

**Manchester City Council  
Report for Resolution**

**Report to:** Economy Scrutiny Committee – 11 December 2013

**Subject:** Manchester Airport City Enterprise Zone: Update

**Report of:** Strategic Director: Strategic Development

**Summary**

The purpose of this report is to update Members on the progress of developing and delivering the Manchester Airport City Enterprise Zone, including steps that are now being taken to capture potential benefits associated with the recent announcements relating to HS2.

**Recommendations**

The Committee is recommended to:

- 1) Note the progress that is being made in the delivery of the Manchester Airport City Enterprise Zone.

**Wards Affected:** Baguley; Brooklands; Northenden; Sharston; Woodhouse Park.

Community Strategy Spine	Summary of the contribution to the strategy
Performance of the economy of the region and sub region	The Manchester Airport City Enterprise Zone and associated development will make a significant contribution to the economic growth of the Greater Manchester economy.
Reaching full potential in education and employment	The development of the Manchester Airport City Enterprise Zone will lead to the creation of a substantial number of jobs in a range of employment sectors.
Individual and collective self esteem – mutual respect	
Neighbourhoods of Choice	<p>The proposed developments are aimed at establishing the Enterprise Zone as a global destination and as a major catalyst for driving forward and encouraging the retention of existing residents and attracting new working households to live in the wider Wythenshawe and South Manchester area.</p> <p>Development across the Enterprise Zone will</p>

	involve the creation of high quality new environments and the provision of facilities that are accessible to the local community and help ensure surrounding communities can secure benefits from future investment into these parts of the Enterprise Zone.
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**Contact Officers:**

Name: Eddie Smith  
Position: Strategic Director, Strategic Development,  
Telephone: 0161 234 3030  
E-mail: e.smith@manchester.gov.uk

**Background documents (available for public inspection):**

Manchester Airport City Enterprise Zone: Proposed Governance Arrangements and Land Assembly, Executive, 11<sup>th</sup> September 2013

Greater Manchester Enterprise Zone – draft framework plans for Medipark and Wythenshawe Town Centre, Executive, 19<sup>th</sup> December 2012

Greater Manchester Enterprise Zone – Adoption of Manchester Airport City Enterprise Zone Framework Plan, Executive, 24<sup>th</sup> October 2012

Greater Manchester Enterprise Zone – Planning Framework and Business Rates Regime, Executive, 25<sup>th</sup> July 2012

Airport City, Manchester – Greater Manchester Enterprise Zone, Executive, 14<sup>th</sup> September 2011

Manchester Airport City Development and Infrastructure Framework, Executive, 6<sup>th</sup> April 2011

## 1.0 Introduction

- 1.1 The Manchester Airport City Enterprise Zone is an important economic development opportunity for Greater Manchester. The purpose of this report is to update Members on the development of the Enterprise Zone.

## 2.0 The Manchester Airport City Enterprise Zone: Background

- 2.1 The Greater Manchester Enterprise Zone focused on Airport City was one of four vanguard zones announced in the 2011 Budget. Following a submission to Government for the formal designation of the Manchester Airport City Enterprise Zone in September 2011 formal approval to Manchester's proposals was received in January 2012.

- 2.2 Within Enterprise Zones the following benefits will apply:

- Businesses locating to the Zone by 2015 would be eligible for a discount of up to a maximum of £55,000 per annum for the first five years they were located within the Zone. The costs of the business rate discount will be met by HM Treasury (HMT);
- Government to assist with delivery of super-fast broadband within the EZ, with HMT providing funding, where this is necessary;
- Development should be made easier through radically simplified planning approaches for the EZ using, for example, existing Local Development Order powers. Within a Greater Manchester context this will give effect to Manchester's Core Strategy policies and will build on Manchester's long established approach to developing Strategic Regeneration Frameworks and Regeneration Frameworks for public consultation. These make the link between the development and wider regeneration principles; and
- All business rates growth within the Zone, for a period of at least 25 years, should be retained and deployed to support the Greater Manchester economic priorities of the Greater Manchester local authorities and their partners.

