

**Manchester City Council  
Report for Resolution**

**Report to:** Resources and Governance Scrutiny Committee –  
7 December 2017

**Subject:** Corporate Property Annual Report

**Report of:** Strategic Director – Development

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**Summary**

The following report covers property activity over the 12 month period April 2016 to March 2017. It reviews activity in the following areas of property activity: Development and Investment; the Heritage Estate; and the Operational Estate.

**Recommendations**

That Committee note and comment on progress to date as set out in the report.

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**Wards Affected:** All

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**Background documents (available for public inspection)**

None

## **1 INTRODUCTION**

1.1 This report covers the work of the services that have responsibility for managing property and summarising performance and activity over the 12 month period April 2016 to March 2017. It is broken down into three main sections to reflect the broad areas of property activity:

- Development and Investment
- Heritage Estate
- Operational Estate

## **2 DEVELOPMENT & INVESTMENT**

2.1 Over the 12 month period April 2016 to March 2017, there has been an unprecedented change both locally and nationally in the political and economic landscape. There is a need to be both flexible and resilient to successfully manoeuvre through the challenges that are likely to impact on work in the future, whilst seizing the opportunities to sustain Manchester as a truly international City and as a sustainable place to live and work. The Development Team has firmly established itself as the lead to deliver on development and investment activity for the Council. Over the forthcoming year, it will be looking at how it can help to deliver the Our Manchester Strategy, through promoting sustainable development, generating income for the Council and supporting economic and residential growth.

2.2 The team actively supports and promotes major economic, residential and cultural initiatives, with major projects such as Airport City and major mixed use residential schemes in the city centre including St. John's, Spinningfields and Noma. It also leads on the implementation of a range of economic, residential and commercial projects including: the development of the digital employment offer at Sharp, Space and One Central Park; the refurbishment of Heron House for commercial office use and the proposed redevelopment of the wholesale market at New Smithfield Market. The team provide the lead on the promotion and delivery of town and district centre redevelopment and also play a key role in restoring and bringing back into beneficial use the City's heritage assets, including Heaton Hall and Park and Wythenshawe Hall.

2.3 In addition to major projects, the Development Team deals with a large range of other residential and commercial schemes and property transactions across the City, seeking to balance income for the Council from capital receipts and rental income with the need to secure good quality development that benefits Manchester residents, both economically and in terms of quality of life and health and well-being.

2.4 A major function of the Development Team is responsibility for the Council's investment estate and for management of the Council's outsourced property and valuation contractor (Jacobs). Some key assets such as the Airport are managed in-house, but Jacobs look after most of the ground leases and industrial and commercial property. The investment estate generates a significant income for the Council and one of the priorities is to grow this income whilst also continuing to generate capital receipts. The Development Team is able to advise on all property and development aspects of initial proposals and more detailed schemes, as well as

the management of land and property held for investment purposes. This often involves assessing the financial benefits of projects or schemes (both short and long term), alongside environmental and regeneration benefits and impacts and the ability of partners to deliver.

2.5 The following paragraphs summarise the main achievements and areas of activity over the period April 2016 - end of March 2017.

### **Digital Assets**

2.6 The Development Team has been instrumental in the delivery of the City Council's Digital Asset Base which consists of The Sharp Project, Space Studios Manchester and One Central Park (OCP). Manchester Creative Digital Assets (MCDA) has been established to manage, develop and operate the Digital Asset Base. MCDA is wholly owned by the Council and was incorporated on 28th July 2016. The Development Team provide property and development services to MCDA.

#### Sharp Project

2.7 The Sharp Project provides space and support for more than 60 businesses involved in the creative and digital content sector and its office space is currently operating at near full capacity. The role is primarily one of supporting MCDA in managing lettings and tenancies, providing property advice and providing resource to support on the delivery of development projects. This includes currently leading on preparing the appraisals and business case for the refurbishment of 7,000 sq ft of offices in an area known as 'Silver', in order to modernise the space and provide offices to accommodate the growth demands of existing tenants. In addition, the team will provide ongoing support and lead on a feasibility study to appraise further investment into other areas of the building to ensure that The Sharp Project can continue to grow and remain successful.

#### One Central Park (OCP)

2.8 The acquisition of OCP was completed in June 2014 as part of a further initiative to expand on the success of The Sharp Project and to grow the digital and creative content sector. Working in partnership with The Sharp Project, EON Reality, a 3D imaging company, has been secured as a tenant and they have established their European HQ in the building. Since its acquisition, management of the facility has improved with better control over operational costs and rent increases agreed. This has allowed the facility to move from being loss making in early 2014 to achieving a revenue surplus of c£240k in 2016/17. Feasibility work looked at the potential for further capital investment into the facility to significantly improve income generation and enhance its ability to contribute towards the growth of the digital and creative content sector. During the reporting period the Development Team commissioned an independent market review to seek advice in order to better understand the nature of the creative digital sector market and to develop appropriate specifications/criteria to suit the specific needs of occupiers in this market.

## Space Studios

2.9 The success of The Sharp Project helped to establish the case for the Space Studios Manchester (previously branded The Space Project) in West Gorton, the first phase of which has been operational since October 2014. The project involved the refurbishment of the former Fujitsu data centre to provide Manchester with high quality TV and film production stages to serve the domestic and international market. The £10.4m costs were supported by grants from the European Regional Development Fund (ERDF) and the Homes and Communities Agency (HCA). The facility is in use by a number of high profile clients including ITV, BBC, Channel 4 and Tiger Aspect. Productions have included the BBC's "Dragons Den", ITV's "Cold Feet" and popular drama "The A Word". A £14m expansion of Space Studios commenced during the reporting period, and is due for completion in November 2017. The project will double the size of the current facility and deliver an additional 30,000 sq ft stage, 6,000 sq ft of support space, a 5,000 sq ft workshop and 45,000 sq ft of business units to be occupied by supply chain businesses. All business units are let off plan and there is preliminary international booking for the 30,000 sq ft stage. The Development Team have negotiated the leases for the SBU's, including two substantial tenant fit outs being delivered under the main construction contract.

