

Report to CABINET – Part A

Town Centre Private Sector Partnership

Portfolio Holder:

Cllr Arooj Shah – Leader and Cabinet Member for Reform and Regeneration

Officer Contact:

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Ext. 4702

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Reason for Decision

Following the completion of a competitive procurement process, this report seeks approval to appoint the preferred bidder in the role of Private Sector Partner (“PSP”) initially for period of 15 years with an option to extend the arrangement by a further 10 years, subject to agreement at that time.

Executive Summary

Cabinet has previously supported the following recommendation within the context of the wider approved housing delivery programme:

- Short to Medium Term: Select a Strategic Development Partner to progress development of the strategic town centre residential sites with the Council. Prioritising Council resource and investment to help establish a housing market in the town centre.

Recommendations

Cabinet are asked to approve the recommendations as set out in detail in Part B of this report, but in summary reference:

- the selection of the preferred bidder following the completion of a competitive tender procedure for the appointment of a private sector delivery partner for the development and regeneration of key strategic sites in Oldham Town Centre.

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- that a Master Development Agreement and all accompanying contractual documentation are entered into with the preferred bidder to formalise their selection as private sector delivery partner for the development and regeneration of key strategic sites in Oldham Town Centre.
 - delegated approval to the Executive Director of Place, the Director of Legal Services, the Director of Finance (or their nominees), to establish and enter into and manage all related or required partnership and ancillary agreements, processes and documentation and associated boards and governance structures which may be required throughout the term of the partnering arrangement to deliver the development and regeneration of key strategic sites in Oldham Town Centre and the Council's objectives. This will be inclusive of the Master Development Agreement, Outline Business Plans and Detailed Business Plans and all other supporting documents as required or as set out or referred to in this report.
 - delegated approval to the Executive Director of Place, the Director of Legal Services, the Director of Finance (or their nominees), to procure, appoint, enter into contracts in respect of, and fund all required external consultancy to support in-house provision relating to the development and regeneration of key strategic sites in Oldham Town Centre across legal; finance; real estate; procurement; planning; environmental and social, inclusive of any other required external support in the required configuration to support the Council in delivery of the Project.
 - delegated approve and authorisation to the Director of Legal Services or their nominated representative to sign and/or affix the Common Seal of the Council to all contracts/agreements/documents and associated or ancillary paperwork to give effect to the recommendations in this report.

Town Centre Private Sector Partnership

1 Background

- 1.1 The Creating a Better Place Programme sets out a bold vision for Oldham town centre and wider borough embedded within a £285m strategic framework. Creating a Better Place is an ambitious plan which seeks to transform Oldham and unlock opportunities to secure the future of our town and ensure it thrives.
- 1.2 The strategic objectives relating to the Creating A Better Place programme have been set out in the **Oldham Town Centre Development Prospectus** published in 2022 and also contained in Appendix A of this report and are defined as:
- **New Town Centre Homes:** Enables core town centre regeneration proposals to be brought forward into delivery by releasing sites for redevelopment, particularly Housing.
 - **Reduction in Asset Cost Base:** Enables the Civic Centre and other buildings to be vacated meaning lease agreements, backlog maintenance and reactive maintenance costs can be reduced.
 - **Regeneration and Town Centre Activation:** Increase footfall and activation of the centre through intervention, reduction of void space in prime retail areas to consolidate and improve the town centre offer – create a destination for North Manchester and Oldham.
 - **Championing a Green Recovery:** Supporting the Green New Deal embedding sustainability and net zero carbon ambitions within the project.
 - **Social Value Benefits:** Provide opportunities for Employment, Learning, Skills and Social contributions across the design, procurement, delivery, and operation phases of the projects.
- 1.3 Within the context of the Town Centre, a significant opportunity exists to accelerate the delivery of 2,000 new homes across a number of key strategic sites, and additional opportunity sites.
- 1.4 The delivery of housing volumes at this scale and size will help to realise a number of direct and indirect benefits:
- Help to meet the overall housing requirement that exists within Oldham where need exists across all types and tenure.
 - Delivery of new housing will help to ensure the overall sustainability of wider regeneration activity delivered through the Creating a Better Place programme through increased resident spend power and increased footfall.
 - Bringing forward underutilised existing sites is a critical component of the wider strategic place shaping agenda which is a fundamental regeneration requirement and will help to improve overall vibrancy and animation of the Town Centre.
 - Delivery of new homes will have a positive financial benefit for the Council in respect of increased Council Tax.
 - It will help to remove the risk of blighted and unused sites across the Town Centre.
 - Undertaking a holistic strategic approach to the delivery of housing will help to avoid a piecemeal approach as well as facilitating the associated delivery of enabling infrastructure and wider services. This approach will also help to ensure that proposals are fully aligned to the wider regeneration projects planned and currently in delivery within the town centre.

