

**Manchester City Council  
Report for Resolution**

**Report to:** Executive – 8 March 2017

**Subject:** The Northern Gateway – Driving Forward Residential Growth

**Report of:** Strategic Director Development

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**Summary**

In September 2015 the Executive gave approval for a strategy to be designed and implemented that would lead to the identification and appointment of a private sector investor / delivery partner to work alongside the City Council to unlock and deliver the significant residential potential of an area of the city that has been defined as the “Northern Gateway”, comprising the adjacent neighbourhoods of the Lower Irk Valley, New Cross and Collyhurst.

This report provides a summary of the progress that has been made to date in taking forward this strategy and provides an overview of the anticipated next steps associated with formalising partnership arrangements with an identified party and in bringing forward the initial phases of residential led redevelopment in the Northern Gateway area.

**Recommendations**

It is recommended that the Executive:

- i) Note the contents of this report and the progress that is being made in identifying and appointing an investment partner ;
  - ii) Note that a preferred investment partner has been identified, subject to the finalisation of the commercial and legal arrangements ;
  - iii) Delegate authority to the City Solicitor, City Treasurer and Strategic Director - Development, working in consultation with the Leader of the Council; the Executive Member for Housing and Regeneration; and the Executive Member for Finance and Human Resources to finalise the details of the commercial and legal arrangements and to approve the business case and details of other necessary ancillary documentation required; and,
  - iv) Delegate authority to the Chief Executive to dispose of the Council’s interest in land at the Northern Gateway Site provided that in the opinion of the Head of Development the disposal is the best consideration that can reasonably be obtained.
  - v) Delegate authority to the City Solicitor to enter into and complete all documents or agreements necessary to give effect to the recommendations in this Report.
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**Wards Affected** Ancoats and Clayton; Cheetham; Harpurhey; Miles Platting and Newton Heath

<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 Northern Gateway will expand the city centre in a northern direction establishing sustainable mixed-use neighbourhoods including new jobs and employment opportunities.
A highly skilled city: world class and home grown talent sustaining the city's economic success	The Northern Gateway will provide direct employment opportunities and also meet the demand for housing from residents who wish to live close to the skilled employment opportunities located in and around the Regional Centre.
A progressive and equitable city: making a positive contribution by unlocking the potential of our communities	Development of the Northern Gateway offers the potential to deliver on the objectives of the Manchester Residential Growth Strategy and meet the growing demand for high quality new housing in the city.
A liveable and low carbon city: a destination of choice to live, visit, work	The Northern Gateway development opportunities will support the delivery of new residential developments using state of the art technologies and low carbon construction methods.
A connected city: world class infrastructure and connectivity to drive growth	The master-planning of new neighbourhoods within the Northern Gateway will include traffic and transport planning ensuring that various modes of transport (car, bus, rail, metrolink, cycle, and walk) are provided for.

**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**

There are no immediate revenue consequences at this stage of the process. However, the establishment of the proposed partnership for the Northern Gateway area will result in an increased requirement for staffing resources to drive forward and deliver the significant residential growth and place-making opportunities that the partnership will seek to deliver. Further reports setting out detailed budgetary proposals will be brought to a future meeting of the Executive. It is expected that these costs will be met from within existing Council resources.

## **Financial Consequences – Capital**

The Northern Gateway investment plan seeks to promote significant residential growth in the neighbourhoods of NOMA, Lower Irk Valley, New Cross and Collyhurst through land assembly and the provision of core infrastructure, with the regeneration completed with an investor partner. The City Council will input land into these proposals. Capital investment plans may be developed and if appropriate brought back to a future meeting of the Executive and Council for consideration and approval.

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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.

- Northern Gateway – Driving Forward Residential Growth on the Northern Edge of the City Centre, 9 September 2015
- Manchester Residential Growth Strategy and Action Plan 2016/17, 2 March 2016

## **1.0 Introduction and Background**

- 1.1 In September 2015 the Executive considered a report summarising the progress being made in the delivery of regeneration proposals in the neighbourhoods on the northern edge of the city centre – NOMA; the Lower Irk Valley, New Cross and Collyhurst. Given the inter-related nature of these neighbourhoods it was agreed that the whole area would be referred to under the umbrella name of the “Northern Gateway” to provide a consistent identity to assist with the marketing and promotion of the significant development opportunity that they comprise.
- 1.2 Extending in a north eastern arc from Victoria Station, the Northern Gateway amounts to an overall land area of approximately 120 hectares (300 acres), running from the City Centre to the intermediate relief route (Queen’s Road). The area provides the single largest opportunity for residential – led growth and transformative redevelopment in the City, and one of the largest urban regeneration opportunities in the UK. The area is a key element of the North Manchester Strategic Regeneration Framework (SRF) approved by the Executive in and is further covered by more detailed Neighbourhood Development Frameworks (NDFS) and master plans for NOMA and Angel Meadows; the Lower Irk Valley, New Cross and Collyhurst; all of which have been updated and approved by the City Council over the last two years.
- 1.3 Given the scale, complexity and significance of the opportunity, the September 2015 report sought approval to proceed with a process to identify and appoint an investment partner with the financial resource, understanding and expertise, together with an aligned aspiration, to jointly drive forward and deliver this redevelopment programme on a long term basis; delivering between 7 – 10,000 much needed new homes, and creating attractive neighbourhoods that will meet the long term needs of existing and future residents.
- 1.4 A strategy was devised that sought to implement a two-phased approach to bringing the Northern Gateway opportunity to market.

