**CABINET REPORT**

**Old Town Hall – Making the case**

**Report of Portfolio Holder: Councillor Jim McMahon, Cabinet Member for Regeneration and City Region**

**Report of the Director of Development and Infrastructure**

**Officer contact: Vicki Di Stasi, Principal Regeneration Officer**

Ext. 4003

26 January 2015

**Reason for Decision**

This report provides information on

1. the local economic benefits resulting from an agreement made with the construction contractor
2. the costs of the project
3. value for money

It provides public information on previous reports considered by Cabinet that were considered in private due to commercially sensitive items at the time.

**Recommendations**

1. That Cabinet note the contents of the report.
1. **Cabinet/Portfolio Member comments**

Few buildings have been as symbolic of Oldham’s decline as the Old Town Hall.

The landmark building was built in 1841 and extended when Oldham was at its industrial peak. The town generated wealth and as with other towns and cities across the country the Town Hall was a statement of civic pride.

The building ceased being an operational public building in 1990’s. A number of proposals were explored to give the building a new lease of life but for various reasons none came to fruition.

The building is both a credit to the town and a very serious financial liability. It offers a rare glimpse into the heritage of one of the most productive industrial towns in the world but had increasing become a problem without a viable solution.

During the last decade the building fell into serious disrepair eventually topping the Most Endangered Buildings list produced by the Victorian Society.

Urgent repair work was undertaken in 2010 to prevent further deterioration but at this point much of the damage had already been done.

There have been commentators who question whether the council should be ‘spending money’ on the Old Town Hall.

There was never an option open to the council which wouldn’t have involved spending a significant amount of money, even ‘doing the minimum’ has a cost.

This report is about making the economic and value for money case to the public of Oldham. The report uses expert research to industry standards to give confidence that the figures being used are as accurate as they can be.

It won’t satisfy those who refuse to accept any other view that their own regardless of the facts nor will it satisfy those with an in principle objection to the council doing anything other than managing decline.

The main purpose of the report is to be open and transparent about the project and to explain why we feel it is the best option.

We believe in investing in positive regeneration rather than simply managing decline we have the opportunity to change the fortunes of our town.

This will only happen with a concerted effort and accepting that if Oldham wants Oldham to change for the best, then we must collectively take responsibility for it.
2. Old Town Hall – Cost and Local Economic Benefit

2.1. This section of the report provides information on the costs, funding and value for money aspects of the project. The following sections give detail on the Local Economic Benefit targets from Morgan Sindall, the Council’s construction partner. In addition information from an independent study of the economic impact of the project is presented.

2.2. The project is for the redevelopment of the Old Town Hall as an 800 seat, 7 screen cinema and 7 café/restaurants and is seen as the cornerstone of the Town Centre regeneration. Odeon Cinemas Ltd agreed terms with the Council in March 2014 to become the cinema operator.

2.3. The strategic project aims are to:

- To secure a long term future of the Old Town Hall through its redevelopment as a family orientated cinema and restaurant complex.
- To secure an increase in visitors to Oldham town centre by creating a ‘leisure anchor’ as part of a wider cultural and retail offer.
- To secure an improvement in the customer experience when visiting the town centre by bringing back into use a vacant and semi derelict building and creating a high quality public realm
- To provide a catalyst for significant further investment as part of the transformational agenda for the town centre.

2.4. What is the projected cost of the project?

<table>
<thead>
<tr>
<th>Capital Cost Projection</th>
<th>£’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction (stages 1 and 2)</td>
<td>30,600</td>
</tr>
<tr>
<td>Fees/Cinema Fit out fees/Car Parking</td>
<td>4,126</td>
</tr>
<tr>
<td><strong>Total Old Town Hall Building Cost</strong></td>
<td><strong>34,726</strong></td>
</tr>
<tr>
<td>Base Public Realm Cost</td>
<td>2,000</td>
</tr>
<tr>
<td><strong>Project Cost</strong></td>
<td><strong>36,726</strong></td>
</tr>
</tbody>
</table>

