

**STOCKPORT EXCHANGE – IN PRINCIPLE USE OF COMPULSORY PURCHASE
POWERS IN RESPECT OF 72 / 74 WELLINGTON ROAD SOUTH, STOCKPORT**

Report of the Deputy Chief Executive

1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 The purpose of this report is to request Cabinet to make resolution ‘in principle’, to use compulsory purchase powers to acquire the land and buildings comprising 72 / 74 Wellington Road South (“the Site”), to enable the delivery of Phases 6 and 7 of the Stockport Exchange regeneration scheme (“the Scheme”).
- 1.2 Despite sustained efforts over a prolonged period, the Council is yet to conclude a voluntary agreement for the acquisition of the Site with its owner (“the Landowner”). The passing of an ‘in principle’ resolution to use compulsory purchase would aim to expedite the conclusion of a voluntary agreement with the Landowner. In the event that voluntary agreement cannot be reached within a reasonable timescale this resolution will allow the making of a Compulsory Purchase Order (CPO) to facilitate that delivery.
- 1.3 A further request to Cabinet would be made to resolve to ‘make’, and serve notice of the making, of a CPO. Such request would be accompanied by a final draft of the CPO, together with the associated map(s), and a Statement of Reasons setting out in detail the justification for making the CPO.

2. BACKGROUND TO THE SCHEME

- 2.1 In January 2011 the Council acquired Stockport Exchange (formerly Grand Central Leisure complex) and commenced a programme of redevelopment (i.e. the scheme) with development partner Muse Places Ltd (previously known as Muse Developments Ltd) (Muse). The Council in partnership with Muse has brought forward this award-winning, modern business district and has been successful in driving forwards economic growth and delivering new employment opportunities. The Scheme is to be transformational and when completed will comprise Grade A offices, a hotel, leisure facilities, retail and car parking set within a landscaped public realm.
- 2.2 The scheme has become a key economic driver for the borough, having already delivered c.175,000 sq ft of office space, alongside a 115-bed hotel, two multi-storey car parks and extensive public realm. The scheme has secured a range of occupiers in the town centre, and inward investment into the borough. The ongoing development of the scheme is critical to the continued growth of the town and Mayoral Development Corporation.
- 2.3 The scheme forms a key part of the One Stockport Economic Plan which aims to grow Stockport’s local economy creating and supporting businesses that are stronger, resilient and productive generating quality jobs which are sustainable and accessible

for the benefit of residents. The plan identifies that Stockport's stock of high-quality office accommodation requires improvement to capture a bigger share of high value employment in sectors forecast to grow over the long term. The plan also states its aim to create well-connected, competitive business locations to ensure that Stockport can attract a bigger share of the forecast growth in the professional, scientific, creative and digital employment sectors. Stockport Exchange significantly contributes to this and therefore, critical in realising the aims of the One Stockport Economic Plan.

- 2.4 Stockport Exchange has been developed in phases with Phases 1-4 now complete. The most recent Phase, 'Phase 4', was completed at the end of 2023, delivering 3 Stockport Exchange (c.64,000sq. ft office) and a new office tenant Multi Storey Car Park (399 spaces).
- 2.5 In the last Stockport Exchange report to Cabinet (dated 27th June 2023), Members noted success to date and approved a refresh of the Scheme Masterplan ("Revised Masterplan"), together with preparation of a new hybrid planning application to secure detailed permission for office at Phase 5 (c.60,000 sq ft) and renewed outline planning permission for Phases 6, 7 and 8 (c.207,000 sq ft) comprising further offices, residential, retail and leisure accommodation together with extensive public realm and landscaping.
- 2.6 The planning application was submitted on the 22nd of March 2024 and resolution to grant planning permission by the Council's Planning & Highways Regulation Committee was received on the 15th of August 2024. This application was required in order to complete the scheme and secure the comprehensive regeneration of the area. Stockport Exchange has become the pre-eminent commercial office location in Stockport and one of the strongest regionally outside of Manchester city centre.
- 2.7 The Revised Masterplan anticipates phases 6 and 7 together with essential public realm on the Wellington Road South frontage, as illustrated on the Stockport Exchange Masterplan (Appendix 1). Phase 7 will be constructed on land fronting the A6, between Grand Central Steps and Railway Road.
- 2.8 Phasing in the Revised Masterplan is indicative of the sequential order in which it is anticipated that Phases 5-8 will be brought forward. However, the sequential order of the phasing is not fixed to allow flexibility in responding to future market conditions and opportunity i.e. Phase 7 to be delivered in advance of Phase 6.

