

**Manchester City Council  
Report for Resolution**

**Report to:** Executive – 14 September 2016

**Subject:** Mayfield Development

**Report of:** The Chief Executive

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**Summary**

This report updates, and seeks agreement from, Executive Members on the outcome of the process to procure and select a development partner for the Mayfield scheme. It is accompanied by a Part B report, which outlines the terms of the contractual and commercial arrangements between the preferred development partner and the public sector partners, which will include the disposal of City Council landholdings into a Joint Venture delivery vehicle (JVV).

**Recommendations**

The Executive is recommended to:

- i) Note and agree the outcome of the process to procure a preferred development partner for the Mayfield area, in partnership with London & Continental Railways (LCR) and Transport for Greater Manchester (TfGM); and
- ii) Note the proposed terms of the contractual and commercial arrangements between the preferred development partner and the public sector partners set out within the Part B report on the Mayfield Development on this agenda.

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**Wards Affected**

City Centre

<b>Manchester Strategy outcomes</b>	<b>Summary of the contribution to the strategy</b>
A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities	The scale and potential of development within this area will provide a major focus for new investment and the growth of jobs. With the potential for up to 800,000 sq ft of office space and a prominent location next to a major transport hub, Mayfield can be an attractive location for business.
A highly skilled city: world class and home grown talent sustaining the city's economic success	The site has the potential to accommodate significant new office based jobs, in a range of sectors and levels. The partners will seek to

	<p>maximise local employment and training opportunities from this initiative.</p>
<p>A progressive and equitable city: making a positive contribution by unlocking the potential of our communities</p>	<p>The SRF will seek to maximise local employment from this initiative, and social value was included as a criteria within the selection of the developer. The scheme will provide new connections both to other parts of the city centre and to surrounding communities, including Ancoats and New Islington and Ardwick, providing improved access to local residents to the opportunities and amenities within the Mayfield area. The area will also provide new leisure opportunities, including a new park, accessible to all residents.</p>
<p>A liveable and low carbon city: a destination of choice to live, visit, work</p>	<p>The delivery of Mayfield will result in a major mixed use scheme on a currently derelict site. As well as providing new high quality commercial accommodation, the new residential accommodation and the public amenities including public realm, retail and leisure opportunities, will create a desirable location in which to live and work. A major new park for the city, available for all residents and visitors, is proposed as part of the SRF. Located immediately adjacent to Piccadilly Station, Mayfield is also highly connected to all forms of public transport, minimising the need for car journeys to and from the area, and pedestrian and cycle routes through the area will be maximised.</p>
<p>A connected city: world class infrastructure and connectivity to drive growth</p>	<p>Located immediately adjacent to Piccadilly Station, Mayfield benefits from excellent access to all forms of public transport. The scheme will provide new connections both to other parts of the city centre and to surrounding communities, including Ancoats and New Islington and Ardwick. High quality new commercial accommodation will be provided as well as significant new public realm, including a new park.</p>

**Full details are in the body of the report, along with any implications for**

- Equal Opportunities Policy
- Risk Management
- Legal Considerations

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**Financial Consequences – Revenue**

Funding from the Capital Fund is being sought to fund revenue costs to cover legal support to finalise the Development Agreement and to develop the scheme further with the selected developer. We anticipate that this funding requirement will be approximately £100k. Under the terms of the Land Pooling Agreement (see below), these costs (other than internal staff 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 officers above.

Mayfield SRF Final Report – January 2014  
16<sup>th</sup> December 2009: Report to Executive - Mayfield SRF  
10<sup>th</sup> March 2010: Report to Executive - Mayfield SRF  
Mayfield SRF 2010 – Final Report  
30<sup>th</sup> August 2013: Report to Executive - Mayfield SRF  
30<sup>th</sup> August 2013: Report to Executive - Manchester Piccadilly HS2 SRF  
Manchester Piccadilly HS2 SRF Final Report – January 2014  
27<sup>th</sup> July 2016: Report to Executive - Mayfield Development  
Report to Executive – Mayfield Executive – on Part B of this agenda