2.5. How will it be paid for?

<table>
<thead>
<tr>
<th>Funding Source</th>
<th>Funded by</th>
<th>£’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oldham Council Financing</td>
<td>Borrowing financed from income</td>
<td>6,928</td>
</tr>
<tr>
<td>Oldham Council Funding</td>
<td>Approved Capital Programme</td>
<td>16,298</td>
</tr>
<tr>
<td>Oldham Council Funding</td>
<td>Contribution from reserves</td>
<td>10,000</td>
</tr>
<tr>
<td>Oldham Council Funding</td>
<td>Use of one off interim Airport Dividend</td>
<td>1,000</td>
</tr>
<tr>
<td>GM Integrated Transport Block Funding</td>
<td>Minor Works Bid 1</td>
<td>500</td>
</tr>
</tbody>
</table>
Notes explaining the funding sources above are detailed below:

**Oldham Council Financing**: Oldham Council takes out borrowing with the repayment and interest covered by rent and business rate income related to the building.

**Oldham Council Funding**: Oldham Council has an amount in its capital programme, which it will contribute to the project on the basis of ‘gap funding’ the development. The Council finances this through sale of surplus land and property but also from borrowing.

There will also be a contribution from reserves, (resources the Council has put to one side to support significant one off initiatives), to the project of £10m as documented in the council’s 2015/16 budget setting process.

The Manchester Airport Group in which the Council owns a stake is profitable and has made a one off interim dividend payment to the Council in the sum of £1m and this will be used to help finance the project.

**Greater Manchester**: The Greater Manchester Combined Authority administers a number of grants which local authorities are asked to bid for. The GM Integrated Transport Block Funding Minor works Bid 1 had been approved and is being spent and Bid 2 is expected to receive final approval in January 2015.

In addition to the above, it should be noted that there are a number of obligations falling to the Council as landlord in respect of maintenance, car parking and management. We are currently completing sensitive commercial negotiations in order to minimise Council liabilities so it is not appropriate to disclose these matters at this time.

### 2.6. Is the council contribution value for money?

In coming to an investment decision, the Council has considered a range of factors including the extent of liabilities, the net cost of investment to the Council and the opportunity to regenerate the building and wider town centre.

If the project wasn’t going ahead for whatever reason there would be a cost associated with ‘doing the minimum’.

A report commissioned by an independent advisor set out the extent of the liability which would have fallen to the Council in the event that a full refurbishment had not taken place. This is described as a “do minimum” option.

With the building having listed status a “do nothing” solution was not an option open to the council, and the ability to demolish was constrained by stakeholders. In addition
the level of building dilapidation and deterioration was such that immediate works were necessary to secure the structure and safeguard remaining heritage items.

The “do minimum” report therefore provides an estimate of the 25 year investment that the Council would have been required to make on the Old Town Hall Building if the decision had been taken not to fully refurbish the building to make it suitable for use. These costs are set out below:

<table>
<thead>
<tr>
<th></th>
<th>Cost NPV £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction</td>
<td>9,945</td>
</tr>
<tr>
<td>Maintenance</td>
<td>2,561</td>
</tr>
<tr>
<td>Operation/Security</td>
<td>3,657</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>16,163</strong></td>
</tr>
</tbody>
</table>

The table above demonstrates that the cost NPV of stabilising the building and maintaining it at a minimum level over 25 years would be £16.163m in Net Present Value (NPV) terms (NPV terms means costs presented in today’s values taking into account the time value of money). This maintains the building in a ‘hold’ position retaining the structure and heritage, but without an end use or occupational standard attained.

2.7. **Does the investment compare to the ‘do minimum’ option?**

The direct contribution of £26.3m from the council resources towards the project compares to £16.163m to simply stabilise the building.

This excludes any residual obligations to management, maintenance and car parking which are currently subject to sensitive negotiations.

The difference of £10.135m in the opinion of the council provides good value for money in that it secures a viable modern use for the historic building, creates jobs and economic activity in to the town centre.

2.8. **Does this represent good value for money?**

When taking into account value over just the cost, it is important to assess the economic impact the project will have on the town.

- **Jobs**
  - It is estimated the project will generate 74 Full Time and 159 Part Time jobs within the development and elsewhere in the town centre.