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- 1.5 Following the completion of competitive and fully transparent procurement exercise, this report seeks approval to enter into a Master Development Agreement and private sector partnership with the preferred bidder which will provide a critical delivery vehicle in respect of realisation of the housing delivery aspiration for Oldham Town Centre.

2 **Current Position / Proposal**

- 2.1 It is proposed to appoint the preferred bidder in the role of Private Sector delivery partner initially for period of 15 years with an option to extend the arrangement by a further 10 years subject to agreement by all parties.
- 2.2 Entering into a delivery partnership of this nature is an important step for the Council helping to realise one of the key objectives within the Creating a Better Place Programme, notably the creation of 2,000 homes across a number of strategic sites within Oldham Town Centre.
- 2.3 The Council has undertaken a rigorous and fully transparent procurement process with the overarching objective of securing a delivery partner for the development and regeneration of key strategic sites in Oldham Town Centre who is fully aligned to the strategic priorities of the Council.

Throughout the procurement process the preferred bidder has fully evidenced:

- A thorough understanding of the bold ambition and scale of opportunity that exists within Oldham Town Centre as set out in the Town Centre prospectus;
- A clear alignment with the strategic priorities set out for Oldham within the context of the Our Future Oldham 2030 Plan;
- Financial capacity and a credible, deliverable approach to funding the development and delivery of the strategic vision for Oldham Town Centre;
- A proven track record of long term public private partnership working approaches on major regeneration projects across the country;
- A commitment to partnership and collaboration;
- Strong social value credentials, demonstrating innovation and a commitment to delivering tangible and lasting positive social, economic, and environmental impacts for neighbouring communities and wider town and city region;
- A high quality, experienced team with exemplary and transferable skills, which are considered capable of delivering the vision and objectives.

3 **Formally establishing the partnership**

- 3.1 The partnership will see the Council and the preferred bidder committing to establish a project board with senior stakeholders from both organisations in attendance. The project board will meet at regular intervals and at least every 3 months. This will provide a governance forum for strategic review of progress with the Project but will be advisory only.
- 3.2 From an internal Council governance perspective it is envisaged that the project board will report directly into the Council's established Corporate Property Board providing full visibility and accountability of all activity undertaken.

4 Options/Alternatives

- 4.1 Option 1 to select and contract with the preferred bidder to develop certain sites within Oldham Town Centre on a phased basis.
- 4.2 Option 2 to not proceed with the selection and appointment of a preferred bidder. This option provides significant challenges in respect of the deliverability of strategic aspiration in terms of pace, capability, capacity, time and resource.

5 Preferred Option

- 5.1 Option 1 to select and contract with the preferred bidder to develop certain sites within Oldham Town Centre on a phased basis.

6 Consultation

- 6.1 The town centre residential proposals were considered as part of the Big Oldham Conversation in the winter of 2020/21 and the three core residential sites have been included on the council's website under the Creating a Better Place webpages.
- 6.2 Elected members have been made aware of these proposals through Overview and Scrutiny meetings for Planning, Housing and previous Creating a Better Place reports; and from previous Cabinet report papers.
- 6.3 However, one of the early tasks for the appointed Development Partner will be to consult more specifically on their proposals for residential development in the town centre to inform the Strategic Regeneration Framework that they will draw up. As such, the public will be able to input on the Development Partner's proposals for the residential sites as the plans are developed.

7 Financial Implications

- 7.1 The Council's contribution would be the provision of land (and property assets), the value for which would be determined via a financial appraisal prior to the commencement of any development. The development of any site is subject to the PSP demonstrating that the Phase Conditions (as set out in the MDA) are satisfied. These Phase Conditions include a Viability Condition and Funding Condition that must demonstrate that any proposed development is viable and has secured appropriate funding.
- 7.2 Revenue resources will be required in order provide the necessary expertise in evaluating proposals put forward by the PSP.
- 7.3 Upon the transfer of the sites into the PSP the revenue costs associated with the sites will become the PSP's responsibility and will contribute to the existing Creating a Better Place revenue savings targets.

(Chris Kelsall – Assistant Director of Finance)

8 Legal Services Comments

- 8.1 Rule 4 of the Contract Procedure Rules details the procurement processes which must be undertaken in various circumstances. In this matter, the procurement process is dictated by the Public Contract Regulations 2015.