## **1.0 Background**

- 1.1 Mayfield occupies a 20 acre site adjacent to Piccadilly Station, and sits within the Eastern gateway area of the city centre. An updated Strategic Regeneration Framework (SRF) was brought to the Executive in August 2013, which presents Mayfield as a distinctive new mixed-use urban neighbourhood that defines a key gateway into Manchester; extends the high quality environment of the city centre; and provides key linkages between East Manchester and the city centre. The final SRF was adopted by the Executive in December 2013, following a public consultation exercise.
- 1.2 The Executive received a report on 27 July 2016, which outlined the process being undertaken by the City Council, working with TfGM, and LCR (the successor body to British Rail landholdings (BRBR)), who are the key parties in taking forward the Mayfield development, to procure and appoint a preferred development partner for the scheme.

## **2.0 Outcome of the Selection Process for a Preferred Developer for Mayfield**

- 2.1 The three partners (collectively known as the Mayfield Partnership) have now completed the selection process and have selected a preferred development partner.
- 2.2 The partners have agreed that the selected developer scored most highly against the range of criteria set out through the procurement process. The criteria included the approach to: partnership and stakeholder engagement; planning and design (including vision for the site and social benefit); strength of their delivery team; and their financial offer.
- 2.3 As stated in the July report, at this stage, the partners are not selecting a scheme, but a development partner who they feel can best deliver the comprehensive regeneration of the area, in accordance with the principles contained within the SRF.
- 2.4 The bidders have been notified of the intended award of a contract. However, there is now a statutory standstill period, as required by the Public Contract Regulations 2015 (during which time the unsuccessful bidders are able to challenge the outcome). The standstill period is due to end at midnight on 12 September 2016, following which (subject to any challenge) the partners will formally award the contract.. As a result, details of the selected partner are given in the report on the Mayfield Development in Part B of this agenda.
- 2.5 Following the end of the standstill period, and subject to the approval of the Executive and other public sector partners' respective boards, the public sector partners will enter into a Joint Venture arrangement with the preferred developer in order to take forward the development of the Mayfield site in line with the SRF. As part of this arrangement, the three public sector partners will themselves enter into a Joint Venture arrangement, which will be the body that will formally contract with the private sector development partner.

- 2.6 The Joint Venture Vehicle (JVV) with the private sector partner will be structured as a Limited Partnership arrangement, whereby the public sector partners will contribute their landholdings to the partnership and the private sector partners will provide the private investment to take the development forward, with the returns shared between the partners. The governance arrangements will ensure that the public sector partners are involved throughout the scheme. The commercial terms of these arrangements are set out in the Part B report on the Mayfield Development also included on the agenda.
- 2.7 The details of the City Council's landholdings within the Mayfield site were detailed in the July 2016 Executive Report.

### **3.0 Outline Design Approach**

- 3.1 Although the returned bids did not include a detailed scheme for the site, the bidders were requested to review the existing SRF and provide details of their proposed approach to design, so that the partners could assess this for suitability.
- 3.2 The key elements of the successful bidder's proposed approach are summarised below:
- A strong, creative and comprehensive approach, including a good understanding of place.
  - A high value given to retaining existing heritage assets. The retention of the former Mayfield Depot building is the primary concept, in order to create a distinctive sense of place. However, this would need to be agreed with Network Rail as the main part of the depot is currently identified as a required compound site for the Northern Hub works at Piccadilly.
  - A strong emphasis on temporary uses to promote early use of the site and to establish Mayfield as a new destination in the city, with the first phase of development to comprise temporary uses to promote site activity, including the potential for community and temporary work spaces.
  - The potential for high level platforms providing access across the site, with the option of a direct connection to Piccadilly Station, is identified.
  - A layered design approach to establish architectural principles throughout the site, to reflect the architecture of the Mayfield Depot. The Mayfield building is considered to have 3 layers – the platform (the existing redbrick buildings); the green threshold (the open space above the platform); the frame (the exposed yellow steel frame of the old roof structure).
  - Public realm throughout the site, with the park and landscaping as defining features. Evolution of the park to take place over the lifetime of the development, with a series of different types of spaces proposed, and early activation of the park. The idea of an urban tree nursery in the early phase

of the park, as well as temporary soft landscaping, is suggested, while the rest of the site is developed.

