Report on the Old Town Hall Refurbishment
(Final V3, 20/09/13)

Report of the Chief Executive

Portfolio Holder: Councillor Jim McMahon

23rd September 2013

Darren Jones – Director of Development and Infrastructure

Purpose of Report

To advise Cabinet on the progress of the redevelopment of the Old Town Hall (OTH), including updates on;

- capital budget
- funding proposals
- procurement, programme
- anchor tenant cinema operator
- restaurant tenants

and seeks approval for the recommendations.

Executive Summary

This report presents a summary of the detailed work carried out to date in bringing forward the OTH project and makes recommendations to award a two stage construction contract, with an enabling works contract commencing in 2013. The main construction contract will commence mid 2014 with a completion date between December 2015 and March 2016. It is understood that members are keen to see progress on this prestigious scheme and this report advises on the programme timeline based on;

i) Taking on board a pre-let to the cinema operator and accommodating the timescales of cinema operator main board approvals process and opening restrictions

ii) De risking the project complexities and alignment with internal and external grant funding requirements.
Recommendations

Cabinet is recommended to:

Cabinet is asked to note the report and consider the information contained in the restricted Part B report.
1 Background

1.1 The Old Town Hall is a Grade II listed Georgian building. It is a landmark building in a key location in the Town Centre, at the edge of the central shopping core and within the Oldham Town Centre Conservation Area. With its prominence and historical connections, it makes a major contribution to local identity.

1.2 The building is seen as a symbol of the decline of Oldham, and must be changed for Oldham to be seen as a place of regeneration, vitality and civic pride.

1.3 The building is Council owned and has been disused since 1980 and has fallen into disrepair. Although some works have been undertaken in recent years these were necessary to make the building secure and ‘weather tight’. However, endemic problems mean that these works have merely ‘saved’ the building for a few more years before its deterioration accelerates and significant investment is required if the building is to survive.

1.4 The building remains in a dangerous condition, and has the potential to cause harm to passers-by should further deterioration not be fully addressed. Backlog maintenance is significant on a structure of this magnitude and age. Mandatory revenue commitments in terms of security, maintenance and repair are on-going and will increase into the future if the refurbishment scheme were not to proceed.

1.5 The Old Town Hall has been the subject of various development proposals since the 1990’s, none of which have been implemented to date. The building is difficult to bring back into use owing to the nature of the building, its historical status, physical configuration and modern market demands relating to potential uses, floor space and operational requirements.

1.6 Redevelopment of the Old Town Hall would provide a catalyst for regeneration in the Town Centre, and it was noted that this level of investment requires the Old Town Hall to have a commercially viable future use. Recognising this, the Council committed funding to progress a feasibility study to ascertain possible uses.

1.7 The conversion and extension of the Old Town Hall also offers the opportunity to realise significant benefits for communities in and around the Town Centre that are outlined below.

**Increased economic activity** - it is likely that the majority of employment opportunities will be accessible to people residing in locally deprived communities.
Civic pride and sense of identity - research commissioned by English Heritage suggests that regeneration of historic assets can also have a positive impact upon civic pride and sense of place, particularly where buildings act as a local landmark.

Place vitality - the conversion and extension of Oldham Town Hall will make a significant contribution to enhancing the vitality of the Town Centre and help to create a family friendly environment.

Social interaction - it would result in the creation of a destination within the Town Centre, helping to make it a place where local residents can meet and engage in social activities.

Community safety - the scheme will enliven the area surrounding the Town Hall and it will create active facades and promote higher levels of activity helping to combat negative perceptions of the Town Centre.

1.8 Of the different possible uses, a cinema and restaurant complex has been determined as the preferred solution based on market demand, building location and its suitability to take the new uses whilst conserving as much of the historic building as possible.

1.9 Architects were procured to produce designs which could accommodate and make use of the change in levels. A light box was proposed which would provide a new entrance and foyer area to the cinema areas, overlooking a new pedestrian square. The introduction of a light box would also provide the opportunity to create a good new façade towards the square and Clegg Street, facing the shopping centre.

1.10 Further more detailed designs were carried out in order to submit a planning and listed building application, which was duly completed, and planning permission and Listed Building Consent was obtained in July 2012.