2.10 In addition, the Development Team are leading on the demolition of the former Wenlock Way office complex in West Gorton, adjoining Space Studios. The team are working closely with MCDA to ensure business continuity and to minimise the impact of the demolition on the operation of the sound stages. The demolition will make way for further development and a potential future phase of Space Studios, subject to a robust business case.

## **Manchester Airport & Enterprise Zone**

2.11 Manchester Airport continues to develop internationally and is a major economic driver to the Region. Over the past 12 months, the £800m development of Airport City North has been agreed with the Manchester Airport Group (MAG) and the rent review agreed on the main Airport lease with the MAG group that will increase rental income from the facility. Since the creation of the Airport City Enterprise Zone at Manchester Airport in 2012, a total of 821,000 sq ft of space has been developed for international businesses, creating 2,555 new jobs within the region.

- **Airport City North**

The Airport City Joint Venture embarked on a £15m infrastructure investment in January 2017 to construct Enterprise Way, a new link road, which will connect the office and hotel development plots to the rest of the site and the wider transport network. The construction of Enterprise Way is being undertaken by Beijing Construction Engineering Group International (BCEGI), with elements of the new link road due to open in October 2017 and full completion by the end of February 2018 to coincide with the completion of SEMMMS. The next stage of infrastructure development at Airport City North will be the creation of a £6 million foot and cycle bridge, which will provide a vital link between the airport and transport interchange with 70-acres of development land at Airport City North. The bridge will give direct

access to pedestrians and cyclists travelling to and from Wythenshawe and is co-funded by a Transport for Greater Manchester (TfGM) grant. Planning permission from Manchester City Council was granted in June 2016 and construction will begin in January 2018, with an estimated completion date of October 2018. Two plots are currently subject to negotiations to develop 4 new hotels which, it is anticipated, will create up to 350 new full time jobs by 2020.

- **Airport City South (Global Logistics)**

There has been significant development within the Global Logistics element of Airport City, which has created 1,955 jobs and developed 821,000 sq ft of new-build logistics space. Global Logistics is attracting high-profile international companies, including the 37,400 sq ft DHL facility which opened in 2014, also the development of Amazon's 654,000 sq ft fulfilment centre in October 2015. Amazon has created 1,900 permanent new jobs and up to 3,000 jobs at peak times, of which a large proportion have been recruited from within neighbouring Wythenshawe and the wider Greater Manchester conurbation. The construction of the 130,000 sq ft ALPHA logistics unit completed in January 2016 and was sold to Greater Manchester Pension Fund (GMPF).

### **Manchester Airport Transformation Project**

MAG have commenced a transformation project that will see a total investment of £1bn on enhancing the airport facilities that will include the expansion of T2 as the main airport terminal. The Council are working closely with MAG in our capacity as landowner, shareholder, Planning and Highways authorities. The project is estimated to complete in 2025 at which point passenger numbers are expected to rise to 30m per annum.

Whilst this investment means MCC has a share in the future success of the Airport, we have closely monitored the potential risk and opportunity to the rental income streams we receive from property rentals and car parking income during the course of the project.

The main rental we receive from MAG is comprised of two elements, the property rent and the turnover rent. The turnover rent is calculated each year based on an indexation calculated using the increase (or decrease) in the turnover figures for the Airport for the preceding two years.

For the report in period 2016/17 the rental income has been in line with predicted growth expectations. Present projections are for year on year rental growth increases. The future risk to this element arising from MTP would be any impact the project has on turnover overall. The potential risks centre on the possible impact on the rental performance of the assets used to calculate the new property rent every five years. Specifically these could include the following:

- Assets are vacated and/or new leases suspended in advance of demolition - reduced rental evidence.
- Investment in obsolete assets suspended and therefore depressing rents

- Replacement assets for the schedule not matching performance of existing ones.

The above risks may not be relevant for the next reviews in 2020 and MCC will vigorously seek to mitigate the risks by identifying suitable replacement assets that closely match or better current and future performance.

## **City Centre**

2.12 Manchester city centre has experienced significant development and growth over the past ten years, despite the recession. A wide range of new commercial developments, enhanced cultural facilities and improvements to the public realm have helped to enhance the city centre's position as a top business, retail and visitor destination. The boundaries of the city centre have also expanded, incorporating adjacent new developments that contribute to the city's growth ambitions across all sectors.

2.13 Over the last 12 months, there has been a significant increase in development activity in the city core as Manchester is seen, internationally, as a place to invest. This investment appetite is fuelled by increasing demand from occupiers, particularly in the residential, office and leisure sectors. Council assets are deployed in a number of new build and refurbishment schemes in the city centre. These include:

### Spinningfields

2.14 The XYZ building, which is delivering high quality managed office space, is nearing completion with tenant fit-outs of the office space progressing. The ground floor leisure uses are in operation, enhancing the food and beverage offer at Spinningfields. A land sale to Allied London delivered a capital receipt to the Council and repaid the Evergreen loan which can now be recycled, and secured further capital for Allied to invest in other projects within their extensive portfolio across the City.

2.15 The development of the iconic No 1 Spinningfields tower is well underway with the external structure now almost completed. Following a series of land transfers, the threat of injunction from neighbouring landowners has been removed with a right to lights agreement between the three parties now concluded.

2.16 During the reporting period, Plans have been approved and land deals put in place for the development of Pavilion, a 3 storey leisure building to accommodate food and beverage on the site of the former lawn club.

2.17 This will essentially be the final development under the Spinningfields development agreement and we are now in discussions with the developer, Allied London, to reconcile the financial performance of the development in order to establish whether there are any contingent payments due to the Council.

### Jacksons Row/Bootle Street

2.18 The focus of activity during the reporting period was to secure an equity funding partner to support the development of the site and to progress a planning application to secure a permission in order to build out the scheme. The planning process has been challenging and the developer is progressing a redesign following the initial consultation process. It is anticipated that a redesigned scheme will be put before planners during the 2017/18 year with a further round of consultation undertaken.

2.19 Whilst this has stalled progress, work has been ongoing with the developers to ensure that satisfaction of other conditionality is advanced to minimise any overall delay on the development programme.