3. SCHEME LAND ASSEMBLY (ACQUISITIONS TO DATE & DEMOLITION)

- 3.1 Whilst delivering Phases 1-4 of Stockport Exchange, the Council has continued voluntary negotiations to secure the land required to deliver the scheme.
- 3.2 The Council has secured all of the land/properties needed for Phases 6 and 7, save for the Site. It has acquired No's 62, 64, 66, 68, 76, 78, 80 – 82a, 84 Wellington Road South, and 2 Railway Road.
- 3.3 Members will note that following their acquisition 76 – 84 Wellington Road South and 2 Railway Road have recently been demolished and subsequently temporarily landscaped.

- 3.4 All of the land to deliver the remainder of the Masterplan has been acquired with the exception of land and property at 72 - 74 Wellington Road South. This report relates to this last property to be acquired to allow delivery of the Revised Masterplan (i.e. the Site) (Appendix 2).

4. IMPORTANCE OF THE SUBJECT SITE IN THE CONTEXT OF THE SCHEME

- 4.1 The Site is critical to the development and delivery of the remaining part of the Scheme. The Council's vision, and realisation of true economic, employment and social benefits for Stockport Exchange cannot be delivered without the acquisition of the Site.
- 4.2 The Site forms part of Phase 7 of the Scheme which comprises a c.60,000 sq ft office building and public realm at the frontage of Stockport Exchange adjacent to the A6, Wellington Road South. Neither the office nor the public realm can be delivered without acquiring the Site.
- 4.3 Certainty of the future acquisition of the Site is required to assist in long term economic success and growth of the Scheme. The Council are at the stage in the delivery of the phases that occupiers, investors and funders are assessing the future deliverability and potential for growth i.e., the remaining phases of the Scheme. Without this certainty, delivering the masterplan vision for Stockport Exchange cannot be guaranteed, adding uncertainty to commercial negotiations. Investor confidence is required for Phase 5 onwards so as not to impact the Council's ability to deliver the Scheme as a whole. Occupiers will be looking at future growth potential and the ability to pre-let a significant floor space in future phases which currently cannot be delivered beyond Phase 5.
- 4.4 Combined with Phase 6, Phase 7 and the associated public realm, will create the essential strong frontage to the A6, Wellington Road South, forming the visual and pedestrian gateway to the Scheme. This will provide the link to the remainder of the town centre and integrate the Scheme into the wider town centre environment. Together with the completed development this will secure the transformation change of this part of Stockport.
- 4.5 A related but ancillary aspect is that the construction and delivery of Phase 6 of the Scheme would be extremely challenging without the ability to use the Phase 7 area as part of construction logistics and compound. Phase 6 is constrained by the adjoining Leisure Centre, the A6 and McDonalds and will require use of the Phase 7 site during construction, which the site forms part of.

5. VOLUNTARY NEGOTIATIONS FOR THE ACQUISITION OF THE SITE

- 5.1 The Council is committed to acquiring all of the land [and rights] needed for the Scheme by voluntary agreement if at all possible, and has been successful in all cases, as set out above in 3.2.
- 5.2 Despite the Council's sustained efforts to engage and negotiate with the Landowner over a prolonged period of over 10 years, voluntary agreement for the acquisition of the Site is yet to be agreed.

