
**Manchester City Council
Report for Resolution**

Report to: Executive – 29 June 2016

Subject: The Development of the City Council's Digital Asset Base

Report of: Strategic Director, Development

Summary

This report briefly updates members on the development of the City Council's Digital Asset Base: The SHARP Project, The SPACE Project and One Central Park (OCP). It sets out proposals for further investment into these three assets, in particular The SHARP Project and OCP, to enhance their competitive positions whilst continuing to deliver on the core economic priorities of stimulating growth, creating jobs and the attraction of new entrepreneurs, new business, capital and talent within the city's digital sector.

Recommendations

The Executive is recommended to:

1. Recommend that the Council approve a Capital Budget increase of £6.7m, relating to the refurbishment of OCP (£5.3m) and the tenants fit-out of phase 2 The SPACE Project (£1.4m), funded from prudential borrowing, the cost of which will be funded from increased rental income.
2. Note the progress to date in the development of the City Council's Digital Asset Base and the indicative proposals in relation to OCP that seek to enhance the facility and ensure it will continue to contribute to the continued growth of the city's digital sector as set out in Section 2.0 of this report.
3. Note the recommendation to undertake feasibility work and a detailed appraisal in relation to The SHARP Project as set out in section 3.0 of this report, to be funded from the approved carry forward of 2015/16 surpluses.
4. Note that a further Executive Report will be submitted following the progression of feasibility and detailed appraisal in relation to The SHARP Project seeking approval for a capital budget to deliver the works, subject to a more detailed cost exercise and development of a robust investment case for the Council.
5. Delegate to the City Treasurer & Chief Executive, in consultation with the Leader & the Executive member of Finance and Human Resources the final approval to spend £1.4m fit-out costs at the SPACE Project, subject to a business case evidencing sufficient additional income is available to fund the cost of prudential borrowing.

6. Note progress on establishing the Holding Company.
7. Approve a capital budget increase of £30k as a provision to cover the costs of establishing the Holding Company, funded by the Capital Fund.

Wards Affected Miles Platting & Newton Heath, Ardwick and Harpurhey

Manchester Strategy outcomes	Summary of the contribution to the strategy
<p>A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities</p>	<p>Manchester is recognised as a leader in creative and media businesses. The proposals to expand the Digital Asset Base are geared towards strengthening and expanding the growth of Manchester’s Digital Sector, helping to deepen and broaden Greater Manchester’s existing Digital, Creative Content and Media sector.</p> <p>Continuing to the Digital Asset Base in Miles Platting & Newton Heath, Harpurhey and West Gorton will help to diversify the economic base of East Manchester whilst ensuring the city maintains its place as the second largest cluster of this type in the UK.</p>
<p>A highly skilled city: world class and home grown talent sustaining the city’s economic success</p>	<p>A Manchester Digital Skills Strategy has been developed that aims to build a globally competitive skills base within the city, working with young people in the primary, secondary and tertiary education systems. This is aligned with work with Manchester College, the Manchester Chamber of Commerce, Job Centre Plus and Work Programme providers who will play a key role in helping local residents capture the wide range of accessible job opportunities that will be created through the Digital Asset Base.</p>
<p>A progressive and equitable city: making a positive contribution by unlocking the potential of our communities</p>	<p>N/A</p>
<p>A liveable and low carbon city: a destination of choice to live, visit, work</p>	<p>The growth of the Digital Asset Base is helping to transform the profile and image of Miles Platting & Newton Heath, Harpurhey and West Gorton as a place to live, work and invest in. Developments forming part of the Digital Asset Base will aim to achieve BREEAM Very Good ratings or above and improve the current EPC rating of existing buildings whilst looking to implement low carbon technologies.</p>

A connected city: world class infrastructure and connectivity to drive growth	The city's digital infrastructure is critical to its future success, as connectivity underpins growth across all sectors. The growth of the Digital Asset Base will play a key role both in improving infrastructure and ensuring that infrastructure, including faster connectivity and increased bandwidth, is implemented across East Manchester by working with service providers who connect the assets.
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Full details are in the body of the report, along with any implications for

- Equal Opportunities Policy
- Risk Management
- Legal Considerations

Financial Consequences – Revenue

A feasibility study and detailed appraisal is required to be undertaken in relation to The SHARP Project, and the estimated cost of this is £125,000. It is proposed that this is funded from an approved carry forward surplus from 2015/16.

The report also seeks the establishment of a working capital facility of up to £100,000, if required, for the operation of the OCP, the SHARP Project and the SPACE Project assets, to be repayable to the City at each year-end. Such a facility can be managed from within existing City Council resources.