### St. John's

2.20 St John's is a new commercial neighbourhood in the city centre, focussed around the redevelopment of the former Granada studios complex. It will become a major mixed use scheme that will transform this area and spatially connect Spinningfields, Castlefield and the Museum of Science and Industry. The developer, Allied London, has secured a number of planning consents for development, including St Johns Place, Manchester Goods Yard and South Village.

2.21 St John's is also the home for Factory – an iconic arts and cultural centre. The scheme is being delivered by the City Council with Allied London as development manager. The Development Team are supporting the City Centre Regeneration team to secure the land interests to facilitate the construction and delivery of Factory, including deals with Network Rail, Allied London and the Museum of Science and Industry.

### First Street

2.22 First Street North has continued to establish itself as a successful new destination within the city centre. First Street North is now fully let and it is estimated there are now over 2,500 people working on this part of the estate. These figures will increase further with the completion of Number 8 First Street (165,000 sq ft) which has been part prelet to Gazprom Energy. During 2017/18 the Development Team will work with landowners, Patrizia, to deliver the next phase of development which is a 624 unit PRS scheme to be constructed at First Street South. The Council will receive a capital receipt for its land interests.

### Oxford Road

2.23 The Council and Network Rail, together with preferred development partner Bruntwood, are developing a detailed framework to support the redevelopment of the Oxford Road Station to enhance station facilities and deliver new development. The parties are close to finalising the contractual arrangements and option appraisals to accommodate whatever outcome is reached on the stalled Northern Hub project. This will allow all parties to progress the detailed design of the development proposals over the next 12 months.

### Mayfield

2.24 A major development which has the potential to deliver 800,000 sq ft of commercial offices, 1,330 new homes, a 350 bed hotel and a 6 acre City Park is proposed for this strategic site on land to the south east of Piccadilly train station. The land is owned by the City Council, TfGM and LCR (London and Continental Railways), who formed a development partnership to promote the scheme.

2.25 During the reporting period the Development Team has provided commercial support and advice to the partnership through the OJEU selection process to select a development partner, as well as leading on negotiations with the various parties in the creation of the corporate entities which will deliver the development. These structures are now set up and the development company is commencing pre-development activities. During 2017/18 the Development Team will represent the Council on these commercial discussions.

2.26 The scheme will be fully integrated with Network Rail's proposals for the Northern Hub at Piccadilly Station, HS2 and with the wider regeneration of Piccadilly.

### Brazennose House

2.27 A land swap arrangement has been concluded that will allow for the redevelopment of Brazennose House and deliver public realm improvements to Lincoln Square. The new development will comprise 13,252 square metres of Grade A office accommodation and will be splayed back to reveal a new piazza fronting the Grade II Listed St Mary's Church.

### Heron House

2.28 The Council has approved a major refurbishment of Heron House, in order to make the building attractive to commercial tenants and in so doing reduce the financial liability of the Council's lease on the property. The scheme will bring an important and prominent building back into economic use and forms part of a wider improvement of the Brazennose Street / Lincoln Square area, which provides a natural extension of Spinningfields to Albert Square and the Civic quarter of the City. The refurbishment scheme will also incorporate a refurbishment of the Registrar's service which is being retained in the building.

### Piccadilly Gardens

2.29 The team is leading negotiations with the long leaseholder of the Pavilion, which will facilitate the redevelopment of the building to provide a new family dining offer and also deliver the refurbishment of the Gardens. The Legal Agreement that underpins this is being prepared and the scheme has been submitted for Planning Permission.



## **Other Commercial Development**

### Siemens

2.30 An overarching Legal Agreement with Siemens has been negotiated which will govern the delivery of development of their site in West Didsbury. Phase One – a state of the art Spire Hospital - opened in January 2017. A Project Board has been set up between the landowning and development partners to oversee the development of future phases, which are due to start on site next year. The next phases of development will deliver over 100 family homes for sale as well as around 1,450 jobs generated by the new office / research buildings and complementary uses.

### Central Park

2.31 39 acres of undeveloped land was acquired from the Homes & Communities Agency (HCA) in March. Following a detailed review, work is progressing on how to develop out the site for B1, digital media and high value manufacturing uses. This process will include a revised masterplan and the rebranding of the Business Park.

### Little Greene Paint Company

2.32 The development of a 70,000 sq ft new headquarters for the LGPC is on site and will complete later this year. The company, who are already based in East Manchester, were looking to expand their operation and a site at Ashton Old Road was identified by the Development Team. The land was sold to the Little Greene Paint Company on a long lease, generating a significant capital receipt and securing the business and good quality jobs in East Manchester.

## **Residential**

2.33 The Manchester Residential Growth Strategy was approved by Executive in March 2016 and sets out a clear vision and set of priorities to ensure that the Council can meet the housing demands of a growing and changing city. The strategy aims to support the City's sustained growth and ensure that there is affordably priced housing across all market segments to meet demand and ensure that there is a range of quality housing for the people who live here and want to continue living here.

2.34 The Development Team play a key role in helping to deliver this strategy through initiatives including Manchester Life, Northern Gateway and the schemes detailed below:

- Moston / Harpurhey – Redrow have completed 303 two, three and four bed family homes to date for owner occupation since development commenced in 2010. This scheme continues to prove popular, although growth in prices has been limited. The scheme has provided much needed diversity to the local housing market and has proved to be popular with purchasers. The scheme has also generated significant capital receipts for the Council of circa £6m to date.

