

**Manchester City Council  
Report for Resolution**

**Report to:** Executive - 28 June 2017

**Subject:** New Islington Marina

**Report of:** Strategic Director, Development

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**Summary**

The purpose of this report is to provide an update to Members on actions being taken to address a range of issues affecting infrastructure and public realm in the New Islington Marina and to request approval for capital funding so that a programme of works can be implemented to remedy problems.

The report also provides Members with an update on actions being taken to establish a Management Company that will take on responsibility for future management and maintenance arrangements for New Islington, which will be funded through an estate charge which will be levied upon development plots within the New Islington Estate.

**Recommendations**

The Executive is recommended to:

1. Note that this report provides an update on progress in identifying a scheme of works that will address the defects associated with core infrastructure within the New Islington Marina that require immediate attention.
  2. Note that the project costs of £5.2m will be met from within the existing Capital Programme Budget 2017-18 to 2021-22, approved by the Executive in February 2017.
  3. Note that a Management Company (ManCo) for the New Islington Estate will be set up with responsibility to oversee the collection of the estate charge that will be levied on all developments within the estate, and that any future management and maintenance costs for the estate common parts will be met from the estate charge.
  4. Note that the estate charge cannot be used to pay for the essential remedial works within the marina core infrastructure.
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**Wards Affected:**

Ancoats & 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 remedial works of the New Islington Marina will allow the continued regeneration of New Islington which will deliver a range of good quality homes in a variety of types and tenures, increasing housing choice which will increase the prospects of retaining and attracting economically active residents whilst helping to build a sense of place and positioning the area as a neighbourhood of choice.
A highly skilled city: world class and home grown talent sustaining the city's economic success	The New Islington Marina remedial works will allow unobstructed access to the New Islington Free School and will also support the continuation of residential growth construction projects which will provide both training and employment opportunities for the local community.
A progressive and equitable city: making a positive contribution by unlocking the potential of our communities	The New Islington estate offers the potential to help deliver the Manchester Residential Growth prospectus, helping contribute to and meet the demand for new homes in the city. The redevelopment of the site will involve the creation of high quality new environments and the provision of facilities that are accessible to the local community. The remedial works to the marina will complete the aspirations for the area and will help build a strong sense of place with a unique identity for New Islington whilst also creating a socially integrated neighbourhood with a range of new homes / businesses and Primary School.
A liveable and low carbon city: a destination of choice to live, visit, work	The New Islington Marina remedial works will contribute to creating a liveable and low carbon city by supporting the delivery of new build homes, improving the local environment and improving connectivity to local amenities and services for the wider community.
A connected city: world class infrastructure and connectivity to drive growth	The New Islington Marina will contribute to the vibrancy and attractiveness of the area and will create a seamless connection from the East Manchester neighbourhoods to the City Centre and the employment opportunities it has to offer.

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

- Equal Opportunities Policy

- Risk Management
- Legal Considerations

### **Financial Consequences – Revenue**

There are no revenue consequences arising from the recommendations in this report.

### **Financial Consequences – Capital**

The project will be funded by the Capital Programme Budget 2017-18 to 2021-22 approved by the City Council's Executive in February 2017 which allocated £47.6m of capital investment to support development activity within the "Eastern Gateway". This project will form an important part of this strategic programme.

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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.

New Islington Marina – Report to Executive, 1 June 2016

## **1.0 Introduction**

- 1.1 Members will recall that the Executive meeting of 1 June 2016 approved an initial budget of £350,000 to fund a programme of surveys and initial enabling works to establish the causes of, and the level of investment required to remedy, a range of problems identified within the New Islington Estate.
- 1.2 The purpose of this report is to provide an update on progress that has been made since this date and to make a series of recommendations which, if approved, will enable a comprehensive programme of remedial works to be undertaken that will rectify all of these matters.
- 1.3 The report also updates Members on the steps that are being taken to put in place long-term estate management arrangements for the New Islington Estate which will be based upon the establishment and collection of an estate charge from the development plots within the Estate. It is proposed that a Management Company (Man Co) will be set up to collect the estate charge which will be then utilised to fund management and maintenance services within the New Islington Estate.

