
Report to CABINET

Acceptance of Brownfield Infrastructure and Land Funding Grant for Oldham Mumps, Princes Gate

Portfolio Holder:

Councillor Taylor – Deputy Leader and Cabinet Member for
Housing and Licensing

Officer Contact: Paul Clifford, Director of Economy

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Ext. 5261

18th March 2024

Reason for Decision

Oldham Council has secured capital funding to help support the development of new homes at Princes Gate, Oldham Mumps.

The purpose of this report is to confirm the value of the grant available to Oldham Council and notify Cabinet of the intention to accelerate the delivery of circa 347 new homes at this location with Council's Private Sector Partner – MUSE.

Recommendations

It is recommended that Cabinet:

- Confirms acceptance of the grant from GMCA.
- Delegates authority to the Director of Economy to agree and enter into grant award letter and other associated agreements with GMCA.
- Delegates authority to the Director of Legal Services to formalise any necessary legal requirements including signing and/or sealing any documentation required to give effect to the recommendations and/or delegations in this report.
- Delegates authority to the Director of Economy and/or their nominee to approve the appointment of external legal advisers required to protect the Council's interests and give effect to the recommendations in this report.

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1 Background

- 1.1 Following the completion of a competitive procurement process, in July 2023, Cabinet appointed Muse as 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.
- 1.2 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.
- 1.3 The Council undertook 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.
- 1.4 GMCA launched the Y2 & Y3 submissions for the Brownfield Infrastructure and Land Grant Funding programme on 27.10.23 with deadline for returns of 20.11.23. Applications had to be submitted via each LA with a scheme proforma per District (setting out all submissions for each area.
- 1.5 Core gateway criteria for the identification of sites includes:
- Sites must be deliverable and able to commence on site by March 2026. Therefore, sites with Planning Permission scored more highly
 - Housing development must be located on **designated Brownfield Sites**
 - From a business case perspective, all sites submitted must be able to demonstrate a GM Business Case Ratio score, (BCR), greater than 1
 - Sites must make provision for the delivery of affordable homes.
 - Requirement to demonstrate a viability gap.
- 1.6 The evaluation criteria for the funding over the two years is as follows:

	2024/25	2025/26
Deliverability	50%	30%
Strategic Fit	25%	40%
Value for Money	25%	30%

2 Current Position

- 2.1 On 8th February the Greater Manchester Combined Authority approved a Provisional Grant Offer of Brownfield Funding for Oldham Mumps, Princes Gate. The Grant is subject in the first instance to the Council accepting the terms set out in the Grant Award letter (see Appendix 1) on Monday 26th Feb 2024 although GMCA have confirmed that this can wait until the matter has been considered at Cabinet.
- 2.2 GMCA have awarded the scheme £5,552,000 (five million five hundred and fifty two thousand pounds) to be expended between 1 April 2025 and 31 December 2025. The

grant will be used to undertake eligible expenditure to enable construction of 347 residential units and other associated development and infrastructure. Other key requirements currently include:

- 106 (30%) homes will be Affordable Housing Units
- 90 (25%) homes will be Sociate Rented Units
- The project will be built in accordance with the Future Homes Standard.

The Future Homes Standard aims to decarbonise new homes by focussing on improving heating, hot water systems and reducing heat waste. This will be achieved by replacing current technologies with low carbon alternatives.

2.3 By accepting the grant, the Council commits to the following project milestones. There will be further dialogue with GMCA as the project is worked up and so these could, by mutual agreement, be altered:

	Milestone	Date
Investigations	Phase 2 Site Investigations (intrusive) and any other site-specific investigations or assessments (ie coal mining) completed	31.07.2024
Design	Concept Design (RIBA Stage 2 completed	11.07.2024
	Architectural Design (RIBA Stage 3 completed	29.11.2024
	Full/Reserved Matters Planning Application submitted	07.11.2024
	Full/Reserved Matters Planning Consent	14.04.2025
	Technical Design (RIBA stage 4) completed	07.05.2025
Procurement	Contractor/Developer appointed	03.07.2025
	Start on Site	04.07.2025
Financial	First Grant Drawer Down	01.09.2025
	Last Grant Drawer Down	01.01.2026

2.4 It should be noted that grant award is based on an estimate of the proposed number of deliverable residential units on the site at a point in time, which is subject to significant further due diligence and should the number of units decrease as a result, the grant will reduce by circa £16,000 per home.

3. **Options/Alternatives**

3.1 Option 1 – That Oldham Council don't accept the offer of grant from the Brownfield Infrastructure and Land Grant Funding and inform GMCA of the decision not to progress with the grant acceptance.

3.2 Option 2 – That Oldham Council progress the project proposals and confirm acceptance of the grant.

4 Preferred Option

- 4.1 Preferred Option – Option 2 is the preferred option. The site is part of the approved project with the Council's appointed Private Sector Partner which is a key component of the Creating a Better Place programme. The funding provides an opportunity to progress to development without a reliance on the Council Capital Programme.