- **Economic growth**
  - On the basis of the above assumptions, it is estimated that the proposed scheme will generate £5.5 million of net additional GVA per annum.
within Oldham. Over 10 years this would equate to in excess of £55 million of additional economic activity.

- It is estimated that the cinema could attract approximately 214,000 visits per annum. Using evidence from the Northwest Day Visitor Survey, this number of visits could generate £2.4 million of expenditure elsewhere within Oldham town centre. Over 10 years this would equate to in excess of £24 million of additional economic activity.

3. CONTEXT AND PROGRESS TO DATE

3.1. Background

Regeneration is often perceived only as physical change but in order to deliver sustainable regeneration, the economic, social and environmental impacts of investment must be understood and optimised.

Oldham is changing and has seen significant financial investment in recent years including £430m in housing, £137m investment in education and £80m in healthcare facilities.

This trend is continuing driven by the Metrolink extension through Oldham town centre; Oldham College’s campus transformation; a new headquarters of First Choice Homes Oldham; and Oldham Council’s £100m capital programme.

The Oldham Prospectus and the Council Investment Framework sets out the ambition of the Council to create a Town Centre that offers;

- All of the amenities that local residents need and want
- A thriving base for business
- Attractions and events which draw visitors to the borough

Transformational projects such as changing the Old Town Hall into a multiplex cinema with cafes and restaurants are at the heart of the ambition. Other projects include;

- A brand new state of the art leisure centre in the Town Centre that will open in autumn 2015
- The development of an ‘independent quarter’ to promote unique businesses and provide space for independent arts and crafts businesses
- Plans are in place for a brand new Heritage Centre and a new Coliseum Theatre on Union Street
- New play facilities were opened in the Town Centre during the summer 2014

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.
The Old Town Hall has been the subject of various development proposals since the 1990’s, none of which were implemented by previous administrations. 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.

A feasibility study was undertaken in 2012 to establish possible future uses and the preferred solution was to develop the building into a cinema and restaurant complex. This is based on market demand, building location and its suitability to take the new uses whilst conserving as much of the historic building as possible.

Architects with specialist heritage experience were procured to produce designs which could accommodate and make use of the change in levels. A contemporary extension was proposed which provides a new entrance and foyer area to the cinema, overlooking a new pedestrian square. The introduction of the extension also provides the opportunity to create a good façade towards the square and Clegg Street, facing the shopping centre.

The current project is for the redevelopment of the Old Town Hall as an 800 seat, 7 screen cinema and 7 café/restaurants, and is seen as being the cornerstone of the Town Centre regeneration.

A 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.

Cabinet considered the Old Town Hall project at their meetings on 23 September 2013, 24 February 2014 and 29 September 2014 and approved a range of recommendations that included appointing Morgan Sindall to become the Council’s construction partner.

3.2. Condition of Building

Morgan Sindall were awarded the initial Pre Construction Services (PCS) contract in October 2013 and established a local presence in a Greaves Street office to deliver the services. The main focus of these services was to fully understand the complex; layout, condition, and heritage components present within the scheme and to prepare detailed bills of quantities, price and programme to inform the construction works delivery to transform this dilapidated building into a state of the art cinema and restaurant complex.

Rigorous surveys, inspections, monitoring and recording were carried out to satisfy stakeholder requirements and the information was utilised by the designers and the contractor to inform the technical design. During these surveys it was clear that the structure was in a far more deteriorated condition than was originally envisaged. The following summarises the works necessary due to the changes in building condition;

- More severe dry rot infestation, leading to major timber and plaster removal.
Significant additional heritage plaster repairs within the existing building.
Major heritage brickwork repairs to existing structures revealed on strip out.
Full scale timber lintel replacement above doorways and other openings.
Complex structural steelwork supporting structures threaded through building to support new loads.
Replacement of lead cappings to existing copings.
Parapet rebuilds.
Heritage advice / specialist support

The scheme went through a detailed final design to accommodate the Odeon requirements which were agreed in concept in March 2014. These designs were associated with; layout, acoustic control and vibration damping.