### **Phase 1: Angel Meadow**

- 1.5 Phase one involved working in collaboration with the Co-operative Group to bring forward four development sites around the Angel Meadow Park. These ‘early win’ sites were identified as having the potential to have an immediate positive impact in extending the city centre northwards; and establishing a sense of place that would act as a catalyst for further regeneration activity in the Lower Irk Valley and beyond.
- 1.6 The Angel Meadow development opportunity was marketed in autumn 2015 and resulted in Far East Consortium International Limited (FECIL) being selected as the preferred developer partner following a robust assessment and selection process. It is anticipated that this development opportunity will deliver in excess of 700 high quality new homes to the area and could

commence as early as the end of the calendar year subject to planning permission being granted.

- 1.7 It is anticipated that the planning application for this scheme will be submitted in spring 2017.

### **Phase 2: Northern Gateway Marketing**

- 1.8 The second phase focused on the preparation of a marketing strategy to bring forward the areas of the Lower Irk Valley, New Cross and Collyhurst as, 'The Northern Gateway'. As outlined above, this process sought to identify an investment partner with the financial capacity and expertise required to work alongside the City Council to drive forward the overall delivery of the Northern Gateway at the scale and pace required. To assist this process, the City Council appointed Bilfinger GVA (GVA) as commercial and property advisor and Pinsent Masons LLP as legal advisor. The remainder of this report provides a summary of the process followed and an update on current progress.
- 1.9 Another report in Part B on this agenda provides further information on the proposed land disposals, commercial and legal arrangements that will underpin the partnership arrangements that will be established, subject to the successful conclusion of ongoing negotiations with a preferred party.

## **2.0 The Northern Gateway Opportunity**

- 2.1 Extending in a north eastern arc from Victoria Station and taking in the neighbourhoods of NOMA, the Lower Irk Valley, New Cross and Collyhurst, the Northern Gateway residential development area represents one of the largest urban regeneration opportunities in the UK.
- 2.2 Taking in an area of over approximately 120 hectares, the area has the potential to deliver up to 10,000 new homes over the next 10-15 years and has the potential to make a significant contribution towards achieving the minimum target of 25,000 new homes to be built in the city over the period 2016 – 2026 as identified within the updated Manchester Residential Growth Strategy.
- 2.3 There is a real opportunity to deliver transformational change and regeneration in an area of the City Centre that has, in parts, seen very little investment and development activity in recent decades. The vision for the area has been clearly identified and set out by the City Council through the North Manchester SRF and the various Neighbourhood Development Frameworks and master plans that have been adopted over the past two years. These frameworks are designed to support the creation and delivery of a series of distinctive, but interconnected, residential areas on the northern edge of the City Centre as part of an overall requirement for the City to meet the demand for new housing to support continued growth.

## **3.0 Appointment of an Investment Partner**

- 3.1 In spring 2016 GVA and Pinsent Masons, acting on behalf of the City Council, commenced a competitive process in order to select an investment partner for the Northern Gateway development project. This process identified initial sites in the Council's ownership that would form the basis of the initial development opportunity and the establishment of a partnership based on the City's contribution of land and the investor / delivery partner contributing investment finance and expertise. Bids were submitted by interested parties and were subsequently reviewed against a bid invitation structure, resulting in a formal recommendation report provided by GVA in the autumn identifying a shortlist of final bidders.
- 3.2 Detailed discussions continued with the final bidders and further assessments of more detailed proposals was undertaken by GVA, supported by financial advice provided by the City Council's finance team. This process resulted in a further report provided to the City Council by GVA in November 2016 identifying the final positions of bidders who had submitted fully compliant and commercially attractive proposals.
- 3.3 These bidders made presentations to Senior Members and Officers of the City Council. Officers and Members were in agreement that formal contractual negotiations should then be undertaken with one identified preferred bidder.
- 3.4 At this stage, the City Council are involved in detailed negotiations with the preferred bidder with the intention of entering into contract within the next few weeks. This report seeks to grant delegated authority to the Strategic Director - Development, City Solicitor and City Treasurer, acting in consultation with the Leader; the Executive Member for Housing and Regeneration and the Executive Member for Finance and Human Resources to conclude these negotiations; enter into formal contractual arrangements; and to make public announcements at the appropriate time.

