

Report to:	EXECUTIVE CABINET
Date:	24 April 2024
Executive Member:	Councillor Jack Naylor, Executive Member (Inclusive Growth, Business & Employment)
Reporting Officer:	Julian Jackson, Director of Place
Subject:	STALYBRIDGE WEST DEVELOPER PARTNER PROCUREMENT
Report Summary:	The report provides an update on the Delivery Strategy for the Stalybridge West area and the preferred route to market to deliver the Council owned sites for a development scheme in Stalybridge Town Centre.
Recommendations:	That Executive Cabinet be recommended to: <ul style="list-style-type: none"> (i) Approve the Stalybridge West Development Prospectus. (ii) Formally declare the Council owned sites at Stalybridge West as surplus to requirements. (iii) Approve the procurement exercise to commence the survey, design and planning process for the delivery of enabling infrastructure works at Stalybridge West. (iv) Approve the strategy for the preferred route to market for procurement of a private sector developer partner(s) in accordance with the Public Contracts Regulations (2015).
Corporate Plan:	Key aims of the Corporate Plan are to provide opportunities for people to fulfil their potential through work, skills and enterprise and to ensure modern infrastructure and a sustainable environment that works for all generations and future generations. Future development at Stalybridge West will deliver against these aims in the areas of job creation, modern infrastructure and a sustainable environment.
Policy Implications:	The proposed interventions to create the Stalybridge West scheme will support the policy aims of the Council's Corporate Plan, proposals within Places for Everyone agreed at Council 20 July 2021, the Tameside Inclusive Growth Strategy 2021, Tameside Climate Change & Environment Strategy, the Council's growth priorities agreed at Council February 2020, Housing Strategy 2021-2026 and the Council's Unitary Development Plan.
Financial Implications: (Authorised by the statutory Section 151 Officer)	<p>The Council has a total budget of £19.907m approved for the capital works at Stalybridge Town Centre. This is fully funded from Levelling Up Fund (LUF) capital grant which can only be spent on the programme at Stalybridge.</p> <p>As the project is grant funded, there are no borrowing requirements and therefore no revenue implications arising from capital expenditure.</p> <p>Of the £19.907m approved budget, £11.200m is allocated to the infrastructure works at Stalybridge West. Therefore, the decision to procure a developer partner is within planned resources.</p>

The grant is time-limited, with full utilisation required by 31 March 2026.

Expenditure against the grant must be incurred in line with the Council's Financial Regulations and Contract Procedure Rules.

The programme at Stalybridge must be contained within existing resources. There is no capacity to overspend in the General Fund.

The Council should ensure benefits realisation plans are accurate and benefits are captured for future learning to maximise economic and financial gains.

**Legal Implications:
(Authorised by the
Borough Solicitor)**

The current driver for the project is the Levelling Up Fund. This funding is to support the initial infrastructure and other works. It is therefore critical that wherever possible the work remains on track in accordance with any milestones within the grant funding agreement.

The immediate priorities are procuring a partner and ensuring that all relevant legislation (such as Subsidy Control) is considered during the process.

Advice and assistance on procurement will be provided via STAR to ensure that the works are procured compliantly and represent best value. Support on compliance with legislation will be provided by the Council's own legal services with external support when necessary.

Whilst a significant amount of work is required in relation to the initial aspects of this project the project team also has to consider the longer terms actions for this project including funding and development partners.

Risk Management:

A risk register for the project is in place and regularly reviewed. The main risks are summarised in Section 4 below.

Background Information:

The background papers relating to this report can be inspected by contacting Mike Reed, Head of Major Programmes.