Financial Consequences – Capital

The recommendation in this report will increase the capital budget by £6.73m, with £1.53m in 2016/17 (The SPACE Project £1.4m, OCP £0.1m, & Newco £0.03m) and £5.2m in 2017/18 for OCP. The increase will be funded by prudential borrowing (£6.7m), which will be repaid from increased rental income over a ten years period and £0.03m from the Capital Fund.

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Background documents (available for public inspection):

The following documents disclose important facts on which the report is based and have been relied upon in preparing the report. Copies of the background documents are available up to 4 years after the date of the meeting. If you would like a copy please contact one of the contact officers above.

- Digital Manchester, Executive, 14th March 2012
- The Sharp Project: Expanding Support to the Development of Manchester's Digital Sector, Executive, 12th September 2012
- Digital Manchester Update, Executive, 24th October 2012
- The Sharp Report, Executive, 5th December 2012
- The Development and Future Organisation of the City Council's Digital Asset Base, Executive, 24th July 2013
- The Development and Future Organisation of the City Council's Digital Asset Base, 22nd December 2014
- The Development of The Space Project, West Gorton 2nd March 2016

1.0 Introduction

- 1.1 In 2013 the digital sector within Greater Manchester employed nearly 44,000 people, within nearly 7,000 businesses, the majority of which are located within Manchester. The City Council has recognised the need to stimulate the growth and attraction of new entrepreneurs, new business start ups, capital and talent within the city's digital sector as part of our core economic strategy.
- 1.2 The focus has been on expanding the city's digital asset base by focussing on businesses that are engaged in, or who support, the making, moving and / or manipulating digital content, locally, nationally and globally. As such the Council has sought to bring forward propositions which seek to expand the growth and diversification of digital industries; create pathways for employment; encourage new business start-ups; and in doing so, address where, but for the intervention of the public sector, there would be conventional market failure to respond to the opportunities to grow and accelerate the development of the city's digital economy.
- 1.3 The creation of The SHARP Project on Oldham Road, Newton Heath was the first key facility in the development of the City Council's ambition to diversify and grow our digital asset base. The acquisition of OCP on Central Park, the development Phase 1, and more recently the approval to develop Phase 2, of The SPACE Project in West Gorton have contributed to the City Council's continued ambition of expanding and diversifying the city's digital economy. Taken together these three "Projects" make a very visible and meaningful economic contribution to the attraction of new entrepreneurs, new business start ups, capital and talent to Manchester, helping to deliver on our ambitions to be a global digital city.
- 1.4 Previous reports to Executive have set out a series of proposals to support and grow the city's digital sector through investment in The SHARP Project, The SPACE Project and through the acquisition of OCP. This report briefly updates Members on the development and performance of the three "Projects". The report seeks approval for further Capital investment into the digital asset base. In particular to implement the findings and recommendation from feasibility work undertaken to appraise potential options to enhance OCP and improve its ability to contribute towards the growth of the digital asset base and the city's digital sector. The report also seeks further revenue funding to carry out feasibility work to appraise options for further investment into The SHARP Project. Finally, the report seeks resources to fund design and physical works in relation to tenant fit out requirements within Phase 2 of The SPACE Project.
- 1.5 The report also updates on the proposals for the City Council to bring together these three "Projects" and to put in place an externalisation strategy for the Digital Asset Base through the forming of a Holding Company. This will enable these assets and the activities undertaken within each "Project" to enhance their competitive positions but at the same time continue to deliver on the core economic priorities of stimulating the growth and attraction of new

entrepreneurs, new business start ups, capital and talent within the city's Digital Sector.

2.0 The Development of One Central Park (OCP): An Update on performance and Development Proposals

2.1 This section of the report updates members on the progress of OCP in relation to its performance to date since the acquisition of the building, the outcomes of the feasibility study approved by Executive in December 2014 and the proposals to remodel the building to make it suitable for the digital sector as its target market.

OCP Background

2.2 At its meeting on the 12th September 2012 the Executive authorised the acquisition of OCP at an approved budget of £3.64m. The acquisition was concluded on the 18th June 2014 for a price of £1.460m including Stamp Duty Land Tax (SDLT) and fees. The facility consists of 83,203 sq ft of lettable office space in 3 blocks, over 3 floors in a triangular layout surrounding an unused central, open air courtyard, with a 272 space car park.