Embedding a cutting edge cinema solution into a multi-faceted listed building setting required an intricate design, which considered and addressed the following;

- Access and Egress for disabled and able bodied
- Auditoria sizing for optimum cinema operation
- Revised roof levels for auditoria screens.
- Concessions area open to concourse foyer.
- Acoustic requirement of auditoria wall
- Acoustic and vibration separation of floors.
- Supply and extract ventilation to cinema concourse.
- Cooling to upper and lower concourse.

Significant heritage reviews were carried out as part of the early works and the scale of rot impacted timber within the plasterwork was significant. Heritage plasterwork on the 1814 and 1871 buildings was particularly badly affected, with the timber formers behind the plaster mouldings requiring replacement, to make the finished product safe to include within the cinema demise.

Following completion of the design, detailed technical and commercial enquiries were then issued out to the market on over fifty different scope packages for the whole works.

The early works have hugely influenced the quality and quantity of information that went out to the market and has culminated in a robust commercial and technical response which significantly reduces the council's commercial risk on this major project.

An Enabling Works contract was awarded in February 2014 to carry out essential front end activities to help de-risk the main construction process and help preserve the second stage construction programme.

The activities carried out have helped mitigate the extremely poor condition of the building, which was revealed on strip out of the dry rot and wet rot. This rot had run through the structure following wet winters and dry humid summers in a building with limited ventilation.
Structural repairs have been carried out to the shell which was failing in many places, and heritage replacement of core material has been concluded.

The enabling works has helped secure a complex programme and with piling commencing, activities to support early steelwork erection in January 2015 are proceeding well, helping de-risk the project around the condition of the existing building.

It should be noted that this is an extremely complex refurbishment project. The significant efforts made by the project team, designers and contractor have constrained and de-risked the project, whilst maintaining the architects and clients vision for this scheme.

Completing the PCS and Enabling Works have greatly improved the council’s chances of completing this major renovation on–time for a spring 2016 completion.

Morgan Sindall submitted the Stage 2 tender return to the Council during September 2014. Third party review of the tender return by the project Quantity Surveyors (MACE) has confirmed that the open book approach and market testing of subcontractor and main contractor pricing has met the value for money criteria required under the stage 1 contract. The conclusion was that the stage 2 construction award be made to Morgan Sindall.

### 3.3. Local Economic Benefit

Morgan Sindall committed to a package of social value elements within their original response to the OJEU procurement. Discussions have taken place with Morgan Sindall to come to an agreement prior to signing the Get Oldham Working Construction Charter. This charter is a voluntary agreement that will commit them to achieving a range of Get Oldham Working outcomes for businesses and residents over the lifetime of the project.

Key Performance Indicators have been agreed with Morgan Sindall and are outlined in the table below:
# Key performance indicators, measures & outputs.

