

**Manchester City Council
Report for Resolution**

Report to: Executive - 27 July 2016

Subject: Redevelopment of the Area Surrounding Oxford Road Station

Report of: The Chief Executive

Summary

This report updates Executive Members on proposals for the redevelopment of the Oxford Road Station area, in particular the procurement exercise being undertaken to select a development partner to deliver the scheme. It seeks Executive approval for delegated authority to finalise the procurement process and to appoint the identified preferred partner, and to include City Council landholdings within a future development.

Recommendations

The Executive is recommended to:

1. Note that a competitive process has been undertaken, in partnership with Network Rail, to procure a development partner for the Oxford Road Station area;
2. Approve the entering into of a Development Agreement with the preferred development partner;
3. Delegate authority to the Head of Development, in consultation with the Chief Executive and City Treasurer, to negotiate terms for the disposal of Manchester City Council landholdings within the Oxford Road Station site for development purposes, with the terms to be reported back to the Executive;
4. Delegate authority to the Chief Executive and City Solicitor to negotiate and finalise the terms of the Development Agreement and any ancillary agreements, in partnership with Network Rail, with the final terms to be reported back to the Executive; and
5. Agree that a Strategic Regeneration Framework for the site is developed and brought to a future Executive, following the appointment of the preferred development partner.

Wards Affected

City Centre

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>Given the site's prominent location within Corridor Manchester and next to a main railway station and in close proximity to the St Peter's Square Metrolink Interchange, the site holds potential for new Grade A office accommodation, providing an attractive location for businesses and bringing new jobs into the city centre. It will also provide high quality new residential accommodation, new public realm and a variety of complementary leisure uses.</p> <p>Development will be aligned with the Northern Hub Infrastructure project, which will see capacity at the Station significantly increased, while the development will also improve connections to other parts of the city centre, in particular First Street, Corridor Manchester and St Peter's Square. These improvements will increase access to the opportunities both at the Station and in the surrounding areas of the city centre.</p>
<p>A highly skilled city: world class and home grown talent sustaining the city's economic success</p>	<p>Together with the Northern Hub proposals, development at Oxford Road Station will improve connectivity to Corridor Manchester, enabling more people to access the educational facilities located there. The site has the potential to accommodate significant new office and leisure based jobs, at a range of levels. The partners will make connections to the Manchester Work and Skills Strategy 2015-2020 where possible.</p>
<p>A progressive and equitable city: making a positive contribution by unlocking the potential of our communities</p>	<p>The partners will seek to maximise local employment from this initiative. The scheme will provide new connections to other parts of the city centre, including new residential communities at First Street and Circle Square, while overall improvements at Oxford Road Station will make the area increasingly accessible to residents from across the city and Greater Manchester. The area will also provide new leisure opportunities, accessible to all residents.</p>
<p>A liveable and low carbon city: a destination of choice to live, visit, work</p>	<p>Development at Oxford Road Station has the potential to deliver a major mixed use scheme, and an enhanced gateway to the city centre, which can become a desirable location in which to live and work. Major new public realm will be located off Oxford Street, providing both an improved setting for the Station and an improved local environment for this part of the city centre.</p>

	The area is highly connected to all forms of public transport, minimising the need for car journeys to and from the area, and pedestrian and cycle routes will be prioritised.
A connected city: world class infrastructure and connectivity to drive growth	As outlined above, the site benefits from excellent access to all forms of public transport. As part of the development, new pedestrian connections would be provided to and from the Station to other areas of the city centre.

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 budget of £265k has previously been approved from the capital fund to fund revenue costs, to take forward the procurement process and pre development feasibility works, part of which has now been spent. These costs, and any further enabling costs required, will be treated as a development cost and will be recoverable from the returns made from the development.

Financial Consequences – Capital

None.

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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;

- Report to Executive 29 July 2015 - First Street Update.

1.0 Introduction

- 1.1 The report to Executive on 29 July 2015, in relation to First Street, noted that Oxford Road Station and the surrounding area has been identified as a key redevelopment, regeneration and transport opportunity within Corridor Manchester and the adjacent parts of the city centre, including First Street and St Peter's Square. It also reported that the City Council are working in partnership with Network Rail to explore the potential for redevelopment at and around Oxford Road Station, in order to take advantage of the opportunities brought about by the Northern Hub works and the vacation of the former Cornerhouse buildings by Greater Manchester Arts Centre, on the opening of HOME.
- 1.2 This report provides Members with an update on work undertaken with Network Rail since then, in particular a procurement exercise to identify a preferred development partner for the site.

