

**Report to CABINET**

## **Disposal of land at Southlink**

**Portfolio Holder:**

Councillor Hannah Roberts - Cabinet Member for Housing

**Officer Contact:** Emma Barton, Executive Director for Place and Economic Growth

**Report Author:** Bryn Cooke, Head of Housing

**Ext.** 4134

**21<sup>st</sup> March 2022**

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### **Reason for Decision**

To seek Cabinet approval for the Council to carry out a competitive land sale of vacant and derelict brownfield land at Southlink together with land owned by Greater Manchester Passenger Transport Executive (GMPTE) to enable the site to be developed for new housing.

### **Recommendations**

Cabinet is requested to approve that:

- A competitive land sale exercise is completed to secure an appropriate developer for Southlink.
- The decision for the subsequent disposal of the land is delegated to the Executive Director for Place and Economic Growth in partnership with the Cabinet Member for Housing. Insert Emma's new title

Cabinet is asked to delegate authority to the Director of Legal Services or their nominated representative to sign and/or affix the Common Seal of the Council to all contractual documentation and associated or ancillary documentation referred to above and/or required to give effect to the authorisations, delegations and recommendations in this report.

## Disposal of land at Southlink

### 1. Background

- 1.1 This report relates to the redevelopment of the unutilised and vacant brownfield land to the south of the former Oldham Mumps Metrolink Station. The site, known as 'Southlink' previously contained the original Oldham Mumps Railway Station which closed completely in 2009 and has since been demolished. Covering around 3.5 hectares, the site is owned by Oldham Council and TFGM, (approximately 54% and 46% respectively).
- 1.2 In July 2020 the Greater Manchester Combined Authority was awarded an initial allocation of £81.1 m over a 5-year period following a Government announcement with regards to a national pot of £400 m Brownfield Housing Land Fund (BHL).
- 1.3 BHL provides grant support to bring forward residential development on brownfield sites. The grant can be used to address remediation issues, access works or service diversion and provision required to make sites deliverable. The grant is used to support schemes that would otherwise be unviable. The funding cannot be used as revenue.
- 1.4 Bids were submitted in a number of tranches and GMCA agreed the prioritisation criteria focusing on deliverability, value for money and strategic fit. Under Tranche 2, Oldham Council and Transport for Greater Manchester (TFGM) were provisionally allocated up to £4.502M BHL Grant funding based upon a GMCA led proposal (working directly with TfGM) to develop 265 apartments at Southlink.
- 1.5 In September 2021, Cabinet approved that the grant for Southlink should be provisionally accepted. In order to meet the grant requirements, set by Greater Manchester Combined Authority (GMCA) for Tranche 2 applications, the following development milestones must be met, or the Grant risks being re-allocated to other schemes within Greater Manchester:

Milestones	Date
Collaboration agreement signed	28th February 2022
Competitive Land Sale exercise commences	8 <sup>th</sup> April 2022
Developer partner selected	30 <sup>th</sup> June 2022
TfGM / OMBC approval for selected Developer partner	31 <sup>st</sup> July 2022
Planning application submitted	30 <sup>th</sup> September 2022
Planning decision	15 <sup>th</sup> January 2023
Start on Site	31 <sup>st</sup> March 2023

### 2. Delivery Options

- 2.1. CBRE were appointed in September 2020 to prepare a development brief and provide delivery strategy and developer selection advice to the council for the proposed developments at Derker and Southlink in order to meet the requirements of the BHL Grant Funding timetables.

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- 2.2 The CBRE Advice explored three options for bringing the site at Southlink forward for development which were:
1. Direct development by the Council.
  2. Procurement of a private sector development partner under the public contract regulations 2015.
  3. Land sale to a Developer.

The first option was discounted because of the risk it would place on the council and the significant resources, both expertise and finance, that would be required.

- 2.3 A fully compliant procurement exercise to appoint a developer partner in accordance with the Public Contracts Regulations (PCR) 2015 through a competitive tendering process is a tried and tested route. However, using this approach, the Council would be highly unlikely to complete the procurement exercise and other steps necessary, such as secure full Planning Permission, in time for the preferred partner to be on site by March 2023. CBRE have provided a timetable detailing this option and the earliest start on site date would be after April 2023. This would mean that the BHL grant offer would be withdrawn and reallocated to another scheme within GM.
- 2.4 A land sale to a preferred developer sits outside the PCR (2015). It would require due diligence to be undertaken by the Council on the suitability of the developer and appropriate contractual arrangements being put in place, including a buy back agreement, to ensure that the project is delivered in accordance with the BHL grant requirements. A competitive process is proposed to be undertaken to ensure the Council secures the best value offer for the site.
- 2.5 Independent Legal Advice has been obtained from Brabners LLP and concluded that with careful structuring, the transaction would not be considered a Public Works Contract and would therefore sit outside of the regulations.