<table>
<thead>
<tr>
<th>No</th>
<th>KPI</th>
<th>Measure</th>
<th>Definition</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Training</td>
<td>1.1 Number of apprentices recruited from Oldham.</td>
<td>Residents of Oldham Borough.</td>
<td>30</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1.2a Number of apprentices recruited</td>
<td>Total number recruited</td>
<td>30</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1.2b Number of apprentices completing a NVQ level 2 qualification</td>
<td>Proportion of the total number recruited.</td>
<td>n/a</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1.2c Number of apprentices completing a NVQ level 3 qualification</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>1.2d Number of apprentices achieving full CSCS skill card certification</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>1.3a Number of Oldham employees involved in accredited workforce</td>
<td>Operatives in full employment (non-apprentices) achieving accredited</td>
<td>30</td>
</tr>
<tr>
<td></td>
<td></td>
<td>development schemes e.g. OSAT, CSCS skills card accreditation, H&amp;S</td>
<td>training as part of workforce development scheme.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>training etc.</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>1.3b Number of employees involved in accredited workforce development</td>
<td>Operatives in full employment (non-apprentices) achieving accredited</td>
<td>n/a</td>
</tr>
<tr>
<td></td>
<td></td>
<td>schemes e.g. OSAT, CSCS skills card accreditation, H&amp;S training etc.</td>
<td>training as part of workforce development scheme.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>1.4a Number of Oldham residents securing work experience placements</td>
<td>Oldham residents securing a temporary unpaid work placement, as part of</td>
<td>44</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>work taster/trial.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>1.5 Number of Oldham residents receiving pre-employment training</td>
<td>Through schemes such as passport to employment schemes and get into</td>
<td>28</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Construction for example</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Employment</td>
<td>2.1 Number of apprentices securing full employment, following</td>
<td>Secured within 6 weeks of completion, lasting more than 6 consecutive</td>
<td>n/a</td>
</tr>
<tr>
<td></td>
<td></td>
<td>completion of apprenticeship scheme.</td>
<td>months.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>2.2 Number of new jobs created.</td>
<td>Residents living in the Borough of</td>
<td>30</td>
</tr>
<tr>
<td></td>
<td>Supply Chain</td>
<td>2.3</td>
<td>Number of new jobs secured by Oldham residents</td>
<td>Residents living in the Borough of Oldham.</td>
</tr>
<tr>
<td>---</td>
<td>--------------</td>
<td>-----</td>
<td>-----------------------------------------------</td>
<td>--------------------------------------------</td>
</tr>
<tr>
<td>3.1</td>
<td>Percentage of total project costs spent with local supply chain</td>
<td>Supply chain located in the Borough of Oldham</td>
<td>5%</td>
<td></td>
</tr>
<tr>
<td>3.2</td>
<td>Percentage of total project costs spent with local supply chain</td>
<td>Supply chain located in Greater Manchester</td>
<td>55%</td>
<td></td>
</tr>
</tbody>
</table>
Morgan Sindall are working with the Greater Manchester Construction Group Training Association (GTA) on the recruitment of the apprentices which has meant that we have pushed them to create 30 apprenticeships positions. The apprentices will be guaranteed at least 12 weeks minimum work with Morgan Sindall and their supply chain but in reality it will be a lot longer. The GTA model will allow the apprentices to move onto other schemes and given the pipeline of work available and the companies they are working with they could provide enough on-site experience for them to complete their apprenticeships. Morgan Sindall are making it a contract condition that their supply chain recruits local apprentices through the GTA to work on the Old Town Hall.

In addition, Morgan Sindall have agreed to create 30 new jobs that is an increase on their original offer of 20. There are also offering work experience placements to 44 residents and linkages will be made with Construction Boot Camps and Job Clubs.

The local supply chain KPI target is set at a level that reflects the specialist nature of the project. The project and Get Oldham Working teams have worked closely with Morgan Sindall to monitor what they have done in terms of going out to the supply chain and the info that they received from local businesses – including those they went out to, the prices and specs they returned and those that did not quote for the project. In some instances, Morgan Sindall has returned to local suppliers to ask them to re-quote when the original price has not been competitive.

In addition, Morgan Sindall have been asked to use local materials where possible to try to go some way to compensate for the low supply chain figure. This activity will not be formally monitored but they have agreed to report back on this activity.

Morgan Sindall has been working with the Get Oldham Working team during the Enabling Works stage of the project as reported to Cabinet on 29 September 2014. The Council team worked with Search Recruitment (Morgan Sindall’s recruitment partners) to promote a range of temporary job opportunities to our networks. These jobs included General Construction Operatives and Gatemen positions. Search Recruitment has also attended a number of Work Club meetings to talk about these opportunities directly with Get Oldham Working clients. As a result, 67 clients were interviewed, out of these 15 were offered positions and 13 actually took up the positions.

Morgan Sindall has regularly attended the Oldham and Rochdale Construction Network meetings to ensure that local business know about the supply-chain opportunities available from the refurbishment of the Old Town Hall. They also recently held a joint meet the buyer day with Willmott Dixon to help establish a link with local businesses.

4. Economic Impact Analysis

The Council has procured an assessment of the local economic benefits that are expected to be generated through the conversion and extension of Oldham’s Old Town Hall. The analysis of benefits focuses mainly upon the potential employment
and Gross Value Added (GVA) impacts and has been undertaken at an Oldham district spatial level.

Key benefits arising from the conversion and extension of the Old Town Hall are expected to include:

- the creation of new employment floor space;
- temporary construction jobs;
- gross permanent jobs;
- net additional jobs;
- net additional GVA; and
- wider impacts.

