

**Manchester City Council
Report for Resolution**

Report to: Executive - 8 March 2017
Subject: Central Business Park: Way Forward
Report of: Strategic Director (Development)

Summary

Central Business Park is a key employment location and sub-regional economic asset comprising a number of undeveloped parcels of land set within a high quality environment. The development of the land is of importance to the City to secure inward and indigenous investment and job creation. The following report contains information relating to the proposals for marketing the site to developers and occupiers and securing new investment.

Recommendations

1. To approve the proposals for marketing the land and securing new investment.
2. To approve the virement of £250,000 from the capital programme to revenue for consultants fees to develop a new masterplan, site investigations as required, consultancy advice and marketing the site.

Wards Affected

Harpurhey, Miles Platting and Ancoats and Clayton.

Manchester Strategy outcomes	Summary of the contribution to the strategy
A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities	The development of the site will enable the City to provide and accelerate economic growth by attracting inward investment from High Technology, IT, Digital and Advanced Manufacturing sectors.
A highly skilled city: world class and home grown talent sustaining the city's economic success	The new companies that will be attracted to the Park will bring opportunities and jobs in key sectors that will sustain the City's economic success
A progressive and equitable city: making a positive contribution by unlocking the potential of our communities	The attraction of new technology companies will positively contribute to employment opportunities for communities in the area
A liveable and low carbon city: a destination of choice to live, visit, work	The quality of the Business park will be sustained with new technology companies and buildings built to high environmental standards

A connected city: world class infrastructure and connectivity to drive growth

The nature of the new IT, Digital Technology and Advanced Manufacturing companies will ensure that connectivity will be optimised and growth promoted

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

- Equal Opportunities Policy
- Risk Management
- Legal Considerations

Financial Consequences – Revenue

The revenue budget will increase by £250,000 for the fees for appointing property consultants and solicitors to advise the City on marketing the site, master-planning and site investigations. This will be funded through a virement from the Strategic Acquisitions capital budget to the revenue budget.

Financial Consequences – Capital

The capital budget will reduce by £250,000 following the virement. The available land has been estimated to deliver future capital receipts of some £5m.

Contact Officers:

Name: Sir Howard Bernstein
Position: Chief Executive
Telephone: 0161 234 3006
E-mail: h.bernstein@manchester.gov.uk

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

Name: Steve Thorncroft
Position: Head of Development
Telephone: 0161 234 1202
Email: s.thorncroft@manchester.gov.uk

Name: Peter Hill
Position: Principal Development Surveyor
Telephone: 0161 234 6792
Email: p.hill@manchester.gov.uk

1.0 Introduction

- 1.1 Central Park is a key business location and regional strategic asset which is of significant importance to the City and North and East Manchester. The Council acquired the 39 acres of undeveloped land shown coloured green on the attached plan from the Home and Communities Agency (HCA) at the end of March 2016 (Appendix A).
- 1.2 In addition to acquiring the undeveloped land on the Park we have taken over full responsibility for the Central Park Management Company and secured the freehold interest in Madison Place (the office park at the north eastern end of the site. New management contracts have been established for maintaining the Management Company area, Madison Place and the undeveloped land to ensure that the high quality nature of the park is sustained.
- 1.3 The Council recently acquired One Central Park (OCP) within the Park and has now secured Executive approval for expenditure of £5.2m to undertake a programme of redevelopment to ensure that it is attractive to the target market of digital and creative sectors. This will offer grow on space for occupiers of the Sharp Project as well as space for larger more mature companies operating in this sector. The City has completed a Stage 2 Feasibility Study that will facilitate the redevelopment works.
- 1.4 Approval is required to establish a budget of £250,000 so that the sites can be brought to the market subject to approval of the Executive on the way forward. It is proposed that the fees will be used to appoint Property Consultants and Solicitors to advise the Council on master-planning, site investigations if required and structuring the offer to the market and taking it through a selection process. It is proposed that the budget is funded through a virement from the Strategic Acquisitions capital budget to revenue.
- 1.5 A detailed market research exercise has been undertaken to help develop an approach to taking the site to the market which has included talking to developers, consultants and visiting the main Business Parks in the region. The advice and comments received points to the Council adopting a more flexible approach to uses on the site i.e. a focus on good quality advanced manufacturing and high tech driven facilities, IT/Digital companies with office frontages specified within buildings serving these uses. The majority of developers and consultants also indicated that it would be worthwhile reserving the frontage sites near to the Fujitsu and GMP buildings for potential office development.

2.0 Way Forward

- 2.1 It is clear we need to rebrand and remarket the Park, starting with a new Masterplan which reflects this new vision and addresses opportunities for the locations and make up of potential new facilities which are clearly lacking on site.