- 5.3 The Council has made five separate offers to purchase the Site from the Landowner since 2017, the most recent of which was made in April 2024. All of the offers have been rejected by the Landowner. There is a significant difference between the value of the Site as assessed by the Council's appointed surveyors, Keppie Massie, on which the Council's offers to purchase the Site have been based, and the price being sought by the Landowner.
- 5.4 It is therefore necessary for the Council to commence initial steps in progressing a CPO in order to ensure that the Council can successfully assemble the remaining outstanding piece of land required to implement the Scheme in full, and to deliver the very significant public benefits that it will give rise to.
- 5.5 Compulsory purchase powers would only be used as a last resort and negotiations to acquire the Site by agreement can and will continue in parallel with CPO preparation work.

6. LEGAL CONSIDERATIONS AND RELEVANT LEGISLATION

- 6.1 The Council is empowered under section 226(1)(a) of the Town and Country Planning Act 1990 (as amended) ("TCPA"), to acquire any land in its area if it is satisfied that the proposed acquisition will facilitate the carrying out of development, redevelopment or improvement on or in relation to the land. The Council may utilise its compulsory purchase powers under section 226 of the TCPA:
- a) if it thinks that the acquisition will facilitate the carrying out of development, or redevelopment or improvement on, or in relation to the land; or
 - b) which is required for a purpose which is necessary to achieve in the interests of the proper planning of an area in which the land is situated.
- 6.2 Please refer to Appendix 3 for further consideration of the relevant legislation.

REASON FOR 'IN PRINCIPLE' DECISION

- 6.3 As explained above in section 5 negotiations for the voluntary acquisition of the Site are continuing, and will continue, in parallel with CPO preparation work.
- 6.4 Whilst the Council intends to progress private treaty negotiations with the Landowner, given that all of the Council's purchase offers have been rejected to date, it is appropriate to consider the use of compulsory purchase powers.
- 6.5 The Council will have consideration of requirements of the *Guidance on Compulsory Purchase Process and the Crichel Down Rules* published by the Ministry of Housing Communities and Local Government ("CPO Guidance") as referred to in Appendix 4.
- 6.6 In accordance with the CPO Guidance, should a CPO be brought forward at a future date Cabinet would require further details and justification of the below requirements:
- that there was a compelling case in the public interest;

- that there were no planning, funding or other legal impediments to the Scheme being delivered or where impediments exist there are reasonable prospects for overcoming those within a reasonable timescale;
- that reasonable attempts to acquire all interests by agreement have been made but have not been successful;
- for the interference with the human rights of those with an interest in the Site; and
- that the Council's Public Sector Equality Duty has been fulfilled.

6.7 A further detailed report, to include the proposed Statement of Reasons for the CPO, would be prepared for Members in due course setting out the justification for the making of the CPO if it proves necessary to make it.

6.8 The Council would also demonstrate in this further detailed report that there are no other impediments to proceeding with the scheme on the Site.

USE OF CPO POWERS

6.9 As referred to in 6.6 above, the use of compulsory purchase powers requires a compelling case in the public interest to be made. Appendix 4 explains the context and justification for recommending that Cabinet makes an 'in principle' resolution to use such powers in this case.

HUMAN RIGHTS CONSIDERATIONS

6.10 The Human Rights Act 1998 places direct obligations on public bodies such as the Council to demonstrate that the use of compulsory purchase powers is in the public interest and that the use of such powers is proportionate.

6.11 If/when the Council decides to make a CPO, the Council will need to be sure that the purpose for which the Site is required sufficiently justifies (or can be sufficiently justified in due course) interfering with the human rights of those with an interest in the Site. It is acknowledged that the compulsory acquisition of the Site may amount to an interference with the human rights of those with an interest in the Site. These include rights under Article 1 of the First Protocol of the European Convention on Human Rights (ECHR) (which provides that every natural or legal person is entitled to peaceful enjoyment of his possessions) and Article 8 of the ECHR (which provides that everyone has the right to respect for his private and family life, his home and his correspondence).