## **2.0 Background**

- 2.1 New Islington was designated as an English Partnerships “Millennium Communities Initiative” project in 2002. English Partnerships (EP) was the national regeneration agency, although on 1 December 2008 its powers were passed onto a successor body, the Homes and Communities Agency (HCA). The project involved the clearance of the Cardroom council estate, and the creation of a new neighbourhood comprising up to 1,400 mixed tenure houses and apartments; a new canal marina and park; a new Health Centre and Primary School; and associated public realm. Urban Splash was appointed as Master Developer for New Islington following a procurement process led by the HCA.
- 2.2 To facilitate the delivery of the New Islington project the City Council transferred its land interests to the HCA by way of a 250 year lease, with the HCA funding the cost of resident relocations, land assembly and the delivery of key infrastructure works. The Marina and associated public realm was constructed in phases by the public sector, with initial contracts for the Marina let and managed by the HCA; and the final elements of the public realm works being delivered by the City Council.
- 2.3 The residential component of the New Islington scheme was significantly impacted upon by the economic recession that started in 2008 with the result that the scheme was effectively stalled for a number of years. In 2013 the City Council acquired a number of vacant development plots from the HCA and subsequently entered into a Joint Venture with Abu Dhabi United Group (ADUG) called “Manchester Life”. The Manchester Life Development Company has now brought forward six development sites in Ancoats and New

Islington, with over 1,000 residential units either under construction or with planning consents in place. The announcement of this JV, coupled with increased confidence in the Manchester housing market has led to a significant upturn in development activity in the Ancoats / New Islington neighbourhood.

- 2.4 As the Council's acquisition of vacant development plots left the HCA with no remaining land interests in New Islington they surrendered their 250 year head lease in 2013 and the City Council as freeholder assumed full public sector custodianship of New Islington including Cotton Fields Park and the Marina, with responsibility for overseeing the management and maintenance of estate infrastructure.

### **3.0 New Islington Marina – Identified Issues**

- 3.1 The report to the Executive in June 2016 set out details of a number of problems that had come to light with the public realm in and around the Marina (for example sink holes on the public promenade; and water ingress onto surrounding development sites).
- 3.2 In response to this the City Council commissioned preliminary survey works to understand the extent of the problem and to identify a range of solutions to address matters. The main issues identified were:
- a. Raised water levels within the Rochdale and Ashton Canal Basins and the consequent seepage of water through the non-waterproofed sections of the New Islington Marina, mainly the coping stone joints into the adjacent development sites and the roadway;
  - b. The presence of "fill" material beneath the public promenade which is not sufficiently compacted and is consequently being washed away by water seepage, which in turn is leading to underground voids causing subsidence and sinkholes;
  - c. A deflected surface water drain and a fractured deep sewer pipe that was assessed as beyond economic repair;
  - d. As a result of c. the requirement to provide an alternative foul drainage solution for the boater's hut; and,
  - e. The need to permanently secure and make watertight two canal arm spurs that have been deemed as no longer required.
- 3.3 In order to gain clarity on the extent of the issues that had been identified and to facilitate the production of a fully costed programme of remedial works, the Executive approved a capital budget of £350,000 to allow the following works to be undertaken:
- Further more detailed site investigations related to drainage/ground conditions and construction methods within the Canal Basins;
  - Delivery of essential enabling works associated with the canal arm adjacent to the site being developed by Manchester Life;

- The production of a fully designed and costed programme of works that would address all the issues in the Rochdale Canal Basin and the Ashton Canal Basin.
- 3.4 Aecom were appointed to lead as Project Managers for the remedial work and were also appointed to undertake a range of site investigations including borehole investigations, groundwater monitoring and geophysical investigations.
- 3.5 As the raised water levels in the canal arm were leading to seepage onto the adjacent development site through non-waterproofed parts of the Basin walls, a temporary portadam and pump were installed on the canal arm. This has enabled further investigations to be undertaken and a waterproofing solution has been identified as an urgent “enabling” phase of works and this is currently being implemented on site.
- 3.6 In order to produce a design for the scheme of works to address all of the issues in the marina, it has been necessary to appoint a contractor on an Early Contractor Involvement (ECI) basis, to develop the design and produce a full target costs. Following a procurement process via the Environment Agency Water and Environment Management (WEM) framework, Bam/Mott McDonald (BMMJV) were appointed to undertake this task.
- 3.7 Given that the City Council is the freeholder for the estate and has ultimate responsibility for the remedial works required within the Marina, there is now a pressing need to identify and agree a funding strategy to cover the costs of these works.
- 3.8 It is important to note that failure on the part of the City Council to address the issues identified in the Marina could have a longer term impact on the ability to deliver residential development in the sites adjacent to the Marina and may result in future compensation claims from developers and residents.

