

REGENERATION

A record of decisions made by the Executive Cabinet Member with responsibility for the Regeneration Portfolio:-

WEDNESDAY 22ND MARCH, 2023

Following consideration of the matters detailed below in the presence of:-

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| Councillor Warren | - Executive Cabinet Member
Regeneration Portfolio |
| Councillor Donaghy | - Major Opposition Spokesperson |
| Councillor Hayes | - Minor Opposition Spokesperson |
| Councillor Sanders | - Minor Opposition Spokesperson |
| Councillor Grant | - Minor Opposition Spokesperson |
| Councillor Newall | - Minor Opposition Spokesperson |

Officers

- | | |
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| Mr. L. Fallows | - Director of Corporate Resources |
| Mr. J. Dyson | - Director of Place |
| Mr. P. Whittingham | - Assistant Director Development
and Regeneration |
| Mr. A. Williamson | - Assistant Director
Transformation and Corporate
Property |
| Mr. P. Lamb | - Principal Project Officer |
| Mr. J. Cooper | - Head of Asset Management |
| Mr. P. Mulroney | - Client Services Manager |
| Ms. J. Pollard | - Head of Finance |
| Mrs. N. Raby | - Senior Lawyer |
| Mr. I. D. Mulholland | - Deputy Democratic Services
Manager |

24. WESTHOUGHTON TOWN HALL – REFURBISHMENT AND CAPITAL ALLOCATION

The Executive Cabinet Member was reminded that this report had previously been considered at her Executive Cabinet Member meeting held on 13th February, 2023 but had been, Called In, for Scrutiny. The Place Scrutiny Committee had met on 2nd March, 2023 to discuss the Call In and had recommended that she re-consider the decision.

The Director of Place submitted a report which gave details of the proposed refurbishment of Westhoughton Town Hall and sought approval of funding from the District Centres Fund to deliver the Phase 2 masterplan works.

The Executive Cabinet Member was reminded of the previous reports contained within the list of background documents of the masterplan process for Westhoughton, funding of £415,459 from the District Centres Fund to implement a number of Phase 1 Key Development Priority projects (KDPs) and more recently the approval of £2.3 million from the same fund to implement a new public realm scheme along Market Street.

The report sought approval to refurbish the now vacant Westhoughton Town Hall to bring the building back into viable commercial and office use, thereby generating and income for the Council that would help to protect the fabric of the building for future generations. The refurbishment and reuse of the Town Hall was an agreed key development plan as the building was considered the most important in Westhoughton town centre and had laid vacant for the past 4 or 5 years since council services were centrally located.

The Council had engaged its property partners PSP and Clear Futures (CF) in drawing up the plans and the report gave detail of the work to date and an update on the local marketing exercise undertaken to ascertain the level of local interest in the opportunities provided by the refurbishment.

The Executive Cabinet Member AGREED to –

- (i) Approve the refurbishment of Westhoughton Town Hall as set out in this report.**
- (ii) Approve a capital allocation of £1.5 million from the District Centres Fund to procure and deliver the scheme.**
- (iii) Authorise the Director of Place and Assistant Director, Transformation and Corporate Property to finalise the design and costs in consultation with the Executive Cabinet Member Regeneration.**
- (iv) Authorise the Borough Solicitor to carry out all necessary legal formalities where required.**

25. HORWICH HEALTH CLUB

The Director of Corporate Resources submitted a report which updated the Executive Cabinet Member of the major changes since the previous site disposals in April, 2021.

By way of back ground information the report advised that on 27th April 2021 the Executive Cabinet Member, Deputy Leader approved a report to dispose of land at the former Horwich Leisure Centre and to grant a lease to two local surgeries to facilitate a new Horwich Health Hub. However, since this approval a number of changes have occurred that meant the previous approval and authority needed to be updated to reflect the current legal arrangements set up by the NHS, former CCG and ICB. Consequently, a new approval was required having taken all changes into account.