Telephone: 07974 111 756



e-mail: mike.reed@tameside.gov.uk

1. INTRODUCTION

- 1.1 The Council has identified Stalybridge Town Centre, as one of its priority areas to deliver the objectives of the Tameside Inclusive Growth Strategy 2021-26 in making our town centres hubs for living, culture, employment and services supporting a sustainable retail sector. Stalybridge Town Centre was selected as Tameside's focus for the GM Mayor's Town Centre Challenge in 2018.
- 1.2 On 15 March 2023 it was announced in the 2023 UK Budget that Stalybridge had been selected as one 16 Capital Regeneration Projects nationally and the therefore Council would be awarded grant funding of £19.9m to support delivery of the Stalybridge Regeneration Programme. The delivery of the Stalybridge Regeneration Programme is co-ordinated by the Stalybridge Strategic Project Board.
- 1.3 The purpose of this report is to provide an update on the Stalybridge West Development Prospectus and consider the most appropriate route securing a developer partner for the Council owned sites in this area.

2. BACKGROUND

- 2.1 Stalybridge West is comprised of a number of large vacant and underused sites in Council and private ownership to the west of Stalybridge Town Centre, close to the rail station. The Stalybridge West area has been identified as an opportunity to create a vibrant Town Centre residential community in a highly sustainable location that will support the local economy.
- 2.2 The Stalybridge West Feasibility Study, completed in March 2022, set out how the Stalybridge West sites could be brought forward for development and in doing so how they would support the overall regeneration of the town centre and the ambitions for Stalybridge alongside existing and proposed investment. The study looked at eight sites identified as requiring further investigation and feasibility appraisal studies; the sites are identified as 1-8 on the plan at **Appendix 1**. The proposed partner procurement relates to sites 4 to 8 which are in Council ownership.
- 2.3 The land at Stalybridge West located within the Harrop Street area is in the ownership of the Greater Manchester Pension Fund (GMPF). GMPF are currently working to bring forward a first phase of development on their land. The GMPF owned land does not form part of the partner procurement and delivery strategy for the Council owned sites at Stalybridge West; however, there are clear synergies between the two areas of land ownership, which are separated by the River Tame, and whilst they are being brought forward separately, their development will be complementary. GMPF are an integral stakeholder to Stalybridge and is the only Fund in the UK with a Place Based allocation of 5%. This Place Based commitment will continue to drive both short and long term development opportunities, for Towns like Stalybridge, working in partnership with the Council. This will provide further confidence to the market and the Borough as a whole.
- 2.4 The vision for Stalybridge West is to create:
A lively urban quarter in the Town. When developed, the plans provide for a mix of housing types and tenures, from one bed apartments to larger family homes, available in secure environments surrounded by new and refurbished commercial and public buildings enhancing local services, set within a high-quality public realm environment. A new destination created with local jobs, amenities, public spaces, access to leisure, the river and canal toe paths, town centre cultural activity, where homes will be central to the hub of activity. The existing and future town centre regeneration projects and programme will continue to run alongside the Stalybridge West redevelopment sites and together they will spearheading a new chapter for this Town on the edge of the Peak District with easy access to the major cities of Manchester and Leeds.

- 2.5 There should be a focus on the delivery of an exemplar scheme at Stalybridge West with high quality design. The Council are therefore looking to progress partner(s) procurement for new residential led development on the Council owned sites at Stalybridge West. This development will deliver the following outcomes:
- Development of a range of house types and tenures increasing the town centre accommodation and population
 - Development of appropriate commercial/public sector buildings contributing to creating a vibrant economy
 - Improvement of accessibility to the town centre through new pedestrian and vehicle routes, making places where interaction happens, integrating old and new building on the heritage asset base.
 - Creation of sustainable places and environments.
 - Improved public and private realm including management and funding arrangements.
 - Adding value through local residents and business contributing to delivery of local job and services.
- 2.6 The requirement for the delivery of upfront enabling infrastructure significantly inhibits the Council's ability to bring forward its land at Stalybridge West for development, deliver comprehensive regeneration of the Town Centre, attract further investment, and meet the regeneration objectives for Stalybridge.
- 2.7 Of the £19.9m from the UK Capital Regeneration Projects programme now secured for Stalybridge. Of this funding £11.2m is specifically allocated to provide the external grant funding to support enabling infrastructure works across the Stalybridge West sites and assist in securing the viable delivery of new housing and commercial space in the Town Centre, with the potential to be matched by other public sector funding as required. Progress on the delivery of this funding and associated projects is reported regularly to all Stalybridge Elected Members at the Stalybridge Project Board.