Each of the above benefits are assessed in turn below. The assessment of economic impact has been based on proposals developed by BDP (specialist heritage architects based in Manchester) for a scheme to convert and extend the existing building into a seven screen, circa 800 seat cinema with family restaurants.

4.1. New employment floor space

The proposed conversion and extension of the Old Town Hall will result in the creation of new employment floor space. The mix and quantum of floor space that is expected to be delivered is set out in Table 1 based on the development appraisals prepared by Tushingham Moore. Overall, it is estimated that the scheme will create around 5,464 sq. m of space for employment uses, of which circa 3,454 sq. m will be taken up by the new cinema.

<table>
<thead>
<tr>
<th>Table 1: Schedule of employment floor space</th>
</tr>
</thead>
<tbody>
<tr>
<td>Use</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Cinema</td>
</tr>
<tr>
<td>Food &amp; drink</td>
</tr>
<tr>
<td><strong>Total</strong></td>
</tr>
</tbody>
</table>

*excludes landlord space and retail storage

4.2. Temporary construction employment

Employment will be generated through the construction of the proposed scheme. The level of this employment effect can be estimated through assessing the expected construction expenditure associated with the scheme. Oldham Council has advised that the estimated cost of development will be approximately £30.6m, with associated civic works of between £2m and £3m.

Based on the Annual Business Survey (ABS), average turnover per employee within the construction sector is approximately £150,000. A cost of circa £33m would therefore be expected to generate 220 person years of employment. This is the
equivalent of 22 full-time equivalent (FTE) jobs, based on the convention that ten person years of employment is comparable to one FTE job.

4.3. Gross permanent employment

The gross permanent employment impact of the proposed scheme, taking into account the effect of the scheme in term attracting new activity to the wider town centre, will occur through the following mechanisms:

- on-site employment – job opportunities will arise through the provision of new employment accommodation on site; and
- visitor expenditure – employment supported by additional off-site expenditure by visitors to the new cinema and restaurants.

The assessment of the gross employment impact on-site is based upon benchmark employment density data set out within guidance produced for the Homes and Communities Agency (HCA).1 The benchmarks applied to each of the activities proposed are as follows:

- cinema – 90 sq m (GIA) per full-time equivalent job; and
- food and drink – 21 sq m (GIA) per full-time equivalent job.

These density ratios have been applied to the floor space figures set out above in order to derive an estimate of the total number of jobs that could be accommodated in the new and refurbished floor space. In total some 134 gross on-site jobs would be created (see Table 2).

<table>
<thead>
<tr>
<th>Use</th>
<th>Employment impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cinema</td>
<td>38</td>
</tr>
<tr>
<td>Food &amp; drink</td>
<td>96</td>
</tr>
<tr>
<td>Total</td>
<td>134</td>
</tr>
</tbody>
</table>

Based upon estimates set out in the WYG Retail and Leisure Study (2009), it is estimated that the cinema could attract approximately 214,000 visits per annum. Using evidence from the Northwest Day Visitor Survey, this quantum of visits could generate £2.4m of off-site expenditure (2012 prices) within Oldham town centre.

It is anticipated that the majority of this spend would be captured by businesses in the retail and food and drink sectors. According to ABS data, some £118,000 of expenditure would support one full-time equivalent job within these sectors. On this basis, it is estimated that off-site expenditure could potentially support up to 20 jobs within Oldham town centre.

Factoring in both on-site and off-site impacts, it is estimated that the proposed conversion and extension of the Old Town Hall could result in the creation of 154 gross jobs (see Table 3).

Table 3: Gross on-site and off-site employment (full-time equivalent)

<table>
<thead>
<tr>
<th>Employment impact</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>On-site employment</td>
<td>134</td>
</tr>
<tr>
<td>Off-site employment</td>
<td>20</td>
</tr>
<tr>
<td>Total</td>
<td>154</td>
</tr>
</tbody>
</table>

Based on Annual Survey of Hours and Earnings (2011) data, it is estimated that that the 154 full-time equivalent jobs would equate to 233 permanent positions – some 74 full-time and 159 part-time. Table 4 sets out the estimated number of full-time and part-time permanent jobs on and off-site.