2.0 Background

- 2.1 The site lies at a strategic location at the corner of Oxford Street and Whitworth Street West, within Corridor Manchester, and in close proximity to First Street, St Peter's Square and Manchester Central. It comprises 1.42 hectares (3.52 acres) including the viaduct and railway lines, and 0.94 hectares (2.33 acres) excluding these structures.
- 2.2 As reported in the July 2015 report, the partners' objectives in exploring a redevelopment at this site are:
- To improve the Station, for the benefit of all rail users, its environment and connectivity with the nearby city centre neighbourhoods, including First Street, Corridor Manchester and St Peter's Square.
 - To act as a catalyst for the wider regeneration of this part of the city centre.
 - To integrate the arches along the eastern end of Whitworth Street West with First Street.
 - To provide appropriate amenity at the key junction with Corridor Manchester and First Street.
- 2.3 Following some initial feasibility work carried out in 2012, it is proposed that the area has the potential for a significant new mixed use development, at one of the region's busiest transport exchanges, as well as improving the environment and access to the station.
- 2.4 Network Rail are also proposing improvements to Oxford Road Station as part of the Northern Hub rail capacity schemes, which have previously been considered by the Executive. The proposed improvements are expected to lead to enhanced capacity and increased passenger numbers at the Station. The proposals would also result in Platform 5, adjacent to Whitworth Street,

becoming redundant, which could free up additional land for redevelopment. Management of the interface with the Northern Hub works, and the effective operation of the Station, will be key considerations during any redevelopment.

- 2.5 Since the 2015 Executive report, the City Council and Network Rail have been jointly undertaking a full OJEU procurement process to appoint a preferred development partner to deliver regeneration of the Oxford Road Station area. This is outlined in more detail below.
- 2.6 Consideration of local heritage will be another important factor in the future development of the area. Both this, and the Station interface, are key evaluation criteria that have been taken into account as part of the procurement process.

3.0 Selection of a Preferred Developer for Oxford Road Station Area

- 3.1 Manchester City Council and Network Rail have been undertaking a procurement process, using the negotiated procedure pursuant to the EU Public Contracts Regulations.
- 3.2 Through this process, the partners have been assessing the bidders on a range of criteria, including their ability to deliver (including management of the interfaces with Oxford Road Station); approach to risk management; ability to meet the partners' objectives for the site (including approach to design and heritage); and their financial offer. It is important to note that at this stage, the partners are not selecting a scheme, but the partner who they feel can best deliver the comprehensive regeneration of the area.
- 3.3 The partners are now at the final bid stage, with the preferred bidder being Bruntwood PLC. Bruntwood have undertaken initial site investigation works to ascertain the feasibility of development that meets the operational and regeneration objectives of the partners, in order to make a "best and final offer" to the partners which will allow a final procurement decision to be made.
- 3.4 On conclusion of the procurement process, a Development Agreement will be entered into between the partners and Bruntwood.
- 3.5 Once the Development Agreement is in place, it is expected that a Strategic Regeneration Framework (SRF) will be developed, in order to set the principles for future development in the area. It is therefore proposed that a SRF is developed by the partners and brought back to the Executive at a later date, followed by a public consultation exercise. Detailed designs and planning applications, including the treatment of existing structures and buildings in the area, will only be made once a SRF has been agreed. Appropriate consultation will also be undertaken on planning applications as they come forward.

4.0 Manchester City Council Land Interests

- 4.1 The Council has a freehold interest in land at 70 Oxford Street and 5 James Leigh Street totalling 0.13 acres.
- 4.2 The Council and Network Rail entered into a Memorandum of Understanding (MoU) in 2014, which established a strategic partnership arrangement to explore the delivery of a sustainable mixed use development at Oxford Road Station and its immediate environment. Through the MoU, the partners agreed to take forward the procurement of a development partner and to investigate and establish the delivery arrangements for their respective land ownerships, following appointment of a development partner. The agreement does not, however, set out the detailed terms on which the partners' land interests will be transferred as part of any future development, which will be included as part of the formal Development Agreement. A side agreement will also be required between the Council and Network Rail, in order to govern the relationship between the partners.
- 4.3 It is proposed that the Council will dispose of its land by way of a long lease with development obligations, at a market value. The final terms will be reported back to a future meeting of the Executive for approval once a position has been reached.