#### **4.0 Proposed Next Steps once Contracts are Agreed**

- 4.1 Whilst the marketing and selection process has been running to secure an investment partner, officers in the Strategic Development Directorate have been continuing to identify and progress the activities to be delivered to unlock and realise development in the Northern Gateway. A summary of the key next steps, post-contractual agreement, are set out below:

##### **Strategic Direction and Oversight of Delivery**

- 4.2 The intention will be to establish an Operational Company (OpCo) to provide the strategic direction and oversight to the partnership; with the City Council being represented on the Board of OpCo at a Senior Member and Officer Level. OpCo will oversee and direct the activity of a Special Purpose Vehicle ("InvestCo"), which will be wholly owned by the investor partner. InvestCo will appoint a Development Manager to bring forward specific residential – led development projects in the Northern Gateway.

## **Master Planning**

- 4.3 Key to the successful delivery of regeneration of the Northern Gateway will be through effective spatial planning and a strong emphasis on place-making. The creation of new homes alone is not enough to substantiate long-term positive change and continued growth. There is an opportunity to establish a whole new city district, creating attractive, sustainable new neighbourhoods unlike any that exist elsewhere in the city.
- 4.4 The foundations for this level of planning have been laid through the production and adoption of Neighbourhood Development Frameworks for the neighbourhood areas of: NOMA and Angel Meadow; the Lower Irk Valley; New Cross; and the Collyhurst Master plan agreed by Executive in October 2014.
- 4.5 Once arrangements are in place between the City Council and the investment partner it is anticipated that the partnership will seek to commission the services of a master-planning architect to support the production of a full master-plan for the whole of the Northern Gateway. This will be used to guide development and place-making throughout the area to deliver new homes that will help meet the needs of a growing and changing population and retain and attract people and families to attractive, sustainable neighbourhoods.
- 4.6 The master-plan will consolidate the vision for the creation of a series of distinctive and interconnected communities on the northern edge of the City Centre that are supported by high quality facilities and green spaces with excellent walking, cycling and public transport links into the city centre; utilising the Irk river valley and existing parks and open spaces. The area presents a unique opportunity to cater for a range of different housing types, tenures and budgets within various market segments moving out from the city centre.

## **Strategic Infrastructure Requirements**

- 4.7 An initial desk-top constraints assessment was carried out in late 2015 to map out the existing infrastructure limitations and challenges that may affect development. A further, more detailed exercise has been commissioned, and is currently being progressed, which includes more detailed investigation of the existing and future infrastructure that would require investment in order to deliver new housing, amenities and public realm to the Northern Gateway.
- 4.8 This work will focus on the strategic roads, utilities and ground condition works required. A whole-area approach is being taken so as to ensure the infrastructure provision is not disconnected between communities but efficient and effective across the whole of the Northern Gateway area.
- 4.9 The completion of this exercise will result in the production of a costed schedule of strategic infrastructure works, including utility works, across the whole development area. The commission has highlighted the importance of digital connectivity to current and future urban living, and so a specific strand

has been included looking at how the infrastructure of the Northern Gateway should be digitally future proofed.

### **Establishing a Phasing Plan & Preparation of an Initial Outline Planning Application**

- 4.10 Given the size of the development area it is anticipated that development activity will be carried out on a phased basis over a 10 -15 year period. The phasing strategy is to be agreed by the partnership at the appropriate juncture. However, subject to the agreement of a phase 1 area it is anticipated that an outline planning application will be prepared and submitted as a basis for the first wave of development.

### **Resourcing – Staffing**

- 4.11 A report to the 11 January 2017 Personnel Committee set out the proposed new senior management arrangements for the Strategic Development Directorate. This brings together the Strategic Housing and Strategic Development (Residential) teams into a new Housing and Residential Growth division. This provides the senior level structure for the delivery of city-wide residential growth.
- 4.12 Consideration is now being given to the dedicated people resources that can be provided to support the delivery of the Northern Gateway programme, in addition to the over-arching governance architecture and how that fits within the wider residential growth agenda.

### **Resourcing – Finance**

- 4.13 Capital investment plans may be developed and if appropriate brought back to a future meeting of the Executive and Council for consideration and approval.

