

STOCKPORT EXCHANGE PHASE 4

Report of the Deputy Chief Executive (Place) and Deputy Chief Executive (Corporate & Support Services)

1. INTRODUCTION AND PURPOSE OF REPORT

- 1.1 The report seeks authority to progress with the speculative development of Stockport Exchange Phase 4, which comprises office and Multi-storey Car Park (MSCP) developments with associated public realm. The report also seeks to close a portion of the temporary car park to deliver the required land to construct Stockport Exchange Phase 4 and to relocate occupiers to other town centre car parks during the construction of the MSCP.
- 1.2 The financial and risk report (appendix 2), and demand report (appendix 3) are confidential by virtue of paragraph 3 of Schedule 12A of the Local Government Act 1972 in respect of which the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

2. BACKGROUND

- 2.1 Stockport Exchange is at the heart of an ambitious £1bn regeneration of the town centre which is being delivered by Stockport Council, the Mayoral Development Corporation (MDC) and partners. The sweeping changes will deliver cutting edge transport connectivity through the delivery of the Transport Interchange, cycle infrastructure and introduction of Metrolink alongside a range new developments and regeneration projects.
- 2.2 The MDC has published a Strategic Regeneration Framework which details ambitious residential expansion with a 3,500 home urban village 'Town Centre West'. Exciting, transformational schemes are already coming forward within the MDC area. The aforementioned Interchange with a modern bus station, 2 acre podium park and 196 residential development, Capital & Centric's £60m conversion of the Grade II* Weir Mill into 253 flats and Investar's proposals for 442 apartments at Royal George Village. These will soon be complemented by the Council proposals to bring forward the St Thomas site that will deliver cutting edge innovative sustainable homes alongside a 70-bed intermediate Care facility.
- 2.3 The core town centre has also been targeted for significant change with a range of positive redevelopment projects. These include the repurposing of the former M&S unit by Glenbrook into flexible quality workspace; the redevelopment of the dated former BHS building into modern retail unit for two identified tenants; and, the recently announced successful award of £14.5m of Future High Street Fund money to transform a large underused and unattractive part of the Merseyway centre into an exciting cultural, community and learning space with a family friendly focus and a range of interactive experiences.

- 2.4 The strategic regeneration plan for Stockport is centred on four themes of live, work, play, connect. Proposing 3,500 homes in town centre west increases the economically active residential population of Stockport, which in turn adds to the increased footfall and support to a wider retail and leisure offer in the town centre. Alongside the transport and infrastructure connectivity noted in 2.1 it is imperative to ensure that commercial accommodation for businesses are provided to attract new companies and occupiers to create increased employment opportunities and add to the prosperity and increase the GVA of the town.
- 2.5 It is essential to maintain momentum at Stockport Exchange to bolster the proposed transformation of the town centre through the delivery of high quality commercial floor space and employment opportunities. The economic outputs of delivering Stockport Exchange Phase 4 are significant and will aid Stockport's recovery following the Covid-19 pandemic. It is important to identify that the scheme has also secured significant grant that aids its deliverability, namely £4.2m of Getting Building Fund, which would be at risk of being lost if the Council slowed the pace of Stockport Exchange delivery.
- 2.6 It was the regeneration strategy that informed the Council decision in January 2011 to acquire Stockport Exchange (formerly Grand Central) and commence a programme of redevelopment with development partner Muse Developments Limited. Following various reports to the Cabinet the first three phases of redevelopment have been completed successfully.
- 2.7 Phase 1 comprised a 1,000 space multi-storey car park (MSCP). This was funded via a transaction with Canada Life Limited and pre let to NCP. The MSCP is open and has typically traded well. Importantly, the scheme released the necessary land for Phase 2.
- 2.8 Phase 2 commenced on site in September 2015 and comprised 40,000 sq ft of new office development together with a convenience store and café, public realm and a 115-bedroom hotel. The offices were completed in October 2016 and were fully let by the end of May 2017. The Hotel opened in December 2016 and is trading above the expectations that were set out when the Cabinet decision to progress was made.
- 2.9 Phase 3 completed in May 2021 and comprises 61,502 sq ft office development. Despite the office development completing in the midst of the Covid-19 pandemic the top two floors have been let to BASF, who are now in occupation, with strong letting interest in other floors.