2.3 Prior to the completion of the transaction in June 2014 work was already underway to improve the operational performance of the facility and to establish OCP as the European headquarters for EON Reality, a global interactive 3D technology company. EON Reality are now established tenants leasing 10,000 sq ft for 10 years and have taken additional floor areas with the intention to expand further and to lease a total of 18,000 sq ft by mid 2017. This work to improve the operational performance has continued since the acquisition with officers working in conjunction with the managing agents, PAM Ltd, to reduce overheads; improving the procurement of FM services; tackling under-rented tenancies and improving the lettings to reduce vacant space achieved by offering flexible tenancies on 'easy in, easy out' terms. Under this new management regime lettings have improved to the extent that the building is now 90% let and the building achieves a revenue surplus.

2.4 As a result of the active management of OCP the financial performance of the asset has significantly improved. Notwithstanding these improvements it is clear that the building, which is now ten years old, needs additional capital investment to strengthen its performance and capacity to serve the needs of the target market of digital companies.

2.5 In order to develop a robust business case for further investment into OCP, a two stage feasibility study was carried out which included a review of the current facilities ability to provide for the digital sector; existing constraints; the management of the facility; the building's existing ICT infrastructure; mechanical and electrical infrastructure and appraised options to refurbish and remodel the building to make it a more attractive proposition within the sector. More specifically the team leading the feasibility study were tasked with producing a set of proposals that would change the perceived image of the building, thereby attracting a tenant base which fits the proposed concept,

increases the rental value and seeks to further reduce the operational costs of the facility for the benefit of both tenants and the business. As such the proposed investment into OCP will not only attract further digital tenants to the building, but will act as a catalyst for further development opportunities across the whole of Central Park.

OCP Feasibility Study – Key Findings

- 2.6 The feasibility study reviewed the existing building constraints and proposed options for refurbishment and remodelling. The study identified the existing constraints and why the office accommodation was considered unsuitable for the target digital market. The key issues were identified as the following:
- Lack of networking/ business interaction space – the courtyard and canteen could provide ideal networking spaces but due to the unkempt condition of the courtyard and poor catering offer they were considered unsuitable
 - Lack of focussed management - The Development Team and the current 3rd party FM company (PAM Ltd) are not able to drive forward the business and utilise other opportunities to generate revenue and job opportunities (campus memberships, events, apprenticeships etc, targeting the digital market etc)
 - The reception area was considered to be an anonymous space that did not facilitate tenant interaction or provide commercial opportunities.
 - The management, lack of branding, poor space utilisation and access control arrangements to the car park and three office wings were all viewed as constraints
 - Under-utilised and poorly designed AV/lecture theatre
 - Building services & energy performance – this aspect presented a number of challenges primarily because the services were designed for single and not multi-occupancy. As a consequence to implement an effective and equitable service charge and billing regime to current and prospective tenants new sub metering would have to be introduced which would require changes to the M&E infrastructure. In addition the team identified improvements to lighting as issues to address to improve energy performance.
 - Under-provision and poorly managed car parking arrangement
 - Poor connectivity and wayfinding to local transportation facilities including Central Parks tram stop
- 2.7 As a consequence of the above it was concluded that in its current condition OCP is an unattractive proposition to the targeted digital market and the subsequent opportunities. OCP cannot charge a full commercial

market rent; has no ability to charge for additional facilities; or indeed create new services / facilities to deliver additional revenue streams and has unusable or low quality space that recovers no income.

OCP Development Proposals

- 2.8 The proposals set out in the feasibility report set out to transform OCP into a building that is fit for purpose and will serve the needs of the targeted digital services market and adopts the underlying principle of the Sharp Project business model. The model is focussed on creating a place where power, connectivity and space converge to deliver new opportunity and growth in the digital economy in order to deliver economic benefit to the Greater Manchester region. The model has a clear brand, purpose and remit and it has been successful. It is this that MCC wish to re-produce at OCP and the study is the first step to investigate how to deliver this new remit for OCP. In summary to overcome these issues a series of recommendations were considered:
- Reconfiguration of the offices & meeting rooms to create more flexible & efficient office space, creating exposed ceilings, lowering window sill heights and redecorating;
 - To provide new workspace at ground floor level converted from the existing spaces, the existing cafeteria and the adjacent under-utilised open plan office spaces. These ground floor spaces to have a similar look and feel to those created in both The SHARP and SPACE Projects with an exposed services installation and a refined industrial aesthetic better aligned to the targeted tenant sector;
 - To reconfigure the mechanical and electrical (M&E) service in the remodelled areas, including modifications to the infrastructure such that the refurbished office meet the demands of a multi tenanted office building for the target sector. M&E proposals seek to retain much of the existing infrastructure where appropriate and alter/ adapt services to suite the revised layouts rather than wholesale replacement;
 - Transform the tenant base / management by introducing a commercial model based on The SHARP Project in order to drive the business forward as part of the Holdco;
 - To undertake works to remodel the building approach and entrance with a new brand identity and aesthetic developed from The SHARP / SPACE Projects that 'repositions' the building from a corporate office into more contemporary workspace targeted at the anticipated tenant sector;
 - To provide a new building foyer that acts both as a control point between the semi-public and private spaces at OCP but additionally creates a café with recreational and networking space for both OCP tenants and the wider Central Park community;