### **Land Assembly**

- 4.14 The Northern Gateway area comprises significant areas of brown field, former industrial land, which is currently under-utilised. The City Council will utilise its existing land assets as a development platform to stimulate redevelopment activity but further land assembly will be required by the Council, working in conjunction with the appointed partner, if the residential growth opportunity is to be fully unlocked. While the intention will be to work collaboratively with existing landowners to bring development forward, and to acquire land by agreement wherever possible, it should be noted that the City Council may ultimately need to underpin the successful delivery of this initiative with the use of its powers of Compulsory Purchase if this proves necessary.

## **5.0 Collyhurst**

- 5.1 Executive Members will be aware that the remodelling and regeneration of the Collyhurst area has been identified as a long-standing priority for the Council and that in October 2014, the Executive approved a report setting out an



updated spatial master plan and implementation strategy to guide regeneration activity. The intention is that this implementation strategy will be given greater impetus through inclusion in the Northern Gateway initiative.

5.2 Since 2014 the City Council has been undertaking the following activities as Stage 1 of the Implementation Strategy: -

- Working with Northwards Housing to ensure the completion of the decent homes investment programme for all retained Council properties being managed under contract by Northwards.
- More detailed master plans have been drawn up for the Collyhurst Village and South Collyhurst estates to guide future remodelling in these areas, including detailed proposals for remodelling of the park in Collyhurst Village. Improvement works to the park are being undertaken including the delivery of new boundaries and play equipment (including a multi-use games area, a children's play area with fixed play equipment and an outside gym) in the park.
- The design and construction of three new roads through Collyhurst Village and the opening up of a fourth to improve accessibility into and around the estate.
- Completion of a wider land assembly and demolition programme to create opportunities for new development. The programme to demolish obsolescent maisonette blocks has been completed apart from a remaining block at Eastford Square where local shops are situated. The relocation of occupiers and the demolition of properties on Overbrook Avenue, Picard Close and Needwood Close has now been completed and a package of sites fronting onto Rochdale Road is now available for redevelopment.

5.3 Stage 2 of the Implementation Strategy will focus on the delivery of new, re-provision Housing Revenue Account (HRA) units in Collyhurst Village that will set the benchmark to guide the delivery of new housing in the area. A submission has been made by the City Council to Government as part of Estates Transformation Programme, seeking financial support that will assist in the delivery of up to 110 new HRA units, and release land in the future for the development of new housing for market sale and rent. Detailed negotiations are currently ongoing but it is anticipated that a decision on this submission will be made in the next few weeks. Subject to a successful outcome to this process, a report will be brought to a future meeting of the Executive, setting out detailed proposals for consideration and approval.

## **6.0 Concluding Remarks**

6.1 The Northern Gateway provides an opportunity to make a significant contribution to the city's residential growth targets and the wider objectives of the Our Manchester Strategy. Progress has been made since the last update to Executive leading up to the current position where the City Council is in the process of concluding formal agreements with an investment partner.

6.2 The imminent formalisation of arrangements between the investment partner and the City Council represents a key milestone in the evolution of the Northern Gateway development programme. Alongside the momentum established in the Eastern Gateway with Manchester Life, there is a unique opportunity to replicate this successful partnership arrangement to breathe new life into the areas north of the city centre.

## **7.0 Contributing to the Manchester Strategy**

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

7.1 The Northern Gateway will expand the city centre in a northern direction establishing sustainable mixed-use neighbourhoods including new jobs and employment opportunities.

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

7.2 The Northern Gateway will provide direct employment opportunities and also meet the demand for housing from residents who wish to live close to the skilled employment opportunities located in and around the Regional Centre.

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

7.3 Development of the Northern Gateway offers the potential to deliver on the objectives of the Manchester Residential Growth Strategy and meet the growing demand for high quality new housing in the city.

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

7.4 The Northern Gateway development opportunities will support the delivery of new residential developments using state of the art technologies and low carbon construction methods.

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

7.5 The master-planning of new neighbourhoods within the Northern Gateway will include traffic and transport planning ensuring that various modes of transport (car, bus, rail, metrolink, cycle, and walk) are provided for.

## **8.0 Key Policies and Considerations**

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

8.1 A key aim of the Northern Gateway is to deliver residential led development providing a significant number of high quality homes and alongside commercial development. This will both meet increasing levels of demand for housing within the regional hub and create new city centre employment opportunities.

**(b) Risk Management**

- 8.2 The risks associated with the project will be managed by the Strategic Development Team using the Manchester Method Project Management methodology. Risks will be escalated and decisions made in accordance within the agreed governance structure.

**(c) Legal Considerations**

- 8.3 The marketing and selection of an investment partner has been carried out with advice and support from representatives of the City Solicitor and external legal professionals acting on behalf of the City Council. All future activity will include full input and support from representatives of the City Solicitor, augmented by external legal advice as and when necessary.