- Beswick - During the reporting period Lovell completed development of a further 125 family housing units.
- Maine Place – The last phase of development at this site has been largely completed and will result in 280 family homes constructed on the site of Manchester City’s former football ground. The Prospect Homes scheme has proved popular in the local market with healthy sales figures.
- West Gorton –The Council’s development partner, Keepmoat, has made significant progress on the construction of new homes for sale, which is proving popular with homebuyers and drawing new families to this area of the City. Phase 1 comprises 192 homes and is due for completion in the coming months with most of the plots already occupied or under offer to purchasers. We are negotiating the drawdown of Phase 2 with Keepmoat, which will deliver an additional 84 units and a capital receipt for the Council. The Community Hub is now complete and the occupiers, including a new doctor’s surgery, will move in during 2017/18. During 2016/17 the CPO of outstanding interest was concluded, which will allow for the comprehensive regeneration of the area.
- Miles Platting – Support has been provided to the Private Finance Initiative (PFI) project manager on this project, in respect of the settlement of outstanding compensation claims arising from the Compulsory Purchase Order (CPO) and in achieving vacant possession on various development sites. Following concerns from the Local Councillors and residents, it has been agreed that a chemist facility, together with a shop unit, will be constructed on the former Dr Vites site at 4 Naylor Street. Discussions for the relocation of the chemist, located at 6 Medway Walk, are at an advanced stage to facilitate this.
- Toxteth Street – Development of this stalled housing scheme commenced on site in November 2015 and the next phase of development will see a total of 165 three and four bed family houses, comprising semi-detached, short terraces and detached properties for sale. The first residents moved into their new homes in December 2016 and over 50 sales have already been achieved by March 2017. The homes have been built to a high build standard and specification and are popular with buyers.
- Infill Sites, Phase 1 – Property and development support has been provided on the disposal and development of a number of infill sites to facilitate family housing across the City. Phase 1 involves the disposal of six sites near to Queen’s Road, Cheetham Hill to Rowlinson Construction Ltd to develop out approximately 40 homes. Construction is anticipated to commence in the financial year 2017/18.
- Northern Gateway - The Northern Gateway represents a vision for Manchester, clearly identified and set out by the Council in master plans and frameworks, to create and deliver 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 badly needed housing to support the growth of the City. The Council has entered into a Joint Venture arrangement through a series of corporate structures with our development partner, FEC, to bring forward this critically important scheme, which has the potential to deliver up to 8,000 new homes in this area of the City.
- Southern Gateway - St. George’s, Hulme - A lease re-gear of a former industrial site has been agreed to facilitate its redevelopment into 152 apartments. This will form the first phase of development by De Trafford Estates, resulting in a capital receipt of £1m plus a ground rent. Phases 2 and 3 are currently being

negotiated, which will deliver a further 109 and 67 units, respectively, along with an estimated premium of circa £1.25m plus ground rent. A further 3 phases are planned and will be delivered on similar terms.

### Eastern Gateway

2.35 The partnership between the City Council and ADUG for the 200 acres at the Etihad Campus was set out in the 2011 Eastlands Regeneration Framework, that has shaped and guided in excess of £400m of private and public investment. In 2014, ADUG expanded their interests in Manchester through the establishment of a new commercial joint venture with the City Council, with the purpose of playing a part in the Council's wider residential strategy for these neighbourhoods. Manchester Life Development Company Ltd (MLDC) was established to deliver predominantly new homes in an eastward expansion of the city centre, with the focus of investment initially being in the Ancoats and New Islington neighbourhoods, with longer term plans to expand further eastwards out towards the Etihad Campus. Activity over the last 12 months includes:

- The draft Eastland Regeneration Framework is now out for consultation and will guide the next phase of development in and around the Etihad Campus. The aim is to expand development westwards along the Ashton Canal Corridor to connect with the established eastward expansion of the city centre, linking with the Ancoats and Islington areas.
- The City Council has now agreed with the HCA to have a right of pre-emption (i.e. this gives the Council first refusal on the sale of the estate's freehold). The rationale behind this pre-emption is predicated on the City Council's long term interest as custodian of the area and its role in protecting and maintaining the significant public and private investment which has been deployed into the estate. Acquisition of the rest of the HCA's freehold interest is currently subject to legal due diligence, in order to review potential risks associated with its acquisition.
- Islington Wharf Phase Three - The City Council has worked with Muse Developments to secure planning and funding approval for Phase Three of the Islington Wharf Development, which will comprise 101 apartments aimed at the for sale market.
- Urban Splash: The "HoUSE" scheme has recently delivered 42 houses in phase 1 and a further planning application for 21 houses and 84 apartments has recently received planning consent. In addition to this, Urban Splash have recently undertaken the refurbishment and letting of Stubbs Mill which offers 2,554 sq m of new commercial floor space with associated car parking. The next phases of Mansion House will be formulated in the 2017/18 reporting period.
- Blossom Street - The City Council stepped in to facilitate an agreement between Mulbury Homes and the Homes and Communities Agency for the development of 150 PRS units, situated on an important frontage onto Great Ancoats Street. The scheme achieved planning consent during the 2016/17 period.

### Manchester Life

2.36 The City Council has established a Joint Venture (JV) partnership with Abu Dhabi United Group (ADUG) to drive forward the residential led redevelopment of the north-eastern edge of the City Centre. This JV is known as “Manchester Life”. The first phase of delivery is focused on six sites in Ancoats and New Islington assembled by the City Council, where the Manchester Life Development Company (MLDC) is now on site delivering 1,015 high quality new units for market sale and market rent.

2.37 MLDC have also obtained planning consent for two sites adjacent to Old Mill Street / Vesta Street where a further 385 units with ancillary commercial space will be delivered, alongside the conversion of New Little Mill in Ancoats, delivering a further 68 residential units. It is anticipated that these schemes will start on site in early 2018. In all of these instances the City Council assembled the sites or negotiated land acquisitions that were ultimately completed by ADUG.

2.38 The JV is also beginning to work on longer-term planning for further phases of investment in this part of the City.

### Housing Investment Fund

2.39 Following the success of the initial phase of 240 new homes for sale and rent, the Council’s Joint Venture with GM Pension Fund, Matrix Homes, is about to bring forward a second phase of development and will imminently be commencing the procurement of a delivery partner. This second phase has the potential to deliver up to 340 new homes and apartments, which will be available to buy or rent. GM Housing Fund debt will be sought during 2017/18 to support the project in order to minimise the Council’s capital investment.

### Manchester Place

2.40 Manchester Place is a unique collaboration between Manchester City Council and the Homes & Communities Agency (HCA) to drive forward the housing supply needed to support the wider growth agenda. Manchester Place will direct the powers and skills of the public sector to ensure that conditions are created and maintained to enable private sector partners to deliver new neighbourhoods of choice. This will be undertaken at a scale which will provide a significant number of long-term investment opportunities for partners who share the City’s ambition and who understand the benefits of quality, in terms of place and neighbourhood management.