1.11 The current project is for the redevelopment of the Old Town Hall as an 800 seat, 7 screen cinema and 6 café/restaurants, and is seen as being the cornerstone of the Town Centre regeneration. An economic impact assessment report that was commissioned in September 2013, states that a project of this size in Oldham will have the potential to stimulate the creation of up to 238 new jobs and generate an excess of £57million in economic activity over ten years.

1.12 Another report to ascertain the need for a cinema in the Borough was commissioned in November 2011 and this report by Cinema Next stated that there was substantial opportunity for such a development within the Borough of up to 2,000 seats with up to 1,000 seats in the Town Centre. Other conclusions are outlined below which has reinforced and the Councils position in relation to the OTH refurbishment.
1.12.1 In carrying out the site visits, it became very clear that, first and foremost, the town centre needs to be supported by a cinema offer. Cinema helps to enrich the night-time economy of any town. As an entertainment amenity, most people express a desire for a cinema first. Restaurants like to be located near cinemas to feed off the footfall thus creating a more complete night out for residents. Cinema can also be complimentary to retail zones and synergistic to cultural offers.

1.12.2 Oldham Borough is currently without a cinema of any kind, and the town centre is poorly served for restaurants and over reliant on drinking venues for the night-time economy. We strongly believe therefore that town centre sites are an opportunity for development of the entertainment and cultural aspects of Oldham and that cinema is a key element of that.

1.12.3 With its central location, proximity to the retail hub, cultural quarter, public transport links and parking facilities, we consider that the location should be seriously considered as a suitable cinema destination.

1.12.4 A cinema development utilising the Town Hall would meet the three key criteria for development:

1. Cinema provision that will satisfy residents demand
2. Be part of the entertainment and cultural regeneration of the town centre
3. Utilise existing council owned properties in the solution.

And offer other significant benefits:

1. The creation of a catalyst for establishing ancillary leisure offers alongside
2. Drive demand from better quality restaurant operators
3. The creation of a multimedia destination that, thanks to the use of modern digital technology, is not only capable of showing the latest films but can also exploit a large variety of uses.
Current Position:

2. Current Position Construction Contract

2.1 The following updates Cabinet on the key issues within the Project.

2.2 Following urgent work to make the Old Town Hall ‘weather tight’, in order to prevent further deterioration of its condition, a project was initiated in 2011 to bring this historic building back into use by giving it a sustainable economic future.

2.3 After consideration of a variety of options for the Old Town Hall building that were

- Retail
- Community
- Leisure
- Hotel
- Residential
- Office

The future use has been determined to be the refurbishment and extension of the ‘shell & core’ of the building to allow fit out for use as an 800 seat cinema complex including 6 café/restaurants.

2.4 Listed Building Planning consent has been secured for the development by the Secretary of State in October 2012 and the project has moved into the detailed design and procurement phase.

2.5 The Contractor Procurement strategy for Oldham Old Town Hall was predicated on a 2-stage D&B process.

2.6 The 2 stage process timeline allows for incorporation of the cinema operators requirements into the base design and development of a Fit-Out package for inclusion in the Contract.

2.7 Design development will continue during the stage 1 pre-construction services period to fully embed the cinema operators and food retailers design requirements into the scheme, and amend the designs to incorporate the addition of the 6th café/restaurant unit, and the successful contractors design variation proposals. The designs will then be presented for determination as a revision to the current planning permissions.


3.1 There are a limited number of cinema operators within the UK and following the decline in the leisure market, operators are becoming increasingly cautious when considering new opportunities. The Council employed specialist retail / leisure consultant Tushingham Moore to...
market the opportunity to all cinema operators. The consultants have had a number of meetings with cinema operators in the market place.

3.2 Discussions are now advanced with a cinema operator and it is expected that a 20 year lease will be agreed shortly.

4. Consultation

4.1 Main consultation for the OTH took place at an event in the Egyptian room in the OTH on 29th May 2012.

4.2 563 people attended the consultation event and 426 people completed a questionnaire. The majority of people indicated their support for the proposals, with:

- 420 people (98.5%) in favour of the Council’s proposals to refurbish the Old Town Hall, and
- 390 people (91.5%) in favour of the proposed use of for the building as a Family Leisure facility incorporating a multi-screen cinema and restaurant complex.