- 2.3 The Manchester Airport City Enterprise Zone consists of a series of linked sites focused around Manchester Airport, University Hospital of South Manchester (UHSM) and Wythenshawe Town Centre. The key roles envisaged for each of these sites within the Enterprise Zone can be summarised as follows:

- **Airport City North:** The core opportunity for a high quality new business district, attracting global companies into grade A offices, high tech manufacturing and research and ancillary facilities (leisure, hotels, retail);
- **Airport City South:** The World Logistics Hub, supporting the operational growth of the Airport and providing opportunities to enhance the logistics role of the Airport;

- **Medipark and Roundthorn Industrial Estate:** An opportunity to promote health and biotech commercial development, related to the research strengths of UHSM;
- **Wythenshawe Town Centre:** A focus for secondary and back office functions (which will also enhance the vitality of the Town Centre), alongside ancillary retail and leisure development to serve the increased volume of visitors to the area; and
- **Atlas Business Park:** An affordable secondary and back office functions, including business related to the primary operators in Airport City North (for example, support services or companies linked through supply chains).

2.4 The sites outlined above were chosen on the basis that they aligned with existing planning and regeneration frameworks, they would deliver jobs quickly and they provided unique propositions that would fully exploit the economic potential of the location. Together these sites total 116 hectares and provide the opportunity to create a minimum of 7,000 new jobs for Greater Manchester. Map 1 identifies the location of these sites.

2.5 A Manchester Airport City Enterprise Zone Framework Plan was developed and adopted at the October 2012 meeting of Manchester City Council's Executive to provide a structural policy context for development across the Zone, explaining the role of each site and outlining development requirements across the Enterprise Zone. This Framework Plan sets out the high level economic and spatial framework for the Zone and, critically, supports the development of more detailed masterplans and planning arrangements for individual sites within the Zone.

### **3.0 The Manchester Airport City Enterprise Zone: Progress, Key Issues and Next Steps**

3.1 Since formal approval was given to the establishment of the Enterprise Zone work has been progressed by key stakeholders to bring forward the necessary steps to ensure that the Zone can deliver the economic, employment and financial outcomes envisaged. The remainder of this section sets out the progress, key issues and next steps associated with securing these outcomes.

#### *Planning and Regeneration Frameworks*

3.2 Following the approval of the Manchester Airport City Enterprise Zone Framework Plan in October 2012 the Manchester Airports Group (MAG) have secured outline planning permissions for Airport City South in November 2012 and Airport City North in January 2013.

3.3 The June 2013 meeting of Manchester City Council's Executive approved Regeneration Frameworks for both the Medipark and Wythenshawe Town Centre and in doing so ensured that both Frameworks would be taken into account as a material consideration for development control purposes.

#### *Procurement of Delivery Partners*

- 3.4 In December 2012 Manchester Airports Group (MAG) commenced a procurement process for development and funding partners to deliver Airport City South and Airport City North. The developers and investors who bid could seek to take forward each area separately and individually or they could seek to bring forward both Airport City North and South collectively in a single lot.
- 3.5 The outcome of the procurement process was announced in October 2013. a joint venture comprising Manchester Airports Group (MAG), Carillion, Greater Manchester Pension Fund (GMPF) and Beijing Construction Engineering Group (BCEG) as equity partners with Argent providing development management services. This consortium provided MAG with the optimum mix of skills, resources and covenant strength to deliver MAG's ambitions. The introduction of BCEG, a Chinese construction and engineering firm, into the new structure was welcomed given their global procurement and supply chain offer, together with funding credentials and potential to encourage Chinese investment and airlines at the Airport.
- 3.6 In relation to the MediPark the delivery arrangements are the subject of active discussion between University Hospital South Manchester (UHSM) Trust, landowners and key stakeholders. These discussions will be brought to a conclusion shortly. This will be in tandem with opportunities which are now being evaluated for short term developments which will create a strong early phase or phases of development. With regard to the Wythenshawe Town Centre land assembly is the subject of early action.

#### Delivery

- 3.7 In respect of the current forecasts in relation to the numbers of jobs that will be located within the Enterprise Zone by March 2015 the latest estimates indicate that some 2,500 new jobs will be established across all five sites that make up the Manchester Airport City Enterprise Zone. Further work is currently underway to assess the likely Business Rate impacts of development with the Zone.

#### Funding

- 3.8 Over the last twelve months a wide range of funding opportunities have been explored with a view to providing the Enterprise Zone partners with the wherewithal to accelerate the development of the core infrastructure which will underpin the development platform for the Zone.
- 3.9 For example, the Government recently announced an Enterprise Zone Capital Grant Fund initiative which is a £100 million fund being made available in the financial year 2014/2015 to accelerate development in Enterprise Zones. The Fund provides an opportunity for Zones to bid for funds to unlock those sites that are being held back by market failure, but nonetheless have strong potential to deliver private investment and jobs in the short term. Enterprise Zone Partners: MAG, the City Council, University Hospital South Manchester, Bluemantle and Atlas Business Park have come together to make an application focussed on removing the critical barrier of electrical supply and low carbon power to the Manchester Airport City Enterprise Zone. Based on

the Collaborative Energy Strategy developed by Arup in July and a further technical feasibility analysis the application was made focussing on the following elements:

- 32 MVA primary connection supplied from West Didsbury to associated substations at Medipark and Airport City North at a combined cost of £9.5m (Medipark £7m, Airport City North £2.5m)
- 2 energy centres and heat networks, one on each site for a total cost of £15m

The total scheme cost will be circa £24.5m of which £18m is being paid by way of a grant. The grant will fully fund the electrical works and 60% of the heat networks.