- To provide modest alterations to the current layouts on the upper floors to both maximise the net to gross ratio of the floor plates and to improve connectivity between each 'block';
- To affordably re-decorate the offices and common areas on the upper floors to ensure these floors carry much of the brand identity of the refurbished ground floor workspaces to provide a transformative and consistent impact on the overall building aesthetic aligned with the target sector; and
- To enclose the courtyard with a lightweight ETFE roof (a lightweight fluorine based plastic which is durable and requires minimal maintenance – recently used on the Victoria Station re-development) providing a large, internal, multi-purpose rentable space for members requiring facilities for meetings, conferences, promotional events etc. The area will also become a centralised amenity area that will act as the heart of the building and provide a facility for both tenants and wider park users with membership. This space will provide a tempered, top-lit, internal environment and will adopt a flexible services strategy to allow adaptable year round use. The existing building elevations that are to enclose the courtyard are to be enhanced by the introduction of a living 'green' wall to Block B and adaptations to the window patterning to allow some offices to have internal balconies to provide a vibrant internal plaza with improved aspect and visual connection between tenants to help foster a creative community with this space at its heart.

2.9 In addition to the above a series of recommendations were suggested which could be implemented immediately as 'quick wins' to improve the current facility and begin the transformation of the facility. These recommendations included:

- Indirect metering to improve the recording and recharging of power to tenants to reduce the overall service charge to the benefit of both tenants and the landlord;
- Direct metering to server rooms to accurately record tenant usage within these common areas; and
- Installation of a security barrier to the car park and review of the current management regime to improve the visitor experience and security of the car park.

2.10 The costs of the proposed works, based upon Stage 2 concept designs, are estimated at £5.3m, and the estimated costs include prelims, design fees and contingencies for design development and construction risk. The above costs also include the recommended 'quick wins' as a package of works estimated at c£100,000 which will be invested in the immediate term. The costs are subject to more detailed design, and will be also be dependent on phasing and the selection of an appropriate route of procurement. On this basis, a more

detailed review is required with capital expenditure to commence on further design work immediately, leading to a start on site in Summer 2017 with works expected to complete on phased basis by mid 2018.

- 2.11 A full appraisal covering the operational costs, income and capital repayment based on 3 different options is covered in the Part B report, although it should be noted there is no net increase in revenue spend arising from this proposal, as the cost of the capital investment including interest is covered over time by increased rental income.

3.0 The SHARP Project: The Requirement for Further Investment

- 3.1 In the last report to Executive on the digital asset base on 22nd December 2014 an update on the recent significant lettings at The SHARP Project was provided, including the option agreement with a data centre and cloud computing firm to agree terms for a 20 year lease for the remaining 58,000 sq ft of space referred to as 'Black'. Unfortunately, in the current market, it is unlikely that the delivery of a data centre in the remaining space at The SHARP Project will be a viable option in the short term with the company who secured the option.
- 3.2 Whilst this is still considered to be an option for the remaining space, The SHARP Project management team have recommended that the failure of the data centre to materialise as quickly as was forecast has provided an opportunity to undertake a review of 'Black' and to consider potential alternative commercial options which can both utilise the space and continue the growth of the project. This approach is considered prudent as the impact of the data centre not coming forward will have a detrimental impact on the Project's business plan.
- 3.3 In terms of examining options for the Black area of The SHARP Project, the current shipping containers at The SHARP Project are fully let, with a continuous demand from start ups. In addition, there is a lack of grow-on space available for maturing businesses as the offices are now fully let and the project has already witnessed tenants looking to grow from shipping containers to larger offices having to relocate elsewhere due to the lack of available space. Therefore, there is the potential to investigate whether 'Black' can be remodelled to accommodate some of this demand and to ensure The SHARP Project can continue to house both new start up digital companies as well as fast growing companies who cannot find the required space within the facility.
- 3.4 In addition, the management team have recommended a review of some of the wider operational issues at The SHARP Project which have arisen as a result of the buildings success and which need to be addressed before it can grow further. This review will ensure that the facility continues to remain attractive to tenants and stays ahead of increasing competition from other serviced offices and managed workspaces across the city.