#### **4.0 Capital Budget Required to Fund Remedial Works**

- 4.1 The report to Executive of June 2016 established a preliminary budget for further surveys and enabling works and it was noted that a further request for capital funding would be made once a fully costed work programme for the Marina was available. The work undertaken by BAM/Mott McDonald to produce a scheme of remedial work and produce a target cost is now complete and indicates that the full programme of remedial works will include the following items of work at a cost of £5.2m.

The Scope of works to be undertaken is as follows: -

##### Rochdale Canal Marina:

- Re-surfacing and re-profiling the public promenade to fall at a constant gradient towards the Marina;

- Diverting surface water run-off, from promenades adjacent to Manchester Life & Urban Splash developments, to discharge into canal network;
- Disconnect existing boaters hut foul drainage and connect to existing foul sewer network. Waterproof mortar connecting the coping stone and the marina retaining wall;
- Grout up and disconnect a fractured deep sewer;
- Construct a retaining wall to the marina stub branches and undertake remedial works to the footbridges;
- Carry out remedial works to the concrete supports and timber decking to boardwalks; and,
- Convert the reed beds to terrestrial habitats.

#### Ashton Canal Marina:

- Repair work to ensure water-tight wall structure at Old Mill Street end of Canal Basin.

4.2 Officers therefore request a capital budget of £5.2m to be allocated from the Capital Programme Budget 2017-18 to 2021-22 approved by the City Council's Executive in February 2017 to cover all costs associated with the appointment of a contractor to undertake the remedial works within the New Islington Marina. Once the issues identified are resolved, the New Islington Estate and Marina will be managed and maintained as a self-funding private estate that is open to the public.

4.3 In order to undertake the works in the Marina in the most cost effective and safe manner, it will be necessary to relocate the 30 boats that are currently moored there. Boaters were written to several times during 2016 making them aware that this may be the case, and in May 2017 a further letter was issued giving advance warning that all boaters would need to leave the Marina by 31 August 2017. Formal notice will be served in July 2017, giving the boaters 4 weeks' notice to leave the Marina, in line with the terms of their mooring licences. Officers have been working with the Canals and Rivers Trust and private marina operators within the vicinity to provide assistance to boaters to identify alternative moorings whilst works are undertaken. Once works are completed and the Marina is reopened boaters who currently hold licenses will be offered the first opportunity to take new residential mooring licenses in the Marina. However, it is likely that by this point a new Marina Operator will have been appointed, replacing the interim arrangements that are currently being provided by Urban Splash. The terms of mooring licenses will be reviewed as part of this process and may be amended.

## **5.0 New Islington Estate Management Arrangements**

5.1 The New Islington Estate comprises the Rochdale Canal Basin and Marina; the Ashton Canal Basin, Cotton Fields Park and associated public realm including the public areas surrounding the two canal basins. Although open to the general public, the agreement with EP/HCA was always that the Estate would not be adopted but would operate as a private estate, with management and maintenance costs being funded through an estate charge levied on all of

the development plots that would be delivered within a red line boundary (a copy of the estate plan is attached as Appendix 1 for information).

- 5.2 As public realm works were concluded at the start of the current decade during the economic recession; insufficient development activity had been undertaken to generate an estate charge. Accordingly, since this time an interim estate management solution has been in place, with Urban Splash acting as Managing Agent for the Estate (including the management of residential moorings within the Marina basin), operating with a skeleton budget that has been provided through a time - limited Dowry set up by the North West Development Agency in 2011 (in recognition that the Dowry would be required until development had been delivered and an estate charge could be levied against leaseholders).
- 5.3 As the City Council has taken on public sector custodianship of the Estate; and significant development activity is now underway, Officers in the Strategic Development Directorate have been working to establish robust long-term governance arrangements for the estate to ensure that an appropriate Estate Management service is set up; that all estate charges are being collected; and that a management and maintenance regime is procured that is fit for purpose. The focus has been on:
- The establishment of a Management Company (Manco);
  - The formalisation of an estate boundary that allows an estate charge to be levied against a coherent set of development plots;
  - The rationalisation of leases to facilitate the collection of the estate charge;
  - The production of a Business Plan for the estate;
  - The appointment of a Management Agent for the estate; and,
  - The Income Collection from lease holders within the estate boundary
- 5.4 A Project Board has been set up with representatives from Strategic Development, Capital Programmes, Neighbourhood Services, Legal Services and Financial Services.
- 5.5 Officers have been working with legal advisors Squire Patton Boggs (SPB) on the preferred company arrangements for the ManCo, and advice provided is that the establishment of a company limited by guarantee is the most appropriate option for an arrangement of this type. In order to move forward on establishing the ManCo a Board will be established that will include the City Council as freeholder of the estate, plus head leaseholders for development plots within the estate (Manchester Life, Urban Splash, Great Places Housing Association). Until such time that the development plots are fully delivered or an agreed earlier date, the City Council will maintain overall control of the ManCo, but from this point on shareholders will have collective control.
- 5.6 The ManCo is now in the process of being established, and a shadow Board has been set up comprising the following: the Deputy Leader, Councillor Bernard Priest, Head of Commissioning and Delivery for Growth and Neighbourhoods and the Head of Residential Growth, Strategic Development Directorate.



