Report to CABINET

Eastern Gateway and Prince’s Gate at Oldham Mumps Development

Portfolio Holder: Cllr Jean Stretton, Cabinet Member for Economy and Enterprise (Leader)

Officer Contact: Tom Stannard, Director of Economy & Skills

Report Author: Roger Frith, Head of Regeneration & Development Ext. 4120

Julie Burke, Principal Regeneration Officer Ext. 4290

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Reason for Decision

To seek Cabinet approval for the delivery strategy for the retail and hotel elements of the Prince’s Gate development.

Executive Summary

The Mumps Area/Eastern Gateway is a key area of opportunity and a catalyst for the regeneration of the Town Centre and the wider area. Development of the TfGM Park and Ride site at Mumps/ Prince Street and the adjoining land and buildings on Rhodes Bank is the first phase of a wider Masterplan, prepared in 2014, which sets out a vision for a new Town Centre residential neighbourhood and a major new retail development to bolster Oldham’s Town Centre retail offer.

In order to release the retail site for development, a replacement TfGM Park & Ride facility was required. The replacement car park was completed in January 2017, with the land swap completing mid-March 2017.

An outline proposal has been approved in principle by several interested parties who have now provided offers for the site. The offers vary in their terms with regards to lease or sale. The offers have been appraised by officers and external consultants. Whilst any agreement would be subject to a number of conditions precedent, the Council is now in a position to decide on the delivery strategy for Princes Gate.
Recommendations

That Cabinet:

1. Approves the delivery strategy for Princes Gate Site A.

2. Approves the delivery strategy for Princes Gate Site B.

3. Notes the current proposals in the delivery strategy for the remaining sites, approval of which will be sought subsequent to this report:

4. Authorises further recommendations as outlined in the report in Part B of this agenda.
Eastern Gateway and Prince’s Gate at Oldham Mumps Development

1.0 Background

The Oldham Prospectus and Investment Framework (2013) identifies the Mumps Area/Eastern Gateway as a key area of opportunity and catalyst for the regeneration of the Town Centre. In December 2012 the Council and Transport for Greater Manchester (TfGM), who have significant land interests in the area, signed a Memorandum of Understanding to agree to work together to identify and develop investment opportunities in the area.

Key to the regeneration of the wider area is the development of the TfGM Park and Ride site at Mumps/Prince Street and the adjoining land and buildings on Rhodes Bank. The development of these sites is seen as the key to the future redevelopment of the Prince St, Yorkshire St and Eastern Gateway area in the new tram era.

The Prince’s Gate retail scheme is the first element of the Eastern Gateway Masterplan to be brought forward. The masterplan sets out a vision for a new Town Centre residential neighbourhood of new homes homes, together with new retail development to bolster Oldham’s Town Centre retail offer, and build upon the wider improvements within the Town Centre, such as the transformation of the Old Town Hall.

Cabinet at its meeting on 17th November 2014 agreed to a series of recommendations towards implementing the masterplan.

2.0 Current Position

2.1 Mumps Metrolink Park and Ride

The replacement TfGM Park & Ride was completed in January 2017, with the land swap completing mid-March 2017.

2.2 Prince’s Gate Retail Design

Following the decision by M&S not to progress with the full line department store in November 2016, officers have been in dialogue with interested parties regarding a revised scheme. This scheme has been approved in principle by those interested parties.

Should the Council approve the delivery strategy, due to the substantial change from the original scheme, the original design team would have to be re-procured.

The revised scheme avoids BT fibre optic cables and the need to divert the deep sewer beneath the site which had contributed to significant time and financial costs in the original scheme.

The current layout plans provide for the following:
- 50,300 sqft new retail space;
- 68 bed hotel;
- 206 parking spaces.

2.3 Fees

A new multi-disciplinary design team (MDT) will need to be procured. The delivery strategy decided upon will determine the amount of revenue required for design fees.
2.4 Planning Strategy

The previous retail scheme was approved by the planning committee in April 2016, but due to the material change for the revised scheme on Site A, a full planning application would need to be submitted. The proposals for Site B are consistent with that approved plans therefore a reserved matters application could be submitted for the Hotel scheme. A reserved matters application on site B would also preserve the consent for the listed Old Bank building.

3.0 Occupiers

3.1 Site A – Food Retailers

Outline Heads of terms have been offered from three food retailers and are covered in the Part B report.

3.2 Site B – Hotel

Outline Heads of terms that have been offered are covered in the Part B report.

3.3 Site C - Residential

It is proposed that the whole of Site C is now developed for residential use. The preferred delivery strategy will have an effect on the total expected cost of the development, offset by the risks retained by the Council. An appraisal of the delivery strategy options is required and yet to be commissioned.

3.4 Site D - Residential

As aforementioned, a reserved matters application on site B would also preserve the consent for the Grade II listed Old Bank building on Mumps. The original scheme had proposed the conversion and extension to the building for residential use and there is no cause to alter this proposal. The scheme would seek to develop 46 new apartments for private sale or rent. Currently a 6 months exclusivity agreement has been given to a private developer to review the development and undertake their own due diligence.

4.0 Proposed Delivery Strategy

Desk top appraisals have been produced by external consultants based upon projected construction costs, current market rents and investment yields based upon two options outlined in 4.1 and 4.2. The returns from the combined development of sites A&B would not be sufficient to attract a private sector commercial delivery partner.

4.1 Option 1

The Council to Self-deliver Sites A and B.

4.2 Option 2

The Council to sell Site A to a food retailer and self-deliver Site B.

4.3 Option 3

Do nothing; do not approve the recommendations.
4.4 **Preferred Option**

Option 2.

5.0 **State aid Implications**

State aid implications are covered in Part B of the report however the state aid position will continue to be under full scrutiny throughout the duration of this development.

6.0 **Consultation**

None.

7.0 **Financial Implications**

Financial implications are covered in the Part B report.

8.0 **Legal Services Comments**

Legal implications are covered in the Part B report.

9.0 **Co-operative Agenda**

This report is intended to build upon Oldham’s Council’s Corporate Plan “Delivering a Co-operative Oldham” (updated 2013) and in particular one of its key objectives – ‘A productive place to invest where business and enterprise thrive’.

There are 4 key work programmes within the Corporate Plan that will help achieve this objective;
- Invest in Oldham
- Get Oldham working
- Destination Oldham
- Campaigning Oldham

The recommendations contained within this report are intended to make a significant contribution to the Corporate Plan and the key work programmes listed above.

10.0 **Human Resources Comments**

Not applicable.

11.0 **Risk Assessments**

As set out in the Part B report.

12.0 **IT Implications**

None envisaged.

13.0 **Property Implications**

Property implications are set out in the Part B report.

14.0 **Procurement Implications**

Procurement implications are covered in the Part B report.
15.0 Environmental and Health & Safety Implications

The provision of new retail and residential, with associated improved public realm and connectivity to Yorkshire Street will improve the environment and health and safety of users and members of the public.

16.0 Equality, community cohesion and crime implications

None.

17.0 Equality Impact Assessment Completed?

No.

18.0 Key Decision

Yes.

19.0 Key Decision Reference

ECEN-12-16

20.0 Background Papers

None.

21.0 Appendices

None.