The previous approval envisaged the disposal of the land to the Pikes View Medical Centre and Bolton Community Practice, with both of these parties entering into a Limited Liability Partnership (LLP). The LLP would enter into a 150 years Building Lease of the development site from Bolton Council (Freeholder) and thus have ownership of the Horwich Health and Wellbeing Hub building. However, following the procurement exercise run by the Greater Manchester Integrated Care Partnership, the developer, United Healthcare Developments Ltd (UHDL), would now seek to take a 150 year lease then sub-let the land and premises to the two GPs and a dispensing chemist.

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A copy of the current lease plan could be found in Appendix 3 to the report but this was subject to change dependent on further negotiation in relation to access over the council's retained land and details were yet to be finalised.

The report also explained that to assist with the previous report a residual land valuation was undertaken that led to the agreement of a purchase price of £255,000. A revised valuation was required to be carried out due to the passage of time and in accordance with the SAMP policy, this was done on the 31st January, 2023 in accordance with RICS Valuation – Global Standards effective 31st January, 2022, reported specifically on market value of the land on the basis of a 150 year lease at a peppercorn rental and reports a market value figure of £765,000 on an assumed restricted use of the land in accordance with the planning consent.

This updated valuation has led the developer to increase their offer to £333,000, which gave rise to an undervalue of £432,000.

The Council was seeking to dispose of its land interests under Section 123 of the Local Government Act 1972. Further guidance on land disposal at less than best consideration was given in Circular 06/03 General Disposal Consent (England) 2003. This circular gave authority to the Council to dispose of its land at less than best consideration if the land contributed to one or more of the following objectives: in respect of the whole or any part of its area, or of all or any persons resident or present in its area,

- The promotion or improvement of economic wellbeing.
- The promotion or improvement of social wellbeing.
- The promotion or improvement of environmental wellbeing.

Also, the difference between the unrestricted value of the land to be disposed of and a consideration for the disposal did not exceed £2m.

In accordance with our the Council's Disposal Policy and the Local Government Act 1972, the Council was obliged to obtain the best consideration that could be reasonably be obtained when disposing of land and property. In considering the proposed development of this land the Council had considered the economic, social and environmental benefits for the area. Consideration was not limited to the market value or purchase price, it might also include disposal terms which had an identifiable commercial value to the Council and community, but this should be converted to measurable value for the purpose of establishing what was the best consideration.

The report gave further consideration to the three promotion / improvement factors listed above.

External advice had been sought to place a measurable value on the economic, social and environment benefits that would be brought about and that in effect could be offset against the undervalue. The economic benefits had been calculated at £4.8 million per annum with the social value benefits associated with the construction of the project likely to result in £590k per annum.

Based on this, the value to the Council from the wider economic and social benefits far outweigh the undervalue of the site. By taking the decision to dispose of the site and support the development of the Horwich Health hub, the Council was operating with full consideration of both financial and economic factors.

In order to protect the Council's interest any disposal would be backed up with a Buy Back agreement giving the Council the right to buy back the lease at a price to be agreed, which will be subject to Stamp Duty Land Tax (SDLT) and any VAT implications. The full details of the buyback agreement have yet to be concluded and therefore the financial exposure and extent of the risk to the council cannot be confirmed at this stage.

As a result of the increased developer offer, revised Heads of Terms had been drafted but those have yet to be agreed.

The report also provided information in respect of utility services and diversions and the developer's refusal for a grant funding agreement. Furthermore, a pressing concern was the potential loss of £5.4 million of grant funding secured from the Greater Manchester Integrated Care Board. The Council had very recently been informed by GM that unless the lease arrangements were completed by 31st March, 2023, thereby enabling the developer to spend or commit £2 million by this date, the grant funding would fall away and cause irreparable damage to the Council's reputation and put at risk the future success of any funding bids

The Executive Cabinet Member AGREED to -

- (i) Approve the disposal at an undervalue of £432,000 of sufficient land via a long lease, within the red edge site plan in Appendix 2 to enable development of the proposed Horwich Health Hub as set out in this report.**
- (ii) Authorise the Director of Corporate Resources in consultation with the Executive Cabinet Member Regeneration, to negotiate and conclude terms.**
- (iii) Approve the procurement of construction of the car park via the existing Highways Framework or via the Health Hub developer**
- (iv) Authorise the Borough Solicitor to complete all legal formalities.**