Table 4: Gross on-site and off-site employment (permanent positions)

<table>
<thead>
<tr>
<th></th>
<th>Full-time</th>
<th>Part-time</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>On-site employment</td>
<td>60</td>
<td>132</td>
<td>192</td>
</tr>
<tr>
<td>Off-site employment</td>
<td>14</td>
<td>27</td>
<td>41</td>
</tr>
<tr>
<td>Total</td>
<td>74</td>
<td>159</td>
<td>233</td>
</tr>
</tbody>
</table>

4.4. Net additional employment

In determining the net additional impact the key issue to be addressed is the additionality of the scheme – the extent to which activity takes place at all, on a larger scale, earlier or within a specific designated area or target group as a result of the intervention. In order to assess the additionality of the proposals, the following factors need to be considered:

- leakage – the proportion of outputs that benefit those outside of the project’s target area or group;
- displacement – the proportion of project outputs accounted for by reduced outputs elsewhere in the target area. Displacement may occur in both the factor and product markets;
- multiplier effects – further economic activity associated with additional local income and local supplier purchases; and
- deadweight – outputs which would have occurred without the project.

The approach to assessing the net additional impact of a project, taking into account the above adjustments, is shown diagrammatically in Figure 1.
The assessment of additionality has been undertaken at the Oldham district level. On the basis of best practice guidance\(^2\), the following adjustments for additionality have been made:

- leakage – a leakage rate of 10% has been adopted;
- displacement – a displacement rate of 37.0% has been adopted;
- multiplier effects – a composite multiplier of 1.32 has been applied; and
- deadweight – this is assumed to be zero on the basis that in the absence of intervention to bring the building back into active use, it is likely that the Old Town Hall would remain vacant, at least for the foreseeable future.

Table 5 summarises the estimated net additional permanent employment impact associated with the proposed scheme. It is estimated that conversion and extension of the Old Town Hall could create some 115 net additional jobs within Oldham.

\(^2\) BIS (2009), *Research to improve the assessment of additionally.*
4.5. **Net additional GVA**

An assessment has been undertaken of the net additional GVA generated as a result of the additional permanent jobs expected to be created as a result of the proposed scheme. The assessment of net additional GVA has been based on the following assumptions:

- the net additional job estimates have been adjusted to no longer account for leakage, as GVA is a work-place based measure; and
- an average GVA per employee figure of £43,300 has been applied to the adjusted estimates of net additional employment.

On the basis of the above assumptions, it is estimated that the proposed scheme will generate £5.5m of net additional GVA per annum within Oldham. Assuming that the economic life of the project is at least 10 years, this would equate to in excess of £55m of additional economic activity.

4.6. **Wider benefits**

In addition to the employment and GVA impacts of the proposed scheme described above, the conversion and extension of the Old Town Hall will lead to a number of other wider economic, social and environmental benefits. Although these wider benefits are difficult to quantify, they are nevertheless important in relation to the revitalisation of the town centre.

A review of case study evidence set out within research commissioned by English Heritage suggests that investment to enhance historic buildings has the potential to deliver significant economic benefits, attracting greater levels of use, enhancing the turnover of businesses within the vicinity and resulting in an overall increase in the level of economic activity. Moreover, bringing the Old Town Hall back into use will help to demonstrate the potential for growth within the town centre as a whole.

In its vacant state the Old Town Hall contributes to negative perceptions of the image of Oldham town centre. Given the proximity of the site to the main retail centre, failure to attract occupants and investment paints a negative picture of the strength of the local market. While it stands as one of the most important local buildings, its deterioration can perhaps be viewed as symptomatic of wider trends within Oldham. On this basis, there is a clear need to deliver investment to demonstrate a step change in ambitions to reinvigorate the town centre.

The Oldham Retail and Leisure Study (2009) highlights the risk that the performance of the town centre could potentially be constrained by a lack of representation in key sectors. In particular, the lack of an appropriate leisure offer within the centre has

---

3 GVA is a measure of the economic value of goods and services produced in an area. It is defined by the Office for National Statistics (ONS) as “...the difference between the value of goods and services produced and the cost of raw materials and other inputs which are used up in production.” As such, GVA is an important economic indicator of the level of economic activity and productivity within an area.