2.41 The Manchester Place collaboration, in conjunction with landowners, developers and investors, aims to accelerate and ensure the successful delivery of strategic residential and commercial development initiatives across the city. The Development Team supports the operation of Manchester Place initially through the collation and interpretation of land ownership information to provide context and constraint data in respect of short-medium term development priorities and through providing advice on the nature and form of residential development. More directly, the team are involved in residential development proposals for the majority of large scale transformational projects at the edge of the city centre and in a number of priority neighbourhood locations across Manchester, where a key objective for the

team is to leverage in the greatest value added for the City as whole, in accordance with the Residential Growth Strategy.

### District & Town Centres

2.42 District centres play a vital role for local communities. They are often central to the identity, character and appeal of a neighbourhood, surrounded by housing and accessible to all forms of transport. They can provide the focus for retail, leisure, public services, employment & educational services as well as housing. We have been actively involved in a range of initiatives to improve the quality and offer in district centres, which includes the delivery of new development.

### **Education**

2.43 The Development Team provides property input to the completion of new schools, which includes the acquisition of land to accommodate new schools or school expansions, and negotiating the leases for both Academies and Free Schools. A Notable milestone achieved during 2016/1 was:

#### Dean Trust Academy on Stockport Road, Ardwick

2.44 The new Academy has been developed on the former site of Daisy Mill and adjoining land and was completed in time for the start of the 2016-2017 Academic Year. The Development Team led on all development matters including land assembly, rights of way, demolition and lease negotiations with the Dean Trust Academy.

2.45 During 2017/18 the Development Team will work with colleagues in Education Services to source, appraise and deliver a number of primary and secondary schools to meet the needs of future school provision.

### **Capital Receipts**

2.46 A total of £8.27m of capital receipts were received in the year 2016/17 from the disposal of Council land and property, this included the sites listed below which are over 500k in value. The balance of the £8.27m comprises numerous smaller land sales or lease re-gear premiums:

- £1.4m from the sale of older terraced houses, refurbished by Keepmoat, primarily in East Manchester. The refurbishment work was funded by the HCA Cluster Funding Grant and the intention is that the receipts will be recycled within the Empty Homes Strategy
- £1.2m from further housing plot sales in the Redrow scheme in Moston
- £1.3m from the re-gear of commercial leases at Bentinck Street and Ellesmere Street in Hulme to allow residential development to take place
- £800k from the re-gear of the lease at 55 and 55A Portland Street in the City Centre
- £652k from the sale of houses previously used for supported housing. It is intended that the receipts from these sales will support the development of purpose built accommodation for the groups with special needs

2.47 Over the next 3 year reporting period, approximately £26m of net receipts have been identified from 4 major city centre schemes at Little Peter Street, Spinningfields and Bootle Street, out of an estimated total of £70m. It is sometimes difficult to predict exactly when the Council will receive the projected income and the actual size of the receipt from year to year, but leaving aside these large city disposals, other capital receipts of between £9 -13m pa are predicted over the next 3 years. A significant proportion of receipts received, estimated at around £20m, are ring fenced for particular projects (such as Factory), or subject to clawback as they were acquired with grant.

### **Strategic Acquisitions**

2.48 Responsibility for managing a programme of strategic acquisitions also rests with the Development Team and a number of important acquisitions have been completed this year in support of major regeneration and development schemes. These include the acquisition of 39 acres of undeveloped land at Central Park from the Homes & Committee Agency (HCA) and the acquisition of Manchester Industrial Estate at New Elm Road, Castlefield in partnership with the HCA which will build on and complement the St John's development. Officers have led on a number of key strategic acquisitions in the Holt Town and Edwin Road area, which will support the delivery of the Draft Eastlands Regeneration Framework.

- The acquisition of the head lease on the Gala Bingo property at Rowlandsway in Wythenshawe Town Centre (where the Council owns the freehold) on a spend to save basis has resulted in a gross income from the tenant of £181k pa and, after borrowings are taken into account, the investment generates a surplus of £74,000pa on current rental levels. The property was acquired for £1.95m including stamp duty and fees and represents a yield of 9.3%. The property also has redevelopment potential, being located next to the former Shell site on Rowlandsway.

### **Investment Estate**

2.49 The Investment Estate generates income for the Council through the sale or lease of land and property to generate capital receipts and secondly in maintaining the Council's investment estate to generate income. Income from the Council's investment estate will, however, continue to provide a valuable source of income for the Council and one that should increase. Requests from lessees to acquire freeholds or peppercorn leaseholds in exchange for capital receipts are generally resisted with income producing ground leases being the preferred option. Over the last 12 months, there are indications that more healthy economic conditions are translating into more requests for re-gears of existing leases although the impact of the forthcoming Brexit needs to be kept under review.

2.50 The Investment Estate Board oversees the Investment income and ensures that this valuable source of income for the Council is retained, increased wherever feasible and costs are managed effectively. Work is ongoing with colleagues in Finance to ensure greater transparency between the holding costs of surplus assets (including those acquired for redevelopment or re-use) and investment properties.

Whilst the majority of the Council's investment assets consist of ground leases, telecommunications, advertisements and its property interests in the Airport, the Council does own a number of managed properties. Whilst these are mostly let on full repairing and insuring terms, there are times when the Council needs to undertake works to these properties that cannot be re-charged to tenants as part of their service charge, but are necessary to undertake in order to maintain or increase income. Currently, all investment in the estate comes from revenue income, but going forward some of this expenditure should more properly be made from a capital budget.

2.51 The investment estate has performed well over the past year with healthy increases in income from the Airport and Manchester Central, and modest increases from the ground lease estate, which provides a very secure income for the Council. For 2016/17, the investment estate generated a gross rental income of £18.126m which is similar to last year's figures. Costs from managing the estate have remained broadly similar, but there has been a small increase in non-rechargeable holding costs (empty business rates, security) and some one-off costs such as the surrender of the Council's lease on No 1 Piccadilly.

2.52 Income from the Investment Estate will be negatively affected from 2017 onwards by the transfer of the Hoyle and Sudell Street industrial estates into the Mayfield JV. The estates generate around £100k of income per annum, which will no longer be received.