6.12 When preparing the case for making a CPO, officers will keep in mind and in due course advise Members about the need to balance the public interest and the individual's rights and that any interference with these rights will be necessary and proportionate. "Proportionate" in this context means that the interference must be no more than is necessary to achieve the identified legitimate aim. Officers will consider the effect on the Landowner and any occupier(s) of the land to be included in the CPO (i.e. the Site) and this will be fully taken into account before a final decision is made as to whether or not to put forward a resolution for the making of a CPO.

- 6.13 Members are advised that on the basis of the information that is available to officers at present, that officers are of the view that there is likely to be a compelling case in the public interest for compulsory acquisition of the various interests within the Site if they cannot be acquired by agreement. In the absence of the CPO, there is no certainty that the Council will be able to acquire the Site to enable the delivery of Phases 6 and 7, thereby jeopardising the delivery of the Scheme as a whole and of the associated public benefits. Accordingly, it is considered that there is a compelling case in the public interest for the compulsory acquisition of the Site and the use of compulsory purchase powers in this case is likely to be proportionate.
- 6.14 If a CPO is pursued appropriate compensation will be available to those entitled to claim it under the relevant statutory provisions.

7. EQUALITIES IMPACT

- 7.1 Section 149 of the Equalities Act 2010 created the public sector equality duty. Section 149 states:-
- (1) A public authority must, in the exercise of its functions, have due regard to the need to:
- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
 - (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
 - (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
- 7.2 Paragraph 6 of the CPO Guidance confirms the Council must also pay due regard to its Public Sector Equality Duty ("PSED") as set out in section 149 of the Equalities Act 2010 (summarised above).
- 7.3 Full regard will be paid to the Council's statutory obligations under the Equality Act 2010 and, in particular, its duty under section 149 in the negotiations with those with an interest in the Site as referred to in Appendix 5.

8. FINANCIAL IMPLICATIONS

- 8.1 The Council would have to demonstrate that it has, or at least will obtain, the resources necessary not only to implement the Scheme but also to pay compensation for the acquisition of the Site. The reason for this requirement is to avoid a situation in which private land has been acquired compulsorily for a purpose which, in the event, cannot be achieved for lack of funds.
- 8.2 The Council acknowledge the requirement for funding the scheme construction and the CPO, and as evidenced by delivery of all previous phases to date. The Council and Muse have demonstrated a successful track record of funding and delivery. This model would continue to fund the construction of the future phases and the required acquisition and associated costs.
- 8.3 See confidential Appendix 6 for further information.

9. CONCLUSIONS AND RECOMMENDATIONS

9.1 The Cabinet is asked to note the contents of this Report, and associated appendices and having done so, to:

- Approve, in principle, the use of compulsory purchase powers, to acquire all the necessary interests in the Site.
- Approve the taking of all necessary steps/the carrying out of all necessary work required to establish a case for the making of a CPO, and the preparation of all necessary CPO documentation, including securing the appointment of suitable external advisors.
- Approve the continuance of voluntary negotiations with the Landowner, and anyone else with an interest in the Site, in parallel with the preparation of CPO documentation;
- Note that a further report will be presented to the Cabinet to approve the making of any CPO following the finalisation of the necessary preparatory work and CPO documentation;
- Delegate to the Assistant Director of Legal and Democratic Governance and the Deputy Chief Executive authority to do all things necessary or incidental to the implementation of the above-mentioned resolutions.

APPENDICES

APPENDIX 1 - Stockport Exchange Masterplan.

APPENDIX 2 - Title Plan 72 / 74 Wellington Road South - Indicative red edged plan of proposed order land.

APPENDIX 3 - Relevant Legislation

APPENDIX 4 - CPO Guidance and CPO Powers

APPENDIX 5 - Equalities Impact

APPENDIX 6 - CONFIDENTIAL Financial

BACKGROUND PAPERS

No background papers.

Anyone requiring further information should contact either Paul Batho (Development Manager) by email paul.batho@stockport.gov.uk or Robert Goulsbra (Head of Development and Regeneration) by email on robert.goulsbra@stockport.gov.uk.