4 Source: Annual Business Survey / Business Register and Employment Survey.

been emphasised, particularly in relation to cinema and other family orientated activities. The study indicates that this has had a detrimental impact upon other sectors, particularly retail and restaurant businesses.

Given the emphasis placed upon diversifying the leisure offer within the town centre, attracting a cinema operator is considered to offer significant potential in terms of delivering a transformational impact. It will diversify the leisure offer, attract visitors to the town centre and result in an increase in trade for adjacent businesses within the retail and food and drink sectors.

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. In particular, the scheme could result in social and community benefits as a result of:

- **increased economic activity** – the scheme will create employment opportunities for people living within local communities. Given the proposed uses, it is likely that the majority of this employment will be accessible to people residing in locally deprived communities;
- **civic pride and sense of identity** – the Town Hall was originally constructed in response to civil unrest with the aim of promoting enhanced civic pride. Recent evidence from 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. Ensuring a sustainable future for key aspects of the building will ensure that it can continue to contribute to the identity of Oldham;
- **place vitality** – the concept of place vitality is intrinsically linked to the use of spaces and activities that take place within the urban environment on a day-to-day basis. Places that have vitality are vibrant and attractive to businesses and individuals. They are places where people want to live, work and visit. 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** – proposals for the Old Town Hall would see it transformed to provide a range of leisure and food and drink related uses. On this basis it is envisaged that it would result in the creation of a destination within the town centre – a place where local residents can meet and engage in social activities; and
- **community safety** – the scheme will enliven the area surrounding the Town Hall. It will create active facades and promote higher levels of activity. In particular, attracting a cinema operator could result in significant benefits in terms of community safety. Establishing a cinema in this location would extend activity within the town centre into the evening. It would also encourage a wider section of the community in the centre, including families. This would help to combat negative perceptions of the centre, particularly associated with the existing bar and nightclub scene.

5. **Finance Implications**
5.1. As commented on in the body of the report
6. **Legal Implications**  
6.1. The Council’s Contract Procedure Rules and Land and Property Protocols have been complied with

Rebecca Coldicott (Group Lawyer)

7. **Co-operative Agenda**  
7.1. The Council are developing a family leisure attraction which would be attractive to all sections of the community

8. **Get Oldham Working**  
8.1. This is covered in the body of the report

9. **Human Resources comments**  
9.1. None

10. **Risk Assessments**  
10.1. The project team regularly hold risk workshops and maintain a risk register.

11. **IT Implications**  
11.1. None

12. **Property Implications**  
12.1. Regeneration Property comments – As commented in main body of the report  
12.2. Corporate Property comments – comprehensive refurbishment of the asset will reduce future repair and maintenance liabilities for the Council. Securing a sustainable use will protect the Council’s investment.

Cath Conroy (Head of Asset Management and Estates)

13. **Regeneration Implications**  
13.1. As commented in main body of the report

14. **Procurement Implications**  
14.1. The main contractor, Morgan Sindall, was secured via an OJEU Restricted procurement route in line with EU Regulations.
14.2. The contract is a 2 stage Design and Build approach and the initial stage was awarded in September 2013 and enabling works commenced at the site.

14.3. Morgan Sindall has tendered all of the work packages to secure the most cost effective solution.

Karen Lowes (Head of Strategic Sourcing)

15. **Environmental and Health & Safety Implications**
15.1. The provision of a newly refurbished Town Hall cinema and restaurant complex, will improve the environment and health and safety for members of the public.

16. **Equality, community cohesion and crime implications**
16.1. None

17. **Equality Impact Assessment Completed?**
17.1. No

18. **Key Decision**
18.1. No

19. **Background Papers**
The following is a list of background papers on which this report is based in accordance with the requirements of Section 100(1) of the Local Government Act 1972. It does not include documents which would disclose exempt or confidential information as defined by the Act:

- Cabinet Paper Part A 23 September 2013
- Cabinet Paper Part A 24 February 2014
- Cabinet Paper Part A 29 September 2014