5.0 Contributing to the Manchester Strategy

(a) A thriving and sustainable city

- 5.1 The Oxford Road Station area is strategically placed to make a significant contribution to the future prosperity of the city centre. As increasing numbers of organisations are basing themselves within the city centre, the demand for high quality commercial space remains consistently high. Given the site's prominent location within Corridor Manchester, next to a main railway station, and in close proximity to the St Peter's Square Metrolink Interchange, the site holds potential for new Grade A office accommodation, providing an attractive location for businesses and bringing new jobs into the city centre.
- 5.2 Development at Oxford Road Station will be aligned with the Northern Hub Infrastructure project. This will see capacity at the Station significantly increased from current levels. This growth in capacity aligns with the increasing numbers of those choosing to live, work and visit the city centre. The development will also improve connectivity between city centre districts, in particular at First Street, Corridor Manchester and the Central Business District. These improvements will increase access to the opportunities both at the Station and in the surrounding areas of the city centre.
- 5.3 The Oxford Road Station site also holds significant potential to support a variety of complementary leisure uses, as a location for retail and leisure amenities for both residents and visitors. This will improve the offer at a key city centre gateway location, in addition to providing additional employment opportunities within the city.

(b) A highly skilled city

- 5.4 The improvements in connectivity that will be realised through the development at Oxford Road Station and the Northern Hub proposals will enable more people to access the educational facilities on the Corridor Manchester and the learning opportunities at First Street.
- 5.5 The site has the potential to accommodate significant new office and leisure based jobs, at a range of levels. The partners will make connections to the Manchester Work and Skills Strategy 2015-2020 where possible.

(c) A progressive and equitable city

- 5.6 The partners will seek to maximise local employment from this initiative. The scheme will provide new connections to other parts of the city centre, including new residential communities at First Street and Circle Square, while overall improvements at Oxford Road Station will make the area increasingly accessible to residents from across the city and Greater Manchester. The area will also provide new leisure opportunities, accessible to all residents.

(d) A liveable and low carbon city

- 5.7 Development at Oxford Road Station has the potential to deliver a major mixed use scheme, and provide an enhanced gateway to the city centre. As well as providing new high quality commercial accommodation, the new residential accommodation and the public amenities will create a desirable location in which to live and work. Major new public realm will be located off Oxford Street, providing both an improved setting for the Station and an improved local environment for this part of the city centre.
- 5.8 The area is highly connected to all forms of public transport, with improvements due to be delivered to rail, bus and Metrolink travel through the Northern Hub, Bus Priority Package and Second City Crossing respectively. All of this minimises the need for car journeys to and from the area, and pedestrian and cycle routes will be prioritised.

(e) A connected city

- 5.9 As outlined above, the site benefits from excellent access to all forms of transport. As part of the development, new pedestrian connections would be provided to and from the Station to other areas of the city centre.

6. Key Policies and Considerations

(a) Equal Opportunities

- 6.1 The Oxford Road Station site has the capacity to create significant new jobs, as well as residential and leisure opportunities. Both the proposed Northern Hub scheme and development of the Station area would enhance city centre

connectivity, providing local residents with improved access to opportunities within the Oxford Road area.

(b) Risk Management

- 6.2 Risk management is a key consideration in the procurement process and the partners must be satisfied that the preferred bidder is able to develop, instigate, monitor and manage an appropriate and robust risk management strategy. Whilst this will be put in place and owned by the development partner, risk management will form a standing item at project meetings, and therefore will be fully monitored and managed throughout the delivery of the Oxford Road Station development.

(c) Legal Considerations

- 6.3 A Development Agreement will be entered into with the selected development partner. A side agreement will also be entered into between the Council and Network Rail, in order to govern the relationship between the partners.