- 5.7 A procurement exercise to appoint a Managing Agent to replace the interim arrangement being provided by Urban Splash has commenced. This is a two stage OJEU compliant process. The first stage Pre-Qualification Questionnaire (PQQ) was issued 6 March 2017 and 7 responses were received.
- 5.8 A quality scoring document was completed for each party that had made a submission which allowed clear identification of three bidders who evidenced both expertise and experience in this type of project to be selected to proceed to Stage Two of the tender process.
- 5.9 The three companies invited to submit tenders are:
- Cube/Great Places
  - GVA Grimley
  - Residential Management Group
- 5.10 Officers are confident that a recommendation to appoint one of these parties will be made to the Estate Shadow Board in July 2017. Once appointed, the Managing Agent will be responsible for the collection of the estate charge, the delivery of management and maintenance of the estate common parts including the water within the Marina and the provision of annual accounts. It should be noted that the estate charge will be collected by the City Council until the managing agent is formally appointed.
- 5.11 The operation of the Marina itself has been separated from the management and maintenance of the estate common parts on the basis that this is a specialist commercial service that requires an operator with a proven track record in marina management.
- 5.12 On this basis a single stage procurement exercise for a Marina operator will be undertaken in 2018 with the intention being that a preferred operator is appointed by summer 2018 so that they can commence trading from early 2019 after the marina remedial works are complete. The successful tenderer will be responsible for the management of all of the residential and visitor moorings within the Marina and for the management and maintenance of the associated infrastructure such as pump out facilities, the boaters' hut, water and electricity supplies. However, the Marina operator will not be responsible for the management of the water body itself, which will remain as part of the estate common parts. It is proposed that the Marina operator contract will be let as a licence and that the marina operator will pay an agreed annual sum to the ManCo as part of the estate charge. On this basis should the Marina operation cease to exist in the future this will not affect the wider estate management arrangements.

## **6.0 Contributing to the Manchester Strategy**

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

- 6.1 The remedial works of the New Islington Marina will allow the continued regeneration of New Islington which will deliver a range of good quality homes in a variety of types and tenures, increasing housing choice which will increase the prospects of retaining and attracting economically active residents whilst helping to build a sense of place and positioning the area as a neighbourhood of choice.
- 6.2 The remedial works will also sustain and secure the long term future of the New Islington Marina
- 6.3 The remedial works will support the delivery of new homes within the New Islington Estate

**(b) A highly skilled city**

- 6.4 The New Islington Marina remedial works will allow unobstructed access to the New Islington Free School and will also allow the continuation of residential growth construction projects which will provide both training and employment opportunities for the local community.

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

- 6.5 The New Islington estate offers the potential to help deliver the Manchester Residential Growth prospectus, helping contribute to and meet the demand for new homes in the city. The redevelopment of the site will involve the creation of high quality new environments and the provision of facilities that are accessible to the local community. The remedial works to the marina will complete the aspirations for the area and will help build a strong sense of place with a unique identity for New Islington whilst also creating a socially integrated neighbourhood with a range of new homes / businesses and Primary School.

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

- 6.6 The New Islington Marina remedial works will help create a liveable and low carbon city by supporting the delivery of new build homes, improving the local environment and improving connectivity to local amenities and services for the wider community.

**(e) A connected city**

- 6.7 The New Islington Marina will contribute to the vibrancy and attractiveness of the area and will create a seamless connection from the East Manchester neighbourhoods to the City Centre and the employment opportunities it has to offer.