3. STALYBRIDGE WEST DELIVERY STRATEGY

- 3.1 This section briefly outlines the work that has been undertaken in relation to the Council owned Stalybridge West sites over the last 12 months, including the design and development work, viability and delivery programme assessment and the market engagement analysis. This work has helped to inform the approach which the Council can now consider taking at the Council-owned Stalybridge West development opportunity sites to the market and select a development partner.
- 3.2 The enabling infrastructure works identified within the Capital Regeneration Projects programme for the Stalybridge West area include a new pedestrian and cycle bridge across the River Tame, a new multi-level car parking facility within the Town Centre to replace existing surface level car parking on sites identified for new residential development, and land remediation. There is a requirement to utilise this funding and deliver the associated enabling infrastructure outputs by March 2026.
- 3.3 As noted above the land at Stalybridge West located within the Harrop Street area is in the ownership of GMPF who are currently working to bring forward a first phase of development on their land. Whilst this development will progress separately to delivery of development on the Council land, there are clear synergies between the two areas of land ownership separated by the River Tame and the Council and GMPF will continue regular liaison to ensure development comes forward in a complimentary manner.

Development Prospectus

- 3.4 A Development Prospectus has been prepared which outlines the vision and design principles for the site (**Appendix 2 [a & b]**) supported by a viability assessment and delivery

analysis.

- 3.5 A full review of the Stalybridge West Feasibility Study has been completed, including an update on the development potential and identification of impediments and constraints across the Council owned sites. This technical due diligence has provided a robust baseline for development viability work to be updated.
- 3.6 As part of the development potential review, initial viability appraisals of the indicative schemes for the Council owned sites have been completed. These appraisals have provided information on capital development costs, gross development value (GDV), subsidy and initial assessment of abnormal, remedial and affordable housing costs (to be refined further as additional survey work is completed).
- 3.7 The Development Prospectus has been based on a review of the Stalybridge West Feasibility Study, setting out the Council's indicative scheme and requirements of a partner across the Council owned sites, incorporating the commercial findings arising from the work set out above.

Soft Market Testing

- 3.8 An initial soft market testing exercise has been undertaken following expressions of interest in the project from a number of experienced and well-known developers/ organisations with a track record of delivering similar schemes.
- 3.9 Those organisations that have engaged to date have an impressive track record in delivering complex urban regeneration projects which are similar in scale to Stalybridge West. They all demonstrate a good understanding of the opportunities and challenges which the project presents. They also see Stalybridge West as a medium to long-term partnering opportunity with the Council that requires collaborative working and a flexible approach to delivery. They agreed that they were attracted by the fact that these sites are all in Council ownership, have largely been cleared, and are located in a sustainable town centre location with excellent connectivity and a waterside setting, presenting a package of sites which are ready for development, in response to market demand.
- 3.10 The organisations confirmed that they would express an interest in the Stalybridge West opportunity when it comes to the market and had a preference for a streamlined developer selection process over a 3-month period via a Framework. This is opposed to a lengthier procurement route which could involve a competitive dialogue process.

4. STALYBRIDGE WEST DELIVERY OPTIONS

- 4.1 The following delivery options have been considered for the Stalybridge West regeneration opportunity.

Option 1: Direct development of residential and enabling infrastructure by the Council.

- 4.2 This approach would require the Council to take on a significant level of delivery responsibility, financial investment and risk which would require considerable staff resources, expertise and finance over the duration of the project.
- 4.3 This option was ruled out at an early stage prior to the market testing exercise as a 'direct development' approach would not meet the project objectives and requirements.

Option 2 Land sale to a developer or developers, including delivery of enabling infrastructure.

- 4.4 This would involve the Council selling off the individual sites within its ownership at Stalybridge West or the entire portfolio, to one or more developers which would provide a land receipt. The size of land receipt would depend upon when the sites were taken to the

market and the terms under which they are disposed of.

