusive, sustainable, reflects the needs and aspirations of local residents and delivers an attractive urban environment alongside a thriving local economy.
18. As noted in previous Cabinet reports, particularly the Cabinet report of 12th July 2023, the scheme has the potential to bring in significant capital investment which will help to deliver multi-faceted regeneration, economic growth, and environmental improvements in Prestwich Village.
19. To realise the vision, Cabinet approval was given on 13th October 2021 for the Council and Muse to legally form the Prestwich Regeneration LLP (the JV) to bring forward the multi-phase mixed use regeneration scheme.
20. Significant progress has been made since 2023 on the development of the scheme and the JV has reached a key milestone with the scheme where it is ready to deliver Phase 1A – the construction of the new Travel Hub.

## **Progress to Date**

### The Prestwich Regeneration LLP ('The JV')

21. The basis and rationale for the formation of the JV was as follows:
  - Muse had an option agreement over the Longfield Centre asset prior to its acquisition by Bury Council. The centre is integral to the regeneration scheme and Muse's consent would have been required for any entity to develop the centre and deliver the wider regeneration programme. The JV Partners agreed that the option would be transferred to the JV once established enabling a collaborative approach to be undertaken for the entire Prestwich site and associated land interests.
  - Collaboration with a national property developer ensured that the Council and JV would harness the benefits of Muse's commercial expertise and experience.
  - The JV would initially benefit from being able to operate outside of the PCR as it would not be considered to be a Contracting Authority, albeit strong procurement governance would be utilised via the JV's governance structure (the JV Board).
22. The recommended legal structure and procurement strategy for Phase 1 is in line with the original aims of the JV, except to the extent that the funding for Phase 1 from public sources means that contracts awarded to further Phase 1

will be treated as public contracts for the purposes of the PCR, and the Council and the JV as Contracting Authorities.

### Community Consultation

23. Initial consultation activity via the first 'Community Conversation' took place between January 2023 – March 2023. The purpose of this activity was to find out what local people thought of the initial designs for the Scheme across a number of key themes. This was a start to shaping the designs for a new village centre.
24. 892 online and hard copy questionnaires were completed, up to 300 people attended a face-to-face drop-in session, 120 attended an online question and answer session, there was additional engagement with a various local groups and over 1,000 followers joined social media.
25. A second community conversation ('you said, we did') took place in Summer 2023 that gave local people the opportunity to feed back on the changes that had been made following the first community conversation. Such changes included increasing the amount of local retail space and introducing flexibility to cater for a range of independent business. It led to the creation of a direct, walkable link to the Metrolink stop; included more accessible parking; increased the green space; small changes to the height and location of key buildings; and; ensured the designs embrace and celebrate Prestwich's character.
26. In line with the first community conversation, events held were well attended. The design for the Scheme was progressively improved to enable a planning application to be submitted.

### Planning Application

27. A hybrid planning application was submitted to the Local Planning Authority (LPA) early January 2024 and validated in February 2024. Phase 1 of the project was submitted in full and Phase 2 in outline:
  - Phase 1A – Travel Hub.
  - Phase 1B – Community Hub, Retail and Leisure Hub, Market Hall and Public Realm.
  - Phase 2 – Residential (circa 210 homes split over three plots).
28. The rationale underpinning the above phasing approach, with the delivery of the Travel Hub first is to ensure there is adequate car parking in the village centre throughout the delivery of the Scheme and to create opportunities for the JV to potentially retain retail tenants on the existing Rectory Lane car park during the construction of Phase 1B.

29. During the planning application determination period there were some internal changes to the Travel Hub in response to concerns raised by the local community regarding the number of car parking spaces. A more efficient arrangement inside the building has resulted in the number of parking spaces from 275 to 301 and the overall number of parking spaces across the Scheme has increased from 316 to 342. Other changes have included an increase to the distance between the Travel Hub building and neighbouring properties at Highfield Place, and changes to the façade as a result of improved natural ventilation to the structure.
30. A further period of consultation (including statutory consultation) took place 23rd May 2024 – 6th June 2024 on the updated plans.
31. The hybrid planning application will be considered for approval by Planning Committee on 23rd July 2024.

