

## **CABINET**

### **MINUTES OF MEETING Wednesday, 15 September 2021**

**PRESENT:** Councillor Neil Emmott (in the Chair) Councillors Daalat Ali, Iftikhar Ahmed, Blundell, Wardle, Rachel Massey, Meredith, O'Rourke and Susan Smith

**OFFICERS:** S. Rumbelow (Chief Executive), J. Earle (Director of Economy), A. Ibrahim (Monitoring Officer), J. Murphy (Chief Finance Officer), M. Ashworth and M. Garraway (Resources Directorate).

**ALSO IN ATTENDANCE:** Councillor Dearnley, Councillor Susan Emmott; G. Davies and D. Cooke (Rochdale Development Agency).

**APOLOGIES FOR ABSENCE:** Councillor Rowbotham

#### **38 DECLARATIONS OF INTEREST**

There were no declarations of interest.

#### **39 EXCLUSION OF PRESS AND PUBLIC RESOLVED**

That the Press and Public be excluded from the meeting during consideration of the following five items of business, in accordance with the provisions of Section 100A (4) of the Local Government Act 1972, as amended.

##### **Reason for the resolution**

Should the press and public remain during debate on these three items there may be a disclosure of information that is deemed to be exempt under Part 3 of Schedule 12A of the Local Government Act 1972

#### **40 UPPERBANKS DEVELOPMENT UPDATE**

Consideration was given to a report of the Cabinet Member for Cabinet Member for Economy and Communications / Director of Economy which sought approval to fund the construction costs and commence work on the main contract for the Upperbanks residential and hotel development in Rochdale town centre (Rochdale Riverside Phase 2).

##### **Alternatives considered**

By not developing the site the significant regeneration benefits and outcomes would not be realised and the £20m of external grant funding would not be available for the Council to utilise towards the project. Additionally there was potential for up to £8.7m of enabling/design works and fees to be written off to the Council's revenue account should the scheme not proceed. Risks to further loss of income would be significant should the Local Housing Company not be established and/or the hotel franchise agreement not be realised.

## **RESOLVED**

1. That it be noted the costs of the construction of the apartments and hotel are to be funded from Public Works Loan Board borrowing and external grants as detailed within the submitted report.
2. That delegated authority be given to the Chief Finance Officer to rephrase and transfer budgets within the capital programme to reflect the separation of the Upperbanks scheme and the Property Growth Fund.
3. That that the review of the build contract is on-going and once the contract has been agreed delegated authority be approved to award the build contract to construct the apartments and hotel via the procurement framework identified within the submitted report to the Assistant Director Legal, Governance & Workforce in consultation with the Cabinet Member for Economy and Communications and Cabinet Member for Finance and Corporate.
4. That it be noted an emergency decision had been undertaken by the Chief Executive to issue a Letter of Intent to enable allowed the preferred contractor to place orders in advance of the main contract being awarded to ensure the risk of significant additional construction costs are mitigated.
5. That approval be given to enter into a procurement process to appoint a management company to ensure the future operation, letting and management arrangements for the apartments are in place prior to completion of the scheme, as identified within the submitted report; and the awarding of the contract to be delegated to Director of Economy in consultation with the Chief Finance Officer, Assistant Director for Legal and Governance, and relevant portfolio holders.
6. That approval be given to enter into a procurement process to appoint a management company to ensure the future operation, letting and management arrangements for the hotel are in place prior to completion of the scheme, as identified in the report and the awarding of the contract to be delegated to Director of Economy in consultation with the Chief Finance Officer, Assistant Director for Legal & Governance, and relevant portfolio holders.
7. That approval be given to the Director of Economy, Assistant Director for Legal, Governance and Workforce and the Chief Finance Officer in consultation with the Portfolio Holders for Economy & Communications and Finance & Corporate to enter into the franchise agreement with the hotel operator, as identified within the submitted report.
8. That approval be given to the spend the £17.1m external grant funding from the Future High Street Fund on the Upperbanks scheme and to note the need to spend the grant before the end of March 2022 and March 2023 respectively.
9. That the contents of the over-arching external advisors report, the executive summary forming Appendix B to the submitted report, be noted.
10. That the rationale be noted for pursuing the scheme; the expected regeneration benefits & outcomes; the expected demand for the apartments and hotel; the funding options for the apartments and hotel; the viability appraisal and cash flow of the proposed development; and the tax implications of the establishment of the Local Housing Company.

11. That the financial & legal risks associated with the proposed delivery and funding structure be noted.
12. That the requirement to fund the pre-completion trading expenditure and early years losses for the apartments and hotel, proposed to be underwritten utilising the Council's Business Rates Growth reserve as required, be noted.
13. That further report(s) be brought to a future meeting of Cabinet to seek approval to those matters identified in the submitted report prior to completion of the scheme, including engagement with private sector (including options to de-risk the scheme); the establishment of a Local Housing Company in accordance with the structure identified in the report (including a detailed business case); and the potential establishment of a company to hold the hotel.
14. That the Assistant Director Legal, Governance & Workforce be authorised to enter into any legal agreements necessary to give effect to this decision in consultation with the Cabinet Member for Economy and Communications, Director of Economy and the Chief Finance Officer.

**Reason for resolution**

The Upperbanks scheme is a key regeneration priority for the Council and is an important component of the on-going regeneration of Rochdale town centre.