Table 1: Option 2 Outline Programme

Timescale	Task
Mar 24 – Sept 24	Partner procurement process
Oct 24 – Oct 25	Survey and design process for enabling works
Oct 25-Oct 26	Enabling works delivery process

4.5 This option could carry a perceived lower delivery risk with a single approach to delivery of new development and enabling infrastructure and limit the requirement for any direct Council involvement. However, as a consequence the Council would have less control and influence on the final outcomes. Furthermore, the potentially long lead in time for partner procurement could delay the delivery of the enabling infrastructure being funded via Capital Regeneration Funding, with an associated delivery deadline of March 2026.

4.6 It is considered that this approach would not realise the full regeneration potential of the Stalybridge West Council owned sites or deliver a comprehensive place-based approach to regeneration and investment. As noted above this option carries risk in relation to the Capital Regeneration Projects funding secured for enabling infrastructure works and the level of control the Council has on final outcomes.

Option 3 Procurement of a private sector partner for residential development, with enabling infrastructure delivered by the Council.

4.7 This approach would involve the Council progressing delivery of the enabling infrastructure at Stalybridge West (namely the proposed new car park facility, the pedestrian/cyclist bridge and site remediation works) in parallel to procurement of a private sector partner for future residential led development. A multi-disciplinary team would be procured for the survey, design and planning process associated with the delivery of this enabling infrastructure work.

4.8 Procurement of a private sector partner would be undertaken in accordance with the Public Contracts Regulations (2015), through a competitive tendering process utilising a procurement framework. Using a public sector procurement framework, such as Pagabo or the Homes England DPS, provides public sector organisations across the UK with OJEU compliant framework agreements which have flexibility and choice in the commissioning process.

4.9 The Homes England DPS has a specific focus on housing delivery and therefore is considered as the best potential route Stalybridge West. The Pagabo procurement framework could also be considered as it has major works framework for large scale construction projects and a range of developer-led frameworks. Utilising a framework under a development agreement has been identified as the most suitable approach for Stalybridge West.

4.10 A competitive selection process using a framework would require a six-month period to complete. All the documentation, incorporating a clear brief that sets the expectations and aspirations of the Council for new development, would be prepared prior to the procurement process starting and there are templates available which could be easily adapted to ensure the exercise is fit for Stalybridge West. It would also be a competition that would be confined to the suppliers who are currently on the Framework. This approach is similar to that currently being followed by the Council in relation to the St Petersfield sites in Ashton.

Table 2: Option 3 Outline Programme

Timescale	Task
-----------	------

Mar 24 - Mar 25	Survey and design process for enabling works
Mar 25 - Mar 26	Enabling works delivery process
Mar 24 - Sept 24	Partner procurement process
Oct 24 – Nov 25	Developer Partner to progress residential delivery strategy (inc. planning)
Nov 25 – onwards	Completion of enabling works followed by residential delivery

4.11 This approach provides the Council with a greater degree of control and influence on the final outcomes than a direct land sale. Furthermore, the Council progressing delivery of the enabling infrastructure will enable compliance with the Capital Regeneration Funding delivery deadline of March 2026. There is a potential risk related to a lack of alignment with the enabling infrastructure works and the requirements of a future private sector partner for residential development. However, by seeking to progress the enabling infrastructure delivery in parallel to partner procurement this will be mitigated as much as possible whilst meeting external funding deadlines.

4.12 It is considered that this approach provides a good opportunity to realise the full regeneration potential of the Stalybridge West Council owned sites and deliver a comprehensive place-based approach to regeneration and investment within the parameters of external grant funding secured.

Option 4: Direct delivery of enabling infrastructure and outline planning by the Council prior to land sale or partner procurement

4.13 This approach would involve the Council undertaking the direct delivery of enabling infrastructure at Stalybridge West, utilising the Capital Regeneration Projects funding and securing outline planning consent, prior to any land sale or partner procurement.