### **3 Current Position**

- 3.1 A Planning Development Brief has been drawn up to provide a planning and design framework to guide the redevelopment of the site. The brief includes an illustrative concept plan, provisional development schedule and indicative viability assessment to inform the disposal exercise so that any offer is aligned with the Councils, TFGM's and GMCA's delivery expectations and requirements.
- 3.2 The viability work showed that an apartment led scheme, even with BHL Grant support would simply not be viable due to the low rents and values in the area, combined with the high abnormal construction costs relating to the former use and topography of the land. As such it is likely that any proposed scheme would be high-density low-rise housing with a revised density of around 50 dwellings per hectare, giving a scheme of around 120 homes. The exact proposals will not be known until the competitive land sale process is completed and the final revised BHLF allocation will also not be determined until an agreed scheme has been approved by both Oldham Council and TfGM as landowners.
- 3.3 In developing the Brief a series of technical assessments have been undertaken to inform the illustrative masterplan, development parameters and viability and these will help bidders prepare accurate offers for the land:
- Ground Conditions and Coal Mining Risk Assessment (Phase I and II)
  - Archaeological Desk-Based Assessment
  - Utilities Survey

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- Sustainable Transport, Highways, Access and Parking
  - Preliminary Ecology Survey and
  - Initial Biodiversity Net Gain Calculation
  - Tree Survey
  - Topographic Survey
  - Flood Risk and Drainage
  - Air Quality
  - Noise

3.4 The competitive land sale process offers developers an opportunity to:

- Effectively utilise vacant brownfield land
- Embed zero/low carbon technologies and construction methods to create highly sustainable new homes
- Deliver quality homes to meet the acute market and affordable housing needs in Oldham
- Deliver new homes in a highly accessible location close to public transport provision, shops, amenities, services and facilities; and
- Generate significant economic, social and environmental benefits locally.

### **3 Options/Alternatives**

#### **3.1 Option 1: Dispose of Southlink via a Competitive Market Sale Exercise**

The CBRE report confirms that a development partner can be selected to bring forward residential development on the Southlink site via a market sale process which can commence on the 8<sup>th</sup> April 2022 (or preferably earlier) as soon as all the relevant site information is available for the marketing prospectus.

#### **3.2 Option 2: Dispose of Southlink site using a procurement framework.**

CBRE considered alternative procurement routes to select a development partner in accordance with the Public Contracts Regulations (2015), through a competitive tendering process.

Procurement routes included the Homes England Dynamic Purchasing System and the Pagabo Framework. The relative merits of both routes were considered in the report together with the respective timescales against the project milestones.

The analysis concluded that while this is a tried and tested approach to select a development partner that would achieve all the project objectives, the complexity of the Southlink site and the time that it is taking to assemble all the relevant site information that would inform such as process (which is still ongoing), has meant that there is insufficient time in the project programme to undertake a procurement process as this will require a minimum of 3 months.

In summary, there is insufficient time in the project programme to run a procurement process that would also meet the BHL grant deadline. This means under this option, Southlink would remain undeveloped.

#### **3.2 Option 3: Dispose of Southlink via a Council led procurement exercise.**

CBRE highlighted in their report that there would be no time savings with a Council led procurement exercise when compared to Option 2 above, which means that the outcome would be the same, i.e. insufficient time to meet the BHL grant deadline. The Southlink site would not be developed.

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3.3 Option 4: Do not dispose of the site.

'Do nothing' is not the preferred option for the site as this would not meet the Council's 'Creating a Better Place' regeneration and housing development objectives. The availability of the BHL grant is in place for a specific purpose which is to off-set the viability gap and bringing forward challenging brownfield sites such as Southlink for residential development, and every opportunity should be taken to draw down the funding to make development happen.

**4 Preferred Option**

4.1 Options 1 is the Preferred Options as the opportunity of grant funding to help deliver Southlink may not be available again in the future. The site has been vacant for some time and BHL Grant will enable high quality housing to be delivered on the site.

**5 Consultation**

5.1 The Portfolio-holder for Housing has been consulted and is supportive.

**6 Financial Implications**

6.1 Contained within the Part B Closed Report.

(James Postle)

**7 Legal Services Comments**

7.1 Contained within the Part B Closed Report.

(Rebecca Boyle – Group Solicitor, Rebecca Butterworth – Solicitor, Corporate Team)

**8. Co-operative Agenda**

8.1 The funding will enable a mix of new homes to be built on long term vacant and derelict site. Any proposed scheme will likely include a mix of affordable housing which will be let to those on housing need on the Housing Register.

(Ben Hill – People and Place)

**9 Human Resources Comments**

9.1 Not applicable

**10 Risk Assessments**

10.1

Mark Stenson, Head of Corporate Governance

**11 IT Implications**

11.1 Not applicable

**12 Property Implications**

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12.1 Property comments are as described in this report.

Ben Hill, People and Place

13 **Procurement Implications**

13.1 Contained within the Part B Closed Report.

(Emma Tweedie, Procurement)

14 **Environmental and Health & Safety Implications**

14.1 Not applicable

15 **Equality, community cohesion and crime implications**

15.1 Not applicable

16 **Implications for Children and Young People**

16.1 None

17 **Equality Impact Assessment Completed?**

17.1 No

18 **Key Decision**

18.1 Yes

19 **Key Decision Reference**

19.1 HSG-04-22

20 **Background Papers**

20.1 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:

Contact the report author for background papers.