3. PHASE 4

3.1 OFFICE

- 3.1.1 Based on the success of Phase 2 and recent letting in Phase 3, it is proposed to build a c.64,000 sq. ft office, in the approximate location shown on the plan attached at appendix 1. Further information on the Phase 4 proposals can be viewed in confidential appendix 2. The joint commercial agents on Stockport Exchange have analysed the market data and letting profile and confirmed that

the data supports the proposed office development. The full report is contained in confidential appendix 3.

3.2 MSCP

- 3.2.1 Stockport Exchange provides a parking ratio of 1 space:1,000 sq ft of development. If the proposed office development is brought forward, the existing surface car parks at Stockport Exchange would no longer be able to accommodate tenant parking requirements. This has therefore informed the proposal to deliver a c.400 space MSCP on the site currently known as CP1A. The location of CP1A is shown on the plan attached at appendix 1.
- 3.2.2 If the proposed MSCP is brought forward, it will be necessary to relocate those tenants who currently park on the surface car park at CP1A to other car parks in the town centre. The documentation entered into with these occupiers caters for this. For further information on parking please view confidential appendix 2.

4. FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS

4.1 Revenue and Capital consequences of report recommendations

- 4.1.1 The developments will be funded through a variety of sources, including the recently announced £4.2m Getting Building Fund grant. Further information can be viewed in confidential appendix 2.

4.2 The effect of the decision

- 4.2.1 The decision will enable Phase 4 to be brought forward, resulting in significant economic outputs to be achieved in Stockport town centre.

4.3 Risks

- 4.3.1 The risks associated with Phase 4 can be viewed in confidential appendix 2.

4.4 Options

- 4.4.1 The Council could choose to do nothing and not progress Phase 4, however this would result in the loss of substantial grant and would not enable the significant economic outputs to be realised.

4.5 Future savings/ efficiencies

- 4.5.1 The proposed Phase 4 provides a positive return. Further information can be viewed in confidential appendix 2.

5. LEGAL CONSIDERATIONS

- 5.1 Independent legal advice has been obtained on the proposed funding and delivery of Phase 4. It is important to note that the transitional period during with EU law (including state aid control) applied in the UK, ended on 31 December 2020, pursuant to the EU-UK Withdrawal Agreement. As the transitional period has now

ended and the law has changed, the legal advice will be refreshed before the contemplated arrangements are entered to.

6. HUMAN RESOURCES IMPACT

6.1 There are none.

7. EQUALITIES IMPACT

7.1 There are none.

8. ENVIRONMENTAL IMPACT

8.1 The delivery of Phase 4 will further improve the environment at Stockport Exchange. It is proposed that the development will achieve BREEAM excellent and with the aid of grant will seek to explore and deliver additional sustainability outcomes.

9. CONCLUSIONS AND RECOMMENDATIONS

9.1 The Cabinet is recommended to:

9.1.1 Approve that the Council proceeds with Phase 4 of the Stockport Exchange development, namely the construction of an office block, MSCP and associated public realm, on the basis outlined in this report and its appendices;

9.1.2 Delegate authority to the Deputy Chief Executive (Place) and Deputy Chief Executive (Corporate & Support Services) in consultation with Cabinet Member for Resources, Commissioning and Governance and Cabinet Member for Economy and Regeneration:

- (a) to finalise the terms and to enter into all appropriate agreements to enable the construction, funding, operation and use of such developments comprising Phase 4;
- (b) to take such actions necessary to relocate existing Stockport Exchange tenant parking requirements to alternative town centre car parks during the construction of Phase 4;
- (c) to take such actions as are necessary to progress Phase 4 to a successful completion, including agreeing terms with future occupational tenants and entering into such documents as are necessary to effect such terms.

9.1.3 Delegate authority to the Strategic Head of Service (Legal & Democratic Governance) to do all things necessary or incidental to the implementation of the above-mentioned resolutions.

BACKGROUND PAPERS

There are none

Anyone wishing to inspect the above background papers or requiring further information should contact Paul Richards on Tel: 0161 474 2940 or by email on paul.richards@stockport.gov.uk