Table 3: Option 4 Outline Programme

Timescale	Task
Mar 24 - Mar 25	Survey and design process for enabling works
Mar 25 - Mar 26	Enabling works delivery process
Mar 24 - Jul 24	Procurement of outline planning team
Jul 24 – Dec 25	Outline planning application prepared and submitted for decision
Jan 26 – Jul 26	Partner procurement process on basis of outline planning

4.14 This approach would provide the Council with a significant degree of control and influence on the final outcomes. However, it would require a significant Council resource to progress the outline planning application and it would not enable the Council to utilise private sector expertise at an early stage. This could delay new housing development coming forward and would increase the risk of enabling infrastructure and site remediation being delivered in a manner incompatible with the optimum site utilisation.

Preferred Option

4.15 Option 3, the procurement of a private sector partner for residential development, with enabling infrastructure delivered by the Council, has been identified as the preferred option as it provides the Council with a greater degree of control and influence on the final outcomes than a direct land sale whilst securing private sector input and expertise at an early stage. This will mitigate any risks to meeting external funding deadlines whilst progressing delivery as quickly as possible. Should an appropriate framework not be found then an open market disposal, subject to planning and suitable restrictions, will be considered, with the grant funded enabling infrastructure delivered by the Council.

5. RISK MANAGEMENT

5.1 The main risks associated with the delivery of the Stalybridge West opportunity have been identified in the table below.

Table 4: Project Risks

Risk Area	Detail	RAG Rating	Mitigation	RAG Rating
Procurement	Lack of interest in the market to demonstrate deliverability of the proposals at Stalybridge West set out within the prospectus.	Yellow	Early soft market testing has been undertaken which has demonstrated sufficient interest from the property market to deliver development in the Stalybridge West area.	Green
Procurement	Lack of willingness or interest from potential development partners for the Council to deliver in accordance with aspirations.	Red	Clear brief and supporting documentation when seeking a private sector delivery partner, supported by assessment of what is commercially viable.	Yellow
Procurement	Lack of capacity in the consultancy sector to undertake any required works.	Yellow	Early engagement with STaR procurement to understand the most appropriate procurement routes.	Green
Financial	Insufficient budget to deliver enabling infrastructure works.	Yellow	The cost plans associated with the external grant funding secured to date to support the delivery of enabling infrastructure works include contingency and cost inflation allowances. These will be kept under regular review.	Green
Financial	Insufficient budget to contribute to delivering the full scheme aspirations.	Red	The external grant funding secured to date will support the delivery of enabling infrastructure works. The Council will ensure that the preferred procurement route will demonstrate best value for money and ensure that a partner(s) is able to provide the financial investment required to deliver the scheme either as a single opportunity or through a phased approach that may include multiple partners.	Yellow
Financial	Enabling infrastructure works not aligned with requirements of private sector partner(s).	Yellow	Progress the enabling infrastructure delivery in parallel to partner procurement	Green
Programme	Enabling infrastructure works and Capital Regeneration Projects funding not delivered by March 2026.	Yellow	Programme management approach in place with regular review to ensure that expenditure deadlines for external grant funding are met.	Green
Programme	Lack of resource capacity to undertake workstreams in line with	Red	Apply adequate resource to the project to ensure programme adherence.	Yellow

	expectations.		Requirements for additional resource will require review following recent grant awards.	
--	---------------	--	---	--

6. CONCLUSION AND NEXT STEPS

- 6.1 The Council remains committed to bring forward the Stalybridge West development opportunity, within the Stalybridge Regeneration Programme, as an exemplar town centre residential location in Greater Manchester.
- 6.2 In order to ensure delivery of the enabling infrastructure within the grant funding timescales (by March 2026), it is proposed to commence the procurement of a multi-disciplinary team to undertake the relevant surveys and design process for the new car park and bridge. This multi-disciplinary team will also be procured to design the remediation strategy for the Council owned sites at Stalybridge West. This work will be delivered over the next 12 months, with regular reporting on progress to the Stalybridge Project Board.
- 6.3 In parallel to the work above the Council will commence the process for procurement of a private sector developer partner(s) for the Council owned land at Stalybridge West, including the preparation of all relevant supporting documentation. It is proposed to use a public sector procurement framework, such as Pagabo or the Homes England DPS, to provide a compliant procurement route with flexibility and choice in the commissioning process.

7. RECOMMENDATIONS

- 7.1 As set out at the front of the report.