- 2.2 The Masterplan exercise will also look at the mix and scale of uses for various areas of the site, as the market has changed over time i.e. advanced manufacturing, high technology units and smaller starter units. The Plan should allow for larger more mature companies operating in the digital content sector feeding on the back of The Sharp Project and the grow on space we are proposing to develop at One Central Park. Interest has also been expressed on undertaking speculative development on the land located on the “back land” site behind One Central Park.
- 2.3 The proposal is to market the site to secure developer, investor and end occupier interest. Consideration will also be given where appropriate to using a Development Manager approach. Flexibility, in terms of delivery, will be the key to ensure we can respond to different forms of development interest.

3.0 Nature of Development and effect on job creation

- 3.1 Central Park is one of the few sites within Manchester that is fully serviced and remediated with de risked plots available to the market. The Park offers quality infrastructure, an excellent environment and high quality neighbouring office development that will make it attractive to investors. With a reinvigorated brand our market research indicates that the site will be very attractive to occupiers and build on the success of the nearby Sharp Project, the soon to be refurbished One Central Park complex and the existing office development within Central Park.
- 3.2 It is essential to create a development profile for Central Park that optimises the asset that has been created by MCC and its public sector partners, adds value to the growth of the City’s key economic sectors (digital, media creative and High Technology) and provides the best possible opportunities to support the development of jobs in those sectors. The Sharp Project and more recently One Central Park have demonstrated that this location can successfully attract businesses within that sector. There is already a demand for grow on and expansion space from those businesses that have established there.
- 3.3 The Vision for Central Park was set out in the outline planning consent for 1.4m sq ft of commercial space with the aim of creating 4,600 jobs and attracting £200m of private investment. To date 700,000 sq ft of completed development has been achieved by the Fujitsu, GMP and Madison Place Office development schemes comprising 50% of that target. Specific options for future development will be informed by an updated Masterplan which takes into account the market research carried out by the City and a review of the market with the City’s appointed consultants.

4.0 Other Property Interest in Central Park

- 4.1 Negotiations are progressing with a land owner at the entrance to the Park on proposals to develop a small mixed use development on this gateway site combining his and our interests to create the platform. A scheme has been discussed with planning colleagues comprising a hotel, nursery, MSCP, an

office development and a drive through restaurant element. A formal planning application has been submitted after detailed discussions with planners and will be decided upon shortly. We are discussing options on the MSCP whereby we may take a lease of spaces in the MSCP for The Sharp Project and One Central Park. These proposals will broaden and deepen the Business Park offering although it is recognised there is scope for further “service” related facilities.

- 4.2 There are a consistent number of “tech/digital” related enquiries for the site as a result of its inherent assets of space, fibre and power.

5.0 Next steps

- 5.1 Appoint consultants to prepare an updated masterplan to provide a basis for future development and approaching the market.
- 5.2 Undertake an exercise to secure developer, investor and end occupier interest either by way of a land transaction or procurement process pursuant to the public contract rules 2015.
- 5.3 Explore through the master planning and marketing exercises the opportunity and interest in providing support facilities for future occupiers of Central Park such as meeting and conference facilities, café and a gym.
- 5.4 Progress discussions with the private land owner on the gateway site to agree a development agreement and long lease for the scheme and to provide for the City’s requirements for additional parking to support Central Park within the schemes Multi Storey Car Park and deliver an attractive Gateway development for Central Park.

6.0 Concluding Statement

- 6.1 The City Council has a key role to play in leading the comprehensive development of Central Park. The site will play a key role in the regeneration of North and East Manchester, having the potential to attract inward investment, create new opportunities for business to grow and generate new jobs, thus underpinning employment growth in this part of the City. The site offers the opportunity to optimise growth in key growth sectors building on the success of the Sharp Project, One Central Park and the existing investment made by the City in this Business Park.