- 3.10 This project will enable and accelerate job creation. It is estimated that 2,500 long term jobs will be created across Airport City North and Medipark by 2017 provided power security and Bream Excellent developments can be secured, evidenced by current negotiations with prospective tenants. The proposed scheme will remove these critical barriers and enable these developments in the near term. The project will provide additional electrical capacity and low cost renewable heat that creates development ready sites to accelerate the delivery of up to a further significant numbers of jobs across the two sites by 2028. The investment will similarly lead to substantial environmental benefits through providing emissions savings of 11,740 Tonnes of carbon per year (equivalent to 25% savings on emissions). This low carbon heat supply will also provide low cost heat to end users with a lifecycle cost benefit that will enable greater investment in business activities, enhancing growth potential in addition to the substantial economic and environmental benefits already identified.

#### *Airport City Skills & Employment Strategy*

- 3.11 Manchester Airport Group (MAG) has been working with Manchester City Council and Chamber Manchester to develop an Airport City Skills & Employment Strategy. The core purpose of the Strategy is to make sure that there is significant local benefit from both the construction and end use phases of Airport City. The strategy builds on the Airport's track record of local employment and sets targets for employing local residents from Wythenshawe, Manchester and Greater Manchester for both the jobs during the construction phase and long-term occupiers. The Skills & Employment Strategy is still in draft form and will be launched in the New Year to ensure that GM partners and providers have the labour market intelligence and time to create pathways for GM residents into the employment opportunities at Airport City.

#### *Manchester Airport HS2 Station*

- 3.12 Proposals for HS2 Phase 2 were published at the end of January 2013 in "High Speed Rail: Investing in Britain's Future – Phase Two: The route to Leeds, Manchester and beyond". This document set out the Government's initial preferred route for Phase Two of the network, which will extend directly to Manchester and Leeds. This included proposals for HS2 stations at

Manchester Piccadilly and Manchester Airport. Work is underway to align the Airport station proposals with the planning of the EZ and the wider area. The outcomes of this work will be brought together as part of the City Council's, the Greater Manchester Combined Authority's and MAG's response to the Government's proposals which will be made in the New Year.

#### **4.0 Governance Arrangements**

- 4.1 A Manchester Airport City Enterprise Zone Strategic Board has been established to manage the operation of the Enterprise Zone, with membership representing Manchester City Council, Trafford Metropolitan Borough Council, Manchester Airport, the University Hospital of South Manchester (UHSM), MIDAS and the Greater Manchester LEP. This Board aims to ensure that the Manchester Airport City Enterprise Zone is able to maximise the potential of this location to benefit Greater Manchester. This includes managing the delivery of the strategic vision, marketing and co-ordination of development across the Enterprise Zone sites, and monitoring the performance of the Enterprise Zone against key measures including the fiscal and employment outcomes to be secured across the Zone.
- 4.2 Supporting the Strategic Board is a EZ Landowners Commissioning Body chaired by MAG with the Chief Executive of Manchester City Council, UHSM and the Chief Executives of Stockport and Oldham Councils. This Body is the principal focus for ensuring that the EZ is managed effectively in accordance with objectives and that the landholding interests of the various bodies, including the 10 GM authorities are fully protected.

#### **5.0 Concluding Remarks**

- 5.1 Significant progress has been made over the last 21 months since Greater Manchester's proposals for the Manchester Airport City Enterprise Zone were approved by Government. Not only does the Enterprise Zone afford the Wythenshawe area and Greater Manchester the opportunity to benefit from the creation of new jobs across a range of employment sectors and skill levels but also the facility to retain all business rates growth within the Zone, for a period of at least 25 years, will provide an investment fund to be established that will clearly support future economic growth across the conurbation.
- 5.2 The key challenge in the short term, that is to March 2015, is for all partners engaged in the delivery of the Enterprise Zone is to bring forward new development and to maximise the availability of the Business Rate discounts for the long term benefit of supporting economic growth across the conurbation.

Map 1: Manchester Airport City Enterprise Zone Sites