2.53 Whilst there have been some negative movements from the estate, there are some notable increases and new sources of income, which include:

- The acquisition of the head lease on the Gala Bingo property at Rowlandsway in Wythenshawe Town Centre (see details above under strategic acquisitions).
- The letting of an industrial unit at Froxmer Street in Gorton on a £60k pa lease, which was acquired at nil cost following court action for non-payment of rates
- A short term letting of the Manchester Industrial Estate at circa £157k pa, which will be received until the site is redeveloped

2.54 Whilst income from the Airport, the ground lease estate, telecommunications, advertising and some of our managed properties have shown an increase, income from other investments has fallen, the most notable of these being the Council's ground rent income from the Arndale Centre. In 2013, the Council was receiving over £1.7m per annum, but this has dropped significantly over the past 4 years with less than a million pounds received in 2015/16. The income received for 2016/17 was significantly reduced again at £167k, although this takes into account a balancing payment to the property owner (M & G and Intu) of around £200k from the previous year. Steps are being taken to improve income forecasting on this property, although it is important to point out that the lease variation agreed in 2005 to the head lease has resulted in empty rates liability from vacant units falling disproportionately on the Council's share of income received from tenants. The Arndale's owner (Intu and M & G) are pressing ahead with their reworking of the Halle Square part of the Centre in order to provide a food court and this in part explains why the number of vacant units has increased in recent years. This is having a significant short term impact on the Council's income although in the longer

term it is projected to generate increased income. There are also wider concerns about the function of the south side of the Centre, which includes the BHS building. This property is the only part of the Centre that has not seen any major investment and is held on a separate long lease. Currently, there are no plans to upgrade this part of the Centre.

2.55 Income from the Council's ground lease at Wythenshawe Town Centre has also decreased over the past few years but, following an audit exercise of the service charge income that has been undertaken by Jacobs and external auditors over the past 18 months, income is increasing and it is hoped will return to around £500k pa. In 2015/16 income had dropped to £187k pa. This increased to £646k in 2016/17, although £200k of this amount was an accrual from 2015/16. Discussions between Jacobs /Impulse and St. Modwen have been more productive in recent months and we are confident that the Council will also receive further repayments for the period 2013-15.

2.56 Voids from the investment estate are generally at a very low level, but there is a negative impact on the Council's income of approximately £1.2m per annum from several leased in properties. The most significant of these is the long lease the Council has on 103 Princess Street (partly occupied by the Mechanics Institute) which continues to have a significant negative impact on the Council's investment income, currently of £397k pa. Other more short term liabilities include the lease on the sixth floor of no 1 Piccadilly, where the Council has 3.75 years left on its lease, which would have cost £440k pa for the remaining term of the lease. A surrender of this lease was, however, agreed with the landlord in March for a final payment of £440k spread between 2016/17 and 2017/18. After this year, the Council will have no further financial obligation on this property.

### **Jacobs Contract**

2.57 The management of the Council's non-operational (investment) estate and transactional work such as rent-reviews, lease renewals and some disposals are dealt with by Jacobs, who are the Council's outsourced property management contractor. The existing contract came to an end last year and, following an OJEU tender exercise, Jacobs were re-appointed. The new contract specifies more explicitly than in the existing contract the role of the contractor and the extent of the estate that is to be managed. This will help in the performance management of the contract, including the contractor's commitment to social value.

2.58 The new contract allows the Council to utilise the services of Jacobs to provide additional professional support for both the investment and operational estate. This is already being provided at Smithfield Market, where Jacobs are providing property management support to the Development Team and Markets, following the introduction of a new management structure. During 2017/2018 the contract will be monitored in respect of how it performs against its social value criteria, which formed an important part of the tender exercise.



## **Asset Valuations**

2.59 The Council's property assets largely consist of operational and investment assets (non-operational). The investment assets are valued on an investment basis by way of a largely desk based review by reference to the class of asset and changes in investment yields. Operational properties are generally valued on a 5 year rolling programme with the valuations carried on a Discounted Replacement Cost basis. This means in practice that around 20% of the operational estate is valued each year. Over the past few years, CIPFA rules have required a greater proportion of the estate than 20% and there is a cost implication to the Council of this requirement.

2.60 Most local authority assets are defined as operational or investment, but there are some assets that do not fall within either of these categories and are defined as surplus assets and under CIPFA rules these also have to be valued. These assets are now valued on an annual basis in order to comply with CIPFA rules and also to ensure that land and property that is surplus, including property acquired as part of regeneration schemes, is correctly valued in the Council's accounts.

## **Heritage Estate**

2.61 Manchester City Council and its partners hold a substantial stock of heritage assets which help to create the distinctive character of our neighbourhoods and contribute to the Our Manchester Strategy. These historic assets have the potential to contribute towards creating a sense of place and identity to the City's communities, increasing the attractiveness of our urban areas through an energised cultural and leisure offer and to delivering our vision of Manchester as a world class city with a culturally rich offer, where residents of all backgrounds can live well.

2.62 These venues will play a significant role in the Council's residential growth strategy through the creation of neighbourhoods of choice, and in many cases offer significant potential to increase access and to generate revenue income to contribute towards meeting their ongoing running costs.

2.63 Our aim continues to be to provide strategic and practical advice and support to both the management and future use of our historic assets, including identifying investment for their upkeep and restoration. This includes those assets managed directly by the Council and those controlled or managed by our partners, including voluntary bodies and charities. This has involved working closely with Historic England (HE) and the Heritage Lottery Fund (HLF) to raise awareness of the Council's Heritage assets and strategic priorities. We also support and advise other partners in the City, in relation to non-Council owned assets, who are embarking on projects in or around heritage sites, where we see that there would be an over-riding strategic benefit to the city region from the successful delivery of the project.

2.64 Since 2014, a Heritage Assets Priority (HAP) schedule has been re-established and is monitored by the HAP Board, chaired by the Deputy Chief Executive for Growth & Neighbourhoods. The buildings on the schedule are discussed at regular meetings with HE and HLF to ensure priorities are aligned. Top priorities remain The Town Hall, Heaton Hall, Wythenshawe Hall and Clayton Hall.

2.65 From the 2016/17 financial year, a dedicated budget has been set aside within the Council's capital asset management fund to facilitate investment in our heritage assets. There remain significant competing pressures on the overall budget and prioritisation of spend is ultimately determined by the HAP Board.