### **Delivery of Phase 1A (Travel Hub) of the Scheme**

32. If approved, it is anticipated that the delivery of Phase 1A (Travel Hub) will commence in Autumn 2024 and be complete approximately 12 months later. It is forecast that the following milestones will be delivered under the timescale below:
  - Planning permission granted – July 2024.
  - Council appoints Muse as developer following receipt of planning permission.
  - Council and JV Management Board approval for JV to enter the development agreement with Muse for delivery of the Travel Hub and commence a procurement process to appoint a building contractor.
  - Cabinet and JV Board approval for JV to enter into a building contract with the successful bidder following PCR compliant procurement process – September 2024.
  - Letting of building contract by JV for delivery of the Travel Hub – September 2024.
  - Commence enabling/construction works – October/November 2024.
33. Under the current agreed programme for the scheme, it is expected that Phase 1B (Community Hub, Retail and Leisure Hub, Market Hall and Public Realm) will commence Q4 2025 to mid-2027, alongside the construction of the first residential plot of Phase 2 at the same time. The remainder of Phase 2 will follow from 2026/7 onwards.

### **Funding Strategy**

34. As set out in Part B.

## **Recommended Funding Option**

35. As set out in Part B.

## **Legal Structure and Procurement Strategy**

36. As set out in Part B.

## **Delivery Phase including Phase 1A and Public Contract Regulations 2015**

37. As set out in Part B.

## **Travel Hub Operations Management Strategy**

38. The Council has the opportunity to operate the proposed Travel Hub created in Phase 1A of the Scheme or to contract this out to a Private Sector operator under a management agreement or lease arrangement. Further due diligence will be required before a recommendation is made to Elected Members. This element of the Scheme will form part of a further report to Cabinet at a later date.

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

39. The redevelopment of Prestwich Village supports delivery of the 'Let's Do It!' strategy and the four principles that underpin it as they all have a correlation to how the Council will design the future of our towns:

**Local Neighbourhoods:** The delivery of the Scheme will support the Council fulfil the aims of the neighbourhood delivery model, making the borough a safe place to live, putting the borough on track for carbon neutrality and building houses that are homes.

In summary, the Scheme will:

- Provide a new community hub that will re-provide a modern-day library, adult learning provision, community space and health related services which will be a true connection to the community and integrated public service teams in the village centre.
- Build new homes will endeavour to meet the eco-homes standard and be high quality, carbon neutral and affordable.
- Promote active travel – provision of a travel hub and walking and cycling routes that will connect people with local amenities.

- Design a new village centre that will include 'secure by design' principles to allow people to feel safe and secure.

**Enterprise to drive economic growth and inclusion:** The Scheme will:

- Create more flexible and innovative/digital workspaces for local entrepreneurs to grow.
- Modern retail space to encourage more new and independent businesses to open and remain in Prestwich.
- Invest in the physical infrastructure and work with key stakeholders such as Transport for Greater Manchester to enable local people to access employment and training opportunities to contribute to the growth of the local economy.

**Delivering Together:** The Scheme will:

- Make sure that everyone's voice is heard via community engagement/consultation at various stages of the development of the Scheme and through a variety of media platforms, including a dedicated website.
- Develop new buildings which will promote the use of them as community assets i.e. community hub, market hall and public realm which will in turn, support community involvement and organisations and connect people to them.
- Provide the opportunity to drive digital inclusion through the use of the latest technology in the new buildings.
- Provide better transport connectivity through its design and involvement of the Active Travel agenda.

**A Strength-Based Approach:** The Scheme will:

- Promote community wealth building and community capacity as community groups have and will continue to be encouraged to be part of the community engagement/consultation processes.
- Build on previous links to development the scheme that have been made with Bury VCFA.
- Provide flexible community space in the community hub and outdoor space for events that will promote community inclusion within the village.



- Recognise the importance of population health due to the likely relocation of the existing NHS services into the community hub building, as well as providing the opportunity to increase health provision in the village.

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### Equality Impact and Considerations:

40. A full Equality Impact Assessment has been completed and it has been concluded that there will be a neutral effect on all groups of people with protected characteristics as the approval is to agree the funding strategy and legal structure/procurement strategy between Bury Council and the JV to appoint a contractor to deliver Phase 1A (Travel Hub) via a PCR compliant framework.

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### Environmental Impact and Considerations:

41. One of the Scheme’s objectives is to deliver a sustainable development. As noted in the report to the 12 July 2023 Cabinet, delivering sustainable developments is now a primary goal for the Prestwich Regeneration LLP. It has adopted Muse’s Sustainability Strategy which includes a Sustainable Development Brief and Sustainable Action Plan which will be utilised on the Scheme – both making up the Sustainable Development Strategy.
42. The Planning and Regeneration Statement submitted as part of the hybrid planning application provides summary detail on the environmental impact of the Scheme, including carbon emissions and biodiversity. It states that:

*“The scheme will be low and net zero carbon by design – sustainability and carbon reduction are fundamental to the proposals. Proposed measures include new energy and water efficient buildings to minimise carbon in operation, the use of sustainable building materials to reduce upfront embodied carbon, photovoltaic panels and air source heat pumps.”*

*“The proposals for Prestwich Village will secure a significant increase in biodiversity when compared with what is on the site at the moment. The proposals will uplift biodiversity by more than 40%. This will be supported by significant levels of new tree planting, open spaces and public spaces where people and nature can thrive.”*

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### Assessment and Mitigation of Risk:

Risk / opportunity	Mitigation
Build cost inflation because of wider economic conditions, resulting in greater uncertainty in predicting costs.	Robust tendering to be undertaken in addition to adequate allowances to be included within cost plan as contingency.