**7.0 Key Polices and Considerations**

**(a) Equal Opportunities**

7.1 None directly

**(b) Risk Management**

7.2 The risks associated with the programme of works will be managed by the Capital Programmes Team and the Strategic Development Team using the Manchester Method methodology. The risk log will be reviewed and updated regularly.

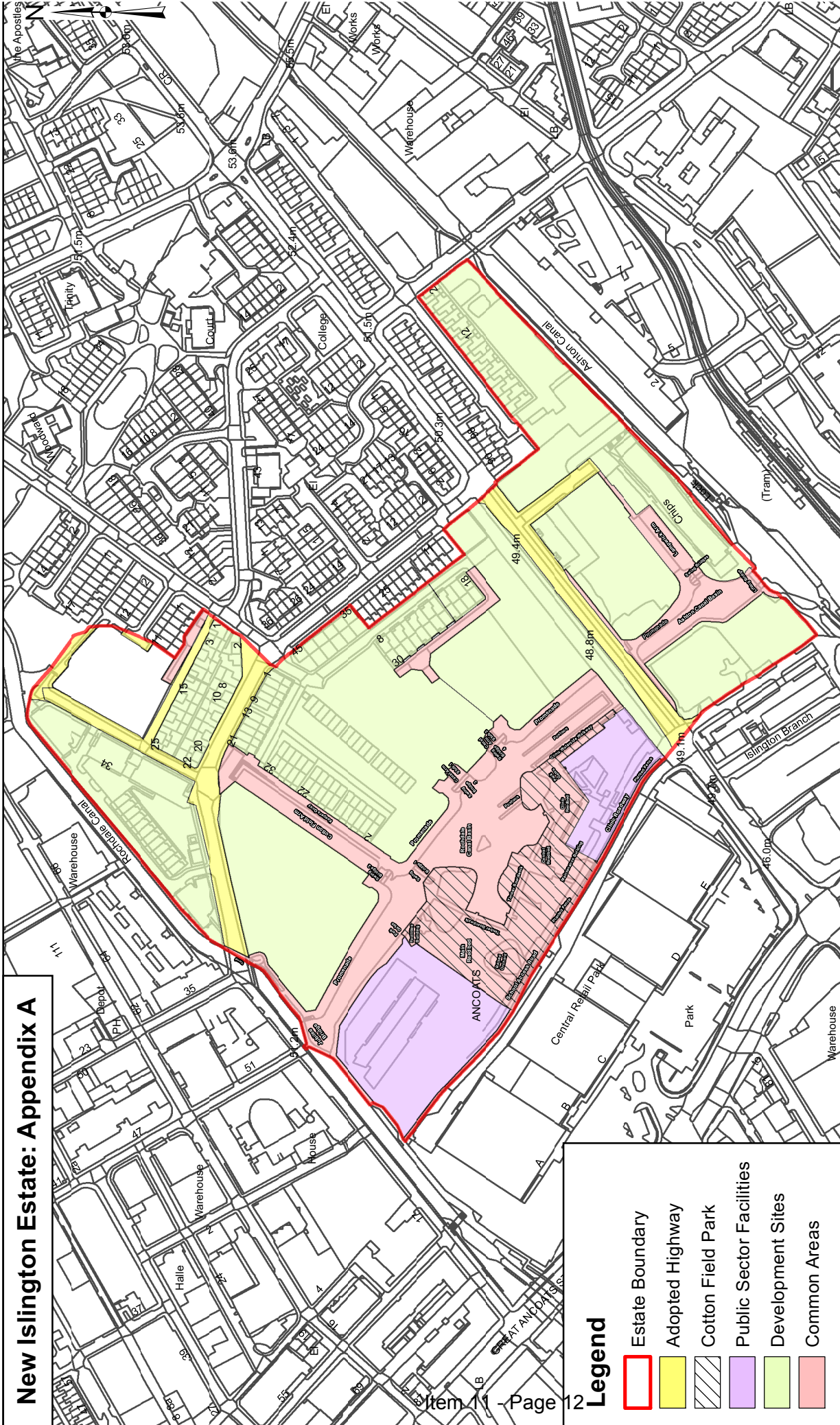
**(c) Legal Considerations**

7.3 The City Solicitor has been represented in all discussions relating to the programme of works and will continue to advise the City Council in all discussions relating to use of HCA resources to fund the scheme.



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**New Islington Estate: Appendix A**



A4 Scale 1:3,500

**PLAN FOR IDENTIFICATION  
PURPOSES ONLY**