5. Financial Implications

5.1 All financial implications are contained within the restricted Part B of this report

6. Funding Implications

6.1 All funding implications are contained within the restricted Part B of the this report

7. Legal Services comments

7.1 By virtue of section 123 of the Local Government Act 1972 the Council has the necessary statutory powers to dispose of the property. On a disposal of its land by way of lease the Council are under a statutory obligation to obtain the open market value and the best consideration that can reasonably be obtained. Obtaining the best consideration does not necessarily entail selecting the highest offer in pure cash terms and other considerations can be taken into account. In attracting a major cinema operator, account must be taken of the prestige attached to bringing this operator to Oldham and the fact that there y will be the anchor tenant providing the platform on which the Council will be able to successfully market the other restaurant units. The Council has also appointed external professional advisors who have
been working to ensure that the best commercial terms possible can be agreed with the cinema operator. Officers are therefore satisfied that the best consideration duty has been satisfied.

7.2 The Councils Land and Property Protocols have been and will on future lettings be observed. The construction contractor and consultants have been procured in accordance with the Council’s Contract Procedure Rules and the Public Contracts Regulations.

7.3 The construction contractor has been procured via a full OJEU Restricted Procedure procurement process and officers are satisfied that the evaluation of the tenders have been carried out properly and in accordance with the Public Contract Regulations.

7.4 Legal officers are confident that the risk of challenge in proceeding with the current procurement route with the successful contractor has been minimised as far as possible.

7.5 The two stage process will enable the Council to fix a more accurate figure with the construction contractor reducing the possibility of risk pricing by the construction contractor and other uncertainties. At the point where the Contractor and Council agree that the design is sufficiently complete and packages of work priced to enable the parties to fix the price for the construction the parties shall enter into a design and build contract.

7.6 Legal officers and external legal advisors are and will remain fully involved in the negotiation and conclusion of all contracts required to successfully conclude this scheme.

8. Cooperative Agenda

8.1 Bids for the Old Town Hall refurbishment contract and new build ‘light box’ have been evaluated against a range of criteria, including their approach for achieving local spend (within a 10 and 20 mile radius) and local employment.

9. Human Resources comments

9.1 None associated with this report.

10. Risk Assessments

10.1 All risk implications are contained within the restricted Part B of this report.

11. IT Implications
11.1 None envisaged

12. Property implications

12.1 The terms of the lease agreement is over 7 years, and is therefore classed as a disposal, and as such the Council must ensure that it complies with section 123 of the Local Gov. Act 1972 regarding obtaining best consideration.

12.2 The Council has procured the services of a specialist agent, who have marketed the cinema opportunity on behalf of the Council. They have confirmed that, following market exposure, the offer subtitled by the cinema operator represents market value and the best price that could reasonably be expected by the Council. The cinema will act as an anchor to attract ancillary uses that will attract high value restaurants and cafes.

13. Procurement implications

13.1 The Contractor has been selected via a 2 stage procurement process that aligns with Oldham CPRs, and the EU Regulations.

13.2 All bids have been evaluated and moderated in line with the terms of the tender to recommend the supplier who has demonstrated value for money and has the capability of delivering the project to programme and to budget.

13.3 Officers are satisfied that the procurement options and impact of the post tender clarifications have been thoroughly investigated and the risks properly assessed.

14. Environmental and Health and Safety implications

14.1 The provision of a newly refurbished Town Hall Cinema and restaurant complex, with associated public square and enhanced public realm will improve the environmental and health and safety of users and members of the public.

15. Equality, community cohesion and crime implications

15.1 Equality Impact Assessments (EIAs) have analysed the impact of the proposals on people with low incomes and people with the eight protected characteristics set out in the Equality Act 2010, namely age, disability, gender, gender reassignment, pregnancy and maternity, race, religion and belief and sexual orientation.

16. Equality Impact Assessment completed?
16.1 Yes

17. Key Decision

17.1 Yes

18. Forward Plan Reference

18.1 NEIG -26 -13

19. Background Papers

19.1 None