Key Policies and Considerations

(a) Equal Opportunities

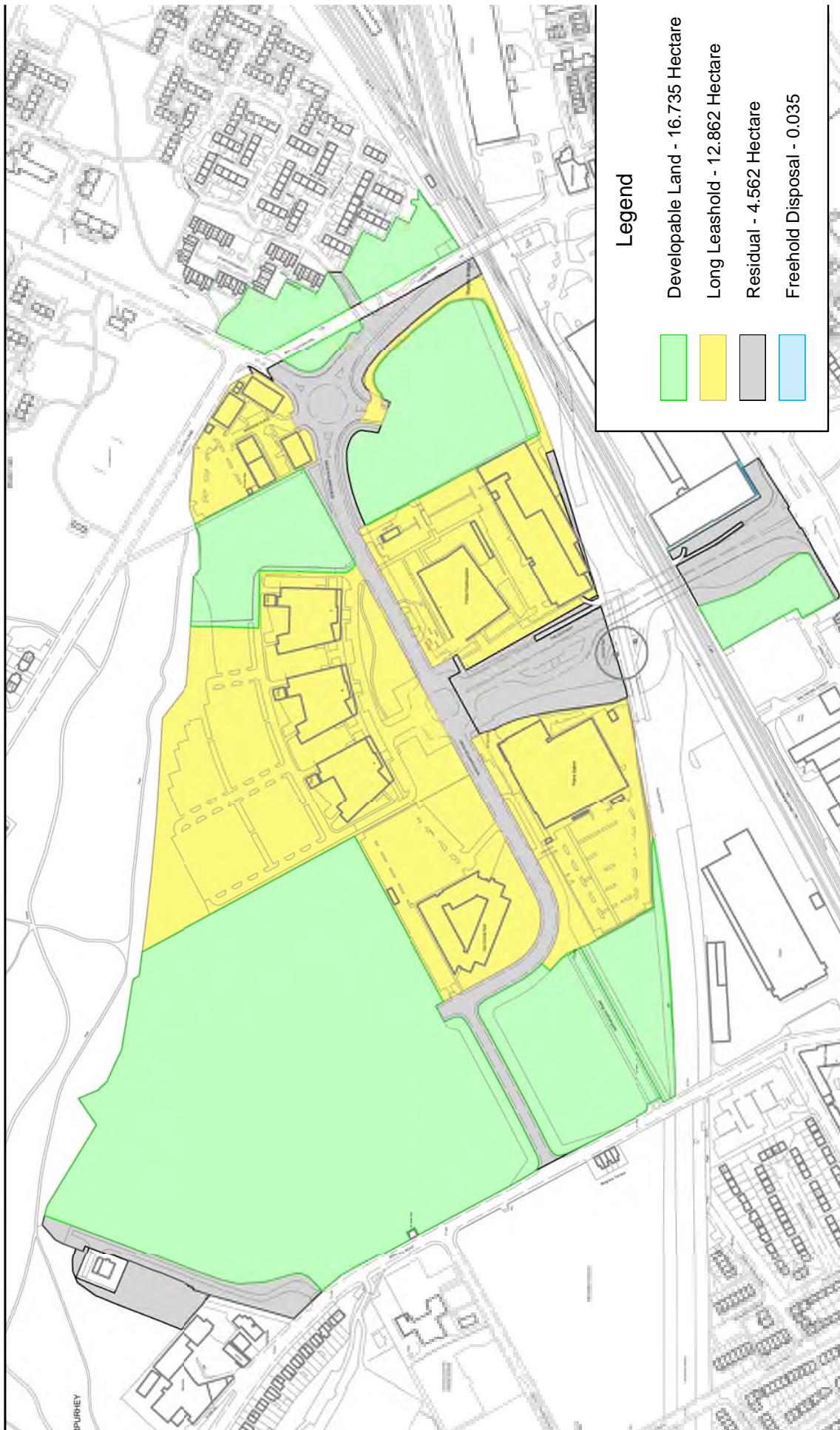
A key outcome will be to capture significant employment opportunities and ensure that Manchester residents have the opportunity to compete for jobs that are created

(b) Risk Management

Officers have reviewed the required funding mechanism and have undertaken financial appraisals that model the likely development of Central Park prior to the acquisition of the site and were satisfied that the scheme provides a satisfactory return on investment. Officers will take an active role in overseeing and monitoring delivery of development at Central Park to ensure it accords with expectations.

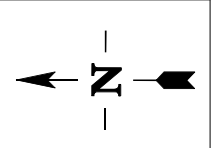
(c) Legal Considerations

Consideration will need to be given and legal advice sought in respect of the proposed approach to developing the sites and any procurement implications which may arise in respect of the proposed transaction affecting the gateway site (see paragraphs 4.1 and 5.4 of this report) in the event the Council does acquire by way of a lease(s) back an interest in the completed development for car parking, or any other, purposes. City solicitors will continue to advise and support the project team.



Homes & Communities Agency

Spatial and Market Intelligence
Tel: 0300 111 111
Email: spatialintelligence@hca.gsi.gov.uk
www.homesandcommunities.gov.uk



Information shown is correct to the best of Spatial Intelligence Department's knowledge at date of issue. This map is reproduced from Ordnance Survey material with the permission of Ordnance Survey on behalf of the Controller of Her Majesty's Stationery Office. © Crown Copyright. Unauthorised reproduction infringes Crown copyright and may lead to prosecution or civil proceedings. Homes and Communities Agency GD 100024393

TITLE		PCS NO.	
Developable Land North Manchester Business Park		-	
ITP NO.	DATE	SCALE	SIZE
-	18/02/2014	1:4,500	A4
DRG NO.			
UAL29			