- 3.5 The building has now been operational for 7 years and some of the current key challenges with the building relate not only to the potential redevelopment of 'Black', but also to the creation of more office based floor space, including essential support functions (meeting rooms, canteen, facilities, car parking) along with a requirement for a secondary access within proximity to the Central Park Metrolink stop.
- 3.6 In order to develop a robust business case for further investment into The SHARP Project, it is proposed a comprehensive and detailed appraisal is undertaken to review the potential for the redevelopment of 'Black', and to address the wider support function requirements of the building. This will include professional design team input, including architectural, structural & civil and mechanical & electrical design input in order for an investment case to be fully evaluated. The budget estimate for the feasibility study and detailed appraisal is £125,000. This will be funded from approved carry forward surplus from 15/16 relating to the three digital assets which has already been approved as part of the 2016/17 MCC budget. The outcomes of this work, as well as the investment case would be reported to a future meeting of the Executive.

4.0 The SPACE Project: Update on progress of Phase 2 and Tenant Interest

- 4.1 In the meeting of the Executive on 2nd March 2016 a budget was approved to deliver Phase 2 of The SPACE Project, to grow the TV and Drama Production hub to include a 30,000 sq ft stage, 6,396 sq ft of production support space, a 10,000 sq ft flexible workshop space and 40,000 sq ft of small business units to house supply chain businesses which serve the TV and Drama industry (such as lighting, rigging, camera and prop companies). Remedial works have commenced on site, the preferred contractor for the main build has been tendered and the Planning application for the scheme has now been submitted with the aim for construction to begin in the final quarter of 2016, for completion by autumn 2017.
- 4.2 The SPACE Project has started to promote the new facility in the market place and already significant interest has come forward, especially for the flexible small business units which are aimed at attracting supply chain businesses on leases of between 3 to 15 years, providing a stable income to the project. The SPACE Project is currently in negotiation with a significant potential anchor tenant who are considering leasing 10,200 sq ft (of 40,000 sq ft) and are currently considering commercial terms for a 15 year lease. The intention of the potential tenant is for the project to include the tenant's required fit out works within the construction of the main scheme. This is also been signalled by other potential tenants who are in early dialogue with The SPACE Project. The works are intended to make the unit 'ready for occupation' to the tenants required specification and to meet their specific business requirements, which will vary depending on differing types of business.
- 4.3 These works are additional to the current project scope and are not currently budgeted for. In order to accommodate these tenant fit out works, where it is possible and appropriate to do so within the main project, it is proposed that

an additional Capital budget is put in place to allow the City Council to deliver these works. This will be funded through prudential borrowing, with tenants to repay the capital and interest during occupation through an increased initial rent to be captured in the tenants Lease agreement. This will include additional design fees, costs to secure statutory approvals when required (planning and building control) and the physical fit out works. Costs will not be incurred by the City Council until terms have been agreed, an Agreement for Lease has been entered into and an appropriate deposit has been paid. In addition, any tenants agreeing to this arrangement will not be able to break from the Lease until after the repayment period.

- 4.4 Using the potential anchor tenant as a template, a pro rated capital budget of up to £1.4m to fit out up to 40,000 sq ft of space is requested with actual expenditure to be dependent on individual tenant requirements, but not to exceed the above figure. Therefore, there is the potential that not all of this budget will be expended and will only be used to accommodate tenant requirements as and when they come forward during the main build programme.
- 4.5 There are potential risks in MCC undertaking both design and physical works to the tenant fit outs as opposed to the tenant assuming such responsibilities. To mitigate the risk of MCC being unable to recover the cost of its investment, it is intended that no detailed design work is commenced until an Agreement for Lease is signed and a deposit, where required, is paid. In addition, officers will carry out the appropriate due diligence on prospective tenants prior to an Agreement for Lease being completed. In relation to the funds already approved to deliver the main scheme, this additional funding will only be invested where there is a firm legal commitment from the tenant and a revenue stream captured in the Lease terms to fund the costs. Therefore, as long as the risks can be mitigated, accommodating these works will have no detrimental impact on the business plan of the project, but securing pre-lets will be a significant boost. On the basis of the above, it is recommended that final approval for the Capital expenditure is be dealt with in line with recommendation (5) above.