2.66 During the course of the year, in partnership with HE, HLF and others, the Council has delivered workshops with voluntary sector partners, who are members of the Manchester Heritage Buildings Network. The crucial role that the third sector plays is recognised in delivering activity across the city, in attracting funding for physical improvements to heritage buildings and in raising the profile of cultural activity with the wider community. The members of the network are now working with the umbrella organisation the Heritage Trust Network, to continue the work and to roll out this model of training and engagement nationally. The work, led by Manchester City Council, has been recognised as a very innovative model of excellence nationally.

2.67 The detail below sets out some highlights in relation to work with community groups and other partners in identifying viable uses for underused heritage buildings from over the last year.

#### Heaton Park & Hall

2.68 Heaton Hall has been the subject of a comprehensive programme of ongoing repair works over the past 5 years. Works completed to date have attracted positive publicity and significant partnership funding from Historic England. A further successful application for funding from HE towards the final phase of this programme of works will see the external envelope and urgent works to the Orangery completed. During the 2017/18 period a partner investor/operator will be sought to re-establish the Orangery and elements of the Hall as a successful civil wedding and conference venue to contribute towards the business plan targets of the park.

#### Wythenshawe Hall and Park

2.69 Following the devastating fire on 15th March 2016, the Development Team have been leading the multi-agency team to consolidate and protect the building (in liaison with the insurance company and loss adjusters and alongside Historic England), pending its repair and restoration. Records have been updated of the non-fire-damaged areas of the building and funding has been allocated to commence work on the most critical works to restore those areas of the building to complement those works being funded through the insurance claim. The team continues to nurture very close working relationships with the Friends of the Hall and the Parks Management team to ensure that activities are able to continue as far as is possible. A contract to complete the restoration works has been awarded to Lancashire-based Conlon Construction, via the North West Construction Hub, with a good quality specialist supply chain that will in turn secure local apprenticeships and training opportunities. The contract has also secured a programme of community and schools engagement activity.

### Clayton Hall and Park

2.70 Clayton Hall is one of the few remaining timber-framed hall-houses sitting within a 'moated' site within the north-west region, and has important local, regional and national social, economic and cultural links. Working with the Trustees of Clayton Hall Living History Museum, their supporters and Friends, as well as the Park staff, a programme of works has now been completed bringing the oldest part of the building into use, enhancing visitor facilities, the offer and accessibility. This has been well received locally and bookings have already been received from groups wishing to see inside. The Hall is currently opened up by the volunteers 6 days per month, in addition to which the Friends host school visits, Age Friendly and wider community engagement activities on a regular basis. The Trustees have also submitted an expression of interest to the Heritage Lottery Fund to further enhance the offer from the site.

### Heritage buildings

2.71 There are a number of other heritage buildings, where there is ongoing work with a variety of partners to ensure the future viability of these important assets.

- Crossley House - The Council has facilitated the use of the former Crossley House Youth Centre in Openshaw as a film set location for a major Channel 4 production. This has brought the building into temporary use and secured a number of repairs to the building at no cost to the Council. During 2017/18 the long term future reuse of this building will be considered, together with the adjacent site of the now-demolished former baths and car park.
- Victoria Baths – There is continued support for the Victoria Baths Trust in the management of this prominent site for which they act as the Council's on-site agents. This includes support in the maintenance of the building and reviewing of longer term development proposals. The site now operates as a successful events venue with a full programme of events within the building throughout the operating season.
- Manchester Board Schools – The Development Team are liaising with Historic England in relation to the significance of the remaining Manchester Board Schools to identify how they can be altered, adapted or reused to help meet the growing need for school places in the city. This has included working with a number of cultural partners to review options in relation to the possible reuse of the Grade 2-listed former Varna Street School building in East Manchester, which has been leased for an initial 5 year period to Rogue Artists Studios to enable the group - the biggest studio group outside of London with a very high creative profile - to relocate from Crusader Mill in the city centre, and to seek external funding to develop their cultural offer further on site.

## **3 OPERATIONAL ESTATE**

### **Corporate Landlord Overview**

3.1 The Corporate Estate and Facilities service is responsible for the future strategy, management, repair and maintenance of the Council's operational and non-investment estate and the delivery of Facilities Management services including

maintaining statutory compliance, cleaning, catering, security, planned preventative maintenance and reactive repairs and maintenance.

3.2 The Estates team responsibilities include all operational buildings (excluding schools), unlet land and buildings and certain properties of a public nature which are occupied by other bodies (e.g. the Bridgewater Hall).

3.3 The Facilities team responsibilities cover all of the Estates Team portfolio. Additionally, they deliver services to schools and other facilities that are not part of the Corporate Landlord model; for example, repairs and maintenance for schools, markets and Children and Families buildings that fall outside of the Corporate Landlord remit.

3.4 The Corporate Estate and Facilities service are collectively responsible for the operational estate's Carbon Reduction Programme, which seeks to reduce the carbon emissions from operational property assets and support a sustainable Council, both environmentally and financially, through various initiatives aimed at reducing the emissions from buildings.

3.5 The service area is governed by the Estates Board, and this Board structure is now a mature and well established governance arrangement. The Estates Board is a sub-group of SMT and is chaired by the Deputy Chief Executive (Growth & Neighbourhoods).

3.6 The Board ensures:

- Effective asset management for corporate estates assets
- Adherence to financial regulations and the corporate constitution
- Timely delivery of estates transformation activities to support operational service delivery
- A cohesive approach to estates and facilities activities within MCC
- Effective communications with the wider organisation in respect of estates utilisation and rationalisation

3.7 An Asset Management Steering Group continues to meet to manage the day to day progress, spend and reporting for the annual programme and progress is reported to the Estates Board.

3.8 The Estates Board reports into the Executive Member Estates Board which is comprised of the Executive Member Leads for Property and Finance. This Board is the decision maker in respect of estates and facilities matters.

3.9 Work with Finance colleagues has been progressed and budgets have been re-aligned to reflect the spend in the appropriate areas. Monthly budget monitoring meetings are held with the Finance team to monitor spend against budget profile.

3.10 Both the Estates and Facilities teams actively engage with their customer base to ensure effective service delivery that meets the needs of building users. They also support other departments in changes to their property requirements and estates/facilities related activity.