- A flexible mixed-use scheme. The South West corner of the site is identified as a possible commercial quarter, with a residential quarter to the South East.
- The potential for hotel and mixed use development is suggested above the depot building, whilst establishing a landscaped area in place of the existing platforms. Uses within the depot building suggest a rolling programme of events.
- Connections to be explored in all directions, including to East Manchester and across the Mancunian Way to Ardwick.

3.3 As reported in the July report, once the JVV agreements are in place, the SRF will be refreshed, and a revised SRF brought back to the Executive at a later date, followed by a public consultation process on the revised version. Detailed designs and planning applications will only be made once the revised SRF has been agreed, and appropriate public consultation will also be undertaken on planning applications as they come forward.

3.4 The majority of the land within the SRF site boundary has now been assembled, and is within the control of the Mayfield Partnership. However, there are a few smaller sites still within the ownership of third party landowners. Whilst these sites are not vital to the development as a whole, it would enable a more comprehensive development if they were brought into the control of the JVV. It is envisaged that the majority of the third party land can be acquired through a process of negotiation. However, a further report on future land acquisition requirements, including any potential Compulsory Purchase Order (CPO) processes that may be required, will be brought back to the Executive at a future date.

#### **4.0 Contributing to the Manchester Strategy**

##### **(a) A thriving and sustainable city**

4.1 The scale and potential of development within this area will provide a major focus for new investment and the growth of jobs. With the potential for up to 800,000 sq ft of office space and a prominent location next to a major transport hub, Mayfield can be an attractive location for business. It will also provide high quality new residential accommodation and new public realm.

##### **(b) A highly skilled city**

4.2 The site has the potential to accommodate significant new office based jobs, in a range of sectors and levels. The partners will seek to maximise local employment and connections to the Manchester Work and Skills Strategy 2015-2020.

### **(c) A progressive and equitable city**

- 4.3 The SRF will seek to maximise local employment from this initiative, and social value was included as a criteria within the selection of the developer. The scheme will provide new connections both to other parts of the city centre and to surrounding communities, including Ancoats and New Islington and Ardwick. The area will also provide new leisure opportunities, including a new park, accessible to all residents.

### **(d) A liveable and low carbon city**

- 4.4 The delivery of Mayfield will result in a major mixed use scheme on a currently derelict site. As well as providing new high quality commercial accommodation, the new residential accommodation and the public amenities including public realm, retail and leisure opportunities will create a desirable location in which to live and work. A major new park for the city, available for all residents and visitors, is proposed as part of the SRF. Located immediately adjacent to Piccadilly Station, Mayfield is also highly connected to all forms of public transport, minimising the need for car journeys to and from the area, and pedestrian and cycle routes through the area will be prioritised.

### **(e) A connected city**

- 4.5 Located immediately adjacent to Piccadilly Station, Mayfield benefits from excellent access to all forms of public transport. The scheme will provide new connections both to other parts of the city centre and to surrounding communities, including Ancoats and New Islington and Ardwick, providing improved access to local residents to the opportunities and amenities within the Mayfield area. High quality new commercial accommodation will be provided as well as significant new public realm, including a new park.

## **5. Key Policies and Considerations**

### **(a) Equal Opportunities**

- 5.1 The site has the capacity to create a significant number of new jobs, as well as residential and leisure opportunities. The Mayfield scheme will provide new connections to surrounding communities, including Ancoats and New Islington and Ardwick, providing improved access to local residents to the opportunities within the Mayfield area.

### **(b) Risk Management**

- 5.2 Risk management has been a key consideration in the procurement process. The preferred developer is required 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 in the Project Board and therefore will be fully monitored and managed throughout the delivery of the Mayfield development.

**(c) Legal Considerations**

- 5.3 Under the proposed structure the Council will enter into a contractual partnership arrangement with the other public sector partners. Under the terms of the company the Council will have obligations and requirements to fulfil. The Council will have directors on the Board of this entity and accordingly appropriate insurances and processes must be put in place.
- 5.4 The commercial and property documents, relating to the partnership arrangements with the development partner, have been reviewed and negotiated as part of the tender process by the City Council's Commercial Legal Team. The major legal risk issues have been identified and agreed as part of this process.