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- 8.2 As detailed within the procurement comments, a competitive dialogue procedure has been completed and a preferred bidder has been identified.
- 8.3 External legal and commercial support and advice has been in place throughout the procurement process to supplement support given by the in-house legal and Project Team and to protect the Council's interests. The form of Master Development Agreement and the accompanying contractual documentation have been drafted by Brabners LLP on the Council's behalf. Support will be required to continue to close all necessary legal documentation and then throughout the project on an ad-hoc basis going forward as required.
- 8.4 The report explains that a lawful and compliant procurement exercise was undertaken in line with Regulation 30 of the Public Contract Regulations 2015 which resulted in the identification of the preferred bidder. The report author has confirmed continued compliance with the Council's Contract Procedure Rules and Financial Procedure Rules.
- 8.5 The report author must ensure appropriate instructions are given in order to properly finalise business plans and the Master Development Agreement along with any other supplementary or ancillary contract documents.
- 8.6 A Project Team for delivery will need to be set up to ensure the project operates smoothly, to monitor and report on costings, programme, and compliance with obligations (including any related to funding) connected with the project and to manage the Master Development Agreement and any other contractual arrangements. Appropriate procedures, processes, boards and governance structures will also need to be set up to support the running and delivery of the project.

(Rebecca Boyle – Corporate Group Solicitor)

9. **Co-operative Agenda**

- 9.1 The approach supports the delivery of the wider objectives of Creating a Better Place and aligns to the priorities in the Corporate Plan.

(Jonathan Downs – Corporate Policy Lead)

10 **Human Resources Comments**

- 10.1 No HR implications.

(Catherine Pearson, Strategic HR Lead)

11 **Risk Assessments**

- 11.1 It is appropriate from a risk perspective that the appointment of a preferred bidder as set out in this report is subject to Cabinet Approval.

(Mark Stenson)

12 **IT Implications**

- 12.1 None.

13 **Property Implications**

- 13.1 Under the Master Development Agreement (MDA) some Council owned assets have been put forward as key strategic sites (known as "red sites") for the partnership. There are

additional sites where the Council will have an interest in the land which may be developed in the future. The key “red site” assets, where the Council has a commitment to transfer its interests are set out as follows:

- 13.2 SITE 1 - Asset L01521 & Asset L00930: The Civic Centre and Queen Elizabeth Hall. The Council owns the freehold of these assets, both of which are operational buildings, but will become surplus to requirement on completion of the Spindles Project.
- 13.3 SITE 2 - Asset L00471 & L03153: Manchester Chambers and Former Oldham Magistrates Court is owned freehold.
- 13.4 SITE 3 - Asset L01519: Site of Former Oldham Sports Centre and Swimming Pool. The Council owns the beneficial freehold interest in this site (Land only, the buildings were demolished in 2017. The land is currently used as temporary pay and display car parking.
- 13.5 Due diligence work has already been undertaken on these sites to provide as part of the procurement and to ensure suitability for inclusion in this project.

(Katy Webster, Assistant Director for Property and Projects)

14 **Procurement Implications**

- 14.1 The Council, a local authority and therefore a “contracting authority” for the purposes of the Public Contracts Regulations 2015 (“PCR 2015”) launched a Competitive Dialogue procedure in line with Regulation 30.
- 14.3 The procurement was robust and compliant and undertaken in line with Regulation 30 of the Public Contract Regulations 2015 which resulted in the identification of the preferred bidder. A Standstill period will be implemented from Monday 26th June – Thursday 6th July 2023. The notification will provide information on the award decision and provides time for unsuccessful tenderers to challenge the award decision before the contract is entered into. The Public Contract Regulations 2015 (SI 2015 No.102) (as amended) provides for aggrieved parties who have been harmed or are at risk of harm by a breach of the rules to take action in the High Court (England, Wales and Northern Ireland).

(Dan Cheetham, Procurement Lead).

15 **Environmental and Health & Safety Implications**

- 15.1 None.

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

- 16.1 This report seeks approval to select a preferred bidder and consequently there are no defined equality impacts at this stage. It should be noted that full equality impact assessments will be undertaken at an individual development site level as individual proposals are brought forward through the partnership.

17 **Oldham Impact Assessment Completed?**

- 17.1 Yes

18 **Key Decision**

18.1 Yes

19 **Key Decision Reference**

19.1 ESR-14-23

20 **Background Papers**

20.1 None

21 **Appendices**

21.1 Appendix A – Town Centre Development Prospectus