5 Consultation

- 5.1 The Lead Member for Housing has been briefed and is supportive of the decision.

6 Financial Implications

- 6.1 The total grant award of £5.552m will be a capital grant and will be used to support housing development at Princes Gate.
- 6.2 It is currently anticipated that the delivery of the housing development will be through the Council's Town Centre Development Partner, Muse. Muse are in the process of developing proposals for the site to be included in the Master Development Agreement for the Partnership. It is assumed that all investigation and design costs payable before grant funding can be utilised from April 2025 will be met under the development agreement with Muse and there will be no call on Capital resources.
- 6.3 If the development cannot be delivered by Muse, the Council will need to develop an alternative method of procuring a developer. If this scenario is adopted then there will be a call on Council resources to complete investigation and design costs which will need to be met from within the regeneration revenue budget or Creating a Better Place capital programme, dependent on the nature of the costs incurred.
- 6.4 It is anticipated that the Council will incorporate the grant into its Capital Programme and will enter into a Grant Agreement with the developer that matches the terms of the Council's funding agreement with GMCA. However, dependent on how the scheme develops, the Grant Agreement may be direct between the GMCA and the developer and not be incorporated into the Council's Capital Programme.
- 6.5 The grant funding assumes the construction of 347 housing units with grant funding of £16k per unit, with a defined mix of affordable and social rented units. Should less than 347 units be developed the grant funding would be reduced by £16k per unit under 347.
- 6.6 In addition, any proposals for the development of the site will need to demonstrate a Green Book compliant Benefit to Cost Ratio of at least 1, demonstrate that development would not be possible without the BILF Grant Funding, and be able to expend the grant funding in full between April and December 2025.

(James Postle – Senior Finance Manager)

7 Legal Implications

- 7.1 The Council must be satisfied it can meet the objectives and terms and conditions and milestones of the funding imposed by the funding authority including any obligation to provide match funding and to monitor, keep any necessary records and file any necessary returns. Officers must also check the terms do not conflict with other funding conditions for the scheme/s or project/property already in place and ensure compliance with the Public Sector Equality Duty and obtain any necessary Environmental Assessments.
- 7.2 All works, services and goods procured by or on behalf of the Council must be procured in

compliance with the Council's Contract Procedure Rules and all other relevant regulations including, where applicable, the Financial Procedure Rules and Land and Property Protocol. Officers must work with legal colleagues to approve and formalise the terms of any grant Agreement in conjunction with Finance and Audit colleagues.

- 7.3 The Senior responsible Officer and Project Manager must ensure that Subsidy Control is considered in consultation with Legal Services and that all relevant assessments are made and recorded and all relevant regulations and legislation is complied with to the satisfaction of the Section 151 Officer and in compliance with the Financial Procedure Rules of the Council. External advice may be needed to support these activities which will be a cost to the Project.
- 7.4 The Transparency obligations of the Council must be complied with together with the Framework and obligations referred to in the Procurement comments below.

(Rebecca Boyle – Corporate Group Solicitor).

8. **Co-operative Agenda**

- 8.1 The proposals set out in this report contribute to the *Creating a Better Place* programme, which will improve Oldham for residents. The proposals will also increase the availability of housing in the borough which will improve access and the availability of affordable housing in the borough.

(James Mulvaney, Policy Manager)

9 **Human Resource Implications**

- 9.1 None

10 **Risk Assessments**

- 10.1 Acceptance of the grant commits the Council to undertake feasibility work and complete a viability appraisal. This risk to the Council is that following further investigation and feasibility work, the scheme is found not to be viable and that:
- abortive expenditure is incurred and/or
 - that the Council subsequently declines or refunds the grant with associated damage to its reputation and credibility when being assessed in respect of future funding applications.

(Chris Kelsall - Assistant Director of Finance)

11 **IT Implications**

- 11.1 None

12 **Property Implications**

- 12.1 There are no direct implications arising from this report as the Council will not own the properties. (Katy Webster)

13 **Procurement Implications**

- 13.1 The department must be satisfied that it can meet the terms and conditions of the grant. Continued engagement with the Commercial Procurement Unit is key to ensuring resource availability/allocation in line with the project requirements, and for the requirements to be

procured in line with funding conditions, public procurement law and the Council's Contract Procedural Rules.

(Dan Cheetham)

14 **Community cohesion, including crime and disorder implications in accordance with Section 17 of the Crime and Disorder Act 1998**

14.1 There are no community cohesion implications arising from the proposals contained within the report.

(Natalie Downs)

15 **Oldham Impact Assessment, including implications for children and young people**

15.1 Yes – included as appendix 2.

16 **Key Decision**

16.1 Yes

17 **Key Decision Reference**

17.1 ESR-01-24

18 **Background Papers**

18.1 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:

Name of File : Brownfield Land Grant

Records held in Housing Delivery Team, Room 310, Civic Centre

Officer Name : Ben Hill

Contact No : 0161 770 5261

19 **Appendices**

19.1 Appendix 1 – Grant Award Letter

19.2 Appendix 2 – Impact Assessment