<b>Risk / opportunity</b>	<b>Mitigation</b>
Procurement challenge to developer appointment.	See legal implications.
Availability of external funding.	Continued and structured engagement with external funding bodies alongside political influence at GM level.
Planning permission withheld (23 <sup>rd</sup> July 2024).	Pre-planning engagement process undertaken in detail alongside community consultation.
Site unknowns/'abnormals' discovered during delivery phase.	Site investigations carried out under design phase.

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### **Legal Implications:**

43. It is noted that the funding for Phase 1A of the Scheme will come entirely from public resources. The PCR require adherence by “contracting authorities” which is defined by Regulation 2 as including local authorities and “bodies governed by public law”, the latter having all of the following characteristics:
- they are established for the specific purpose of meeting needs in the general interest, not having an industrial or commercial character;
  - they have legal personality; and
  - they have any of the following characteristics:
    - they are financed, for the most part, by the State, regional or local authorities, or by other bodies governed by public law;
    - they are subject to management supervision by those authorities or bodies; or
    - they have an administrative, managerial or supervisory board, more than half of whose members are appointed by the State, regional or local authorities, or by other bodies governed by public law.
44. The Council proposes to appoint Muse as the developer of the Scheme, and Muse in turn will sub-contract its responsibilities to the JV. By virtue of the public nature of the funding made available for Phase 1, the JV will be deemed to be a body governed by public law for the purposes of the PCR.
45. The Council has obtained external legal advice regarding the legal and procurement structure options which might be adopted in order to advance the Scheme to the next stage, and the relative legal risks of each. This advice is set out in Part B.
46. The Council is mindful of the need to ensure that best value can be achieved by the procurement strategy adopted for Phase 1A. The chosen procurement route

will initially use the Pagabo Framework. Suppliers accepted onto the framework have already been subject to quality and price competition. The use of a PCR compliant procurement process to award the building contract will ensure that these works are also subject to robust quality and price competition.

47. Members are asked to note that these decisions are subject to the outcome of the Planning application due to be heard on 23<sup>rd</sup> July.

**Financial Implications:**

44. The cost of the proposal is in line with the approved capital programme and revenue financing costs that have been included within the current medium term financial strategy.

**Appendices:**

None.

**Background papers:**

- October 2019 Cabinet Paper  
(<https://councildecisions.bury.gov.uk/ieListDocuments.aspx?CId=126&MId=2388&Ver=4>)
- March 2021 Cabinet Paper  
(<https://councildecisions.bury.gov.uk/ieListDocuments.aspx?CId=126&MId=2671&Ver=4>)
- May 2021 Cabinet Paper  
(<https://councildecisions.bury.gov.uk/ieListDocuments.aspx?CId=126&MId=2867&Ver=4>)
- Oct 2021 Cabinet Paper  
(<https://councildecisions.bury.gov.uk/ieListDocuments.aspx?CId=126&MId=2867&Ver=4>)
- July 2024 Cabinet Paper  
([councildecisions.bury.gov.uk/documents/g3412/Public\\_reports\\_pack\\_12th-Jul-2023\\_18.00\\_Cabinet.pdf?T=10](https://councildecisions.bury.gov.uk/documents/g3412/Public_reports_pack_12th-Jul-2023_18.00_Cabinet.pdf?T=10))
- Planning and Regeneration Statement January 2024

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

Term	Meaning
Prestwich Regeneration LLP	[Referred to as 'the JV'] The joint venture company that comprises of Bury Council and Muse Places Ltd that has been established to deliver the Prestwich Village regeneration scheme.
PCR	Public Contract Regulations 2015 (Statute).

Term	Meaning
Pagabo Developer Led Framework ('Pagabo')	A PCR compliant procurement framework that enables Bury Council to directly access a supplier that has previously undergone a process to demonstrate best value.
Public Works Loan Board (PWLB)	A Prudential Borrowing facility for capital projects that provides loans to local authorities. It operates within a policy framework set by HM Treasury.
GMCA	Greater Manchester Combined Authority.
DLUHC	Department for Levelling Up, Housing and Communities.
MTFS	Medium Term Financial Strategy (medium term financial plan for Bury Council).