5.0 Establishing a Holding Company for the City Council's Digital Asset Base

- 5.1 At the meeting of the Executive on 22nd December 2014, delegated authority was given to the Chief Executive, City Treasurer and City Solicitor, in consultation with the Leader and the Executive Member for Finance and Human Resources to finalise the "New co" company structure; and to authorise the City Solicitor to complete the necessary legal arrangements and documentation in relation to the structure.
- 5.2 The previous reports to Executive have set out the proposed structure of Newco. In summary, Newco will be a Limited company that is wholly owned by the Council which would manage and operate the digital asset base on behalf of the Council.

- 5.3 It is proposed that the name of the company will be 'the Manchester Creative Digital Assets Ltd' and the Board of Directors will comprise 4 MCC and 3 private sector representatives.
- 5.4 A business plan was developed which has highlighted the need to fund £30k of establishment costs and c£170k of additional annual revenue costs, including a new Chief Operating Officer post and some professional fees. These will be met by the resources generated by the company but due to the time lag, some cash flow support for the assets will be required from the City Council. This will be up to £100k if required and repaid each financial year end as necessary.

6.0 Contributing to the Manchester Strategy

(a) A thriving and sustainable city

- 6.1 Manchester is recognised as a leader in creative and media businesses. The proposals to expand the Digital Asset Base are geared towards strengthening and expanding the growth of Manchester's Digital Sector, helping to deepen and broaden Greater Manchester's existing Digital, Creative Content and Media sector.
- 6.2 Continuing to the Digital Asset Base in Miles Platting & Newton Heath, Harpurhey and West Gorton will help to diversify the economic base of East Manchester whilst ensuring the city maintains its place as the second largest cluster of this type in the UK.

(b) A highly skilled city

- 6.3 A Manchester Digital Skills Strategy has been developed that aims to build a globally competitive skills base within the city, working with young people in the primary, secondary and tertiary education systems. This is aligned with work with Manchester College, the Manchester Chamber of Commerce, Job Centre Plus and Work Programme providers who will play a key role in helping local residents capture the wide range of accessible job opportunities that will be created through the Digital Asset Base.

(c) A progressive and equitable city

- 6.4 N/A

(d) A liveable and low carbon city

- 6.5 The growth of the Digital Asset Base is helping to transform the profile and image of Miles Platting & Newton Heath, Harpurhey and West Gorton as a place to live, work and invest in. Developments forming part of the Digital Asset Base will aim to achieve BREEAM Very Good ratings or above and improve the current EPC rating of existing buildings whilst looking to implement low carbon technologies.

(e) A connected city

- 6.6 The city's digital infrastructure is critical to its future success, as connectivity underpins growth across all sectors. The growth of the Digital Asset Base will play a key role both in improving infrastructure and ensuring that infrastructure, including faster connectivity and increased bandwidth, is implemented across East Manchester by working with service providers who connect the assets.

7.0 Key Policies and Considerations

(a) Equal Opportunities

- 7.1 Each of the three Projects The SHARP Project on Oldham Road; OCP on Central Park; and The SPACE Project in West Gorton - will capture significant employment opportunities and ensure that Manchester residents have the opportunity to compete for the jobs that are created. In addition, there is a commitment to ensure that all three "Project" facilities will be accessible and well connected.

(b) Risk Management

- 7.2 A risk management strategy will be developed for the Project Holding Company which will be continually monitored to enable the Council to monitor and respond to risks throughout the lifetime of the Company.

(c) Legal Considerations

- 7.3 The Council is setting up the company to provide services to the Council in respect of the digital assets. The Company will be a separate legal entity and the Directors will be required to operate in accordance with UK Company law. Although the company will have limited liability, the Directors of that company may individually face claims for wrongful operation of the company. It is therefore recommended that the Council indemnify the Directors through appropriate Directors Liability Insurance whilst acting as a director.
- 7.4 Furthermore, the indemnities for Members and officers resolution approved by the Executive/Personnel Committee on 20 December 2006 should apply to the Directors insofar as the directors are officers of the Council who were appointed to the board of directors of the Company by the Council and the position:
- (a) forms part of or arises from powers conferred or the duties placed upon those officers as a consequence of any function being exercised by that officer (whether or not when exercising that function he does so in his capacity as an officer of the Council), at the request of or with the approval of the Council; and
 - (b) the terms of the resolution are specifically incorporated into the officer's contracts of employment.