### Facilities Management

3.11 The Facilities Management team have developed and introduced the link between the MCC FM helpdesk and the Mears' Works Management System to enable real time requests to be managed in a 'live' situation. This has delivered significant operational benefits to MCC in both reducing waiting times for outstanding repairs and financial benefits in terms of staffing productivity and savings.

3.12 Over 25,000 service requests (all types) have been received through the FM helpdesk during 2016/17, with a success rate of 96% against a target of 90% for request completion within the appropriate priority level.

3.13 The large volume of legacy high risk remedial works, identified when the PPM was centralised and transferred into FM, have been reviewed based upon risk rather than cost and the team have now fully removed this backlog from within existing budgets. This has significantly mitigated the risk of service failure across the estate.

3.14 Numerous public order incidents have occurred within the Town Hall Complex during the past twelve months, all of which have been successfully managed by the FM teams. These have been dealt with by both MCC staff and those from the security provider in a highly professional manner under extremely difficult circumstances. Several of these have created national media attention and resulted in significant custodial sentences for those involved.

3.15 The FM savings targets for 2014/15 & 2015/16 of 1.5m were achieved during those periods and a further part year budget reduction of 229K was made from FM budgets as part of the closure of the Wenlock Way and Chorlton District Offices in 2016/17.

3.16 FM will provide ongoing support to the Triangulum Project partners Siemens (as part of the City Verve initiative) to review the energy use at the Town Hall Complex and Manchester Art Gallery. The project will support the fine tuning of the building's infrastructure to optimise performance and reduce energy use. This project includes the installation of a new BEMS at the Gallery that will link into the current BEMS infrastructure at the THC, enabling a single point of management for both venues.

### The 2016/17 Asset Management Programme delivery

3.17 Stock Condition Surveys have been completed and the data has been used to inform/shape the 2017/18 programme of works. The data was also used to inform urgent activity during the 2016/17 financial year. The Stock Condition Survey data has now been imported into the Corporate Estates Property Management system, and work has been progressed to define how data is managed and kept up to date/current in the future.

3.18 During the 2016/17 reporting period the Corporate Estates team has delivered the following:

- 2016/17 – 38 projects completed;
- 25 projects in progress (will be being delivered over the financial year end);
- 15 schemes designed in preparation for the 2017/18 delivery;
- 15 new schemes – yet to be designed and scheduled for delivery;
- The spend for the 2016/17 programme delivery equates to £7.110m
- The 2017/18 programme has been designed based on the outcomes of the Stock Condition Surveys; prioritising activity on risk and service delivery requirements. The value of the 2017/18 programme equates to £8.778m (which includes contingency sums).

3.19 The stock condition data has also supported the organisation to understand priorities and work commitments for the next 4 to 5 years. Additionally, the data has been used to inform other service area refurbishment programmes and bring forward works and funds to deliver other organisational schemes; for example, the refurbishment of Withington Library. In these instances, the works identified in the stock condition surveys have been brought forward and are being delivered as part of the wider refurbishment scheme. Similarly it has been used to understand and support the delivery of a new One Public Estate Hub at the Wythenshawe Forum, which is scheduled for completion in February 2018.

#### Estates Transformation, Rationalisation and 4 Year Estates Strategy

3.20 During 2016/17, the first Phase of the Estates Transformation programmes was completed, with the decant of Wenlock Way offices being finalised in December 2016. The targeted savings for the initial phase of Estates Transformation activity have been achieved.

3.21 Work also progressed on the planning of Phase 2 of the Estates Transformation programme, which will be delivered in the period 2017 to 2022. Approval has been received during the 2016/17 period and work will now progress in respect of the refurbishment and redevelopment of the former Hulme Library into a new Hulme District Office. The full refurbishment of Alexandra House will also form part of Phase 2 of the Estates Transformation programme, together with a number disposals projects and services specific property related activity.

3.22 Additionally, further work has progressed to plan the full decant of the Town Hall in readiness for the refurbishment programme. This will involve moving all of the remaining teams from the Town Hall, with many moving into the Town Hall Extension, Central Library and other decants taking place to support moving the right teams, with the appropriate adjacencies and co-location to other accommodation throughout the City.

3.23 Close working between the Estates Team and the Greater Manchester Strategic Estates Group (SEG) continues to ensure support to the integration of health and social care, with the team supporting on various estates projects that are being progressed within MCC properties.

3.24 Close working arrangements between Estates and ICT continue, as the two services areas ensure a joined up approach to delivering successful outcomes for the Council. Work has also been undertaken to factor in the 'Workforce' strategy and how this impacts on the ICT and Estates strategies to ensure a joined up cohesive approach to strategy delivery across MCC and with other public sector partners.

#### Operational Estate Carbon Reduction Programme

3.25 During 2016/17, work was progressed to produce a Carbon Reduction plan/programme for the operational estate. The programme sets out a range of properties and associated investment options to reduce carbon emissions within our operational estate and increase our sustainability (both in respect of impact on the environment and financially).

3.26 Work has been ongoing to recruit the resource to manage the delivery of the projects contained in the plan, and review and progress our route to market to secure feasibility studies. The feasibility studies will identify the type of technologies that are most suitable for the individual estates assets, the cost of investment and the carbon benefits that will be realised. The basis of the investment in the carbon technologies will be on an 'Invest to Save' basis.

3.27 The programme of work will be undertaken on an Invest to Save basis, but there are a number of contractual issues that will need to be resolved as part of the implementation. Due contractual cognisance will be undertaken where assets are operated by a third party provider (e.g. the Leisure Centres). Work will be progressed in conjunction with colleagues in Leisure to ensure that the Council can secure a return on its investment in order to fund the sustainable technologies.

#### Civic Quarter Heat Network

3.28 The Civic Quarter Heat Network (CQHN) project is an innovative initiative that aims to:

- reduce the Council's carbon emissions;
- reduce exposure to rising costs of fuel;
- support an improved air quality

During the 2016/17 reporting period the CQHN Board has been established and Vital Energi has been appointed as the Council's delivery partner, following an OJEU compliant tendering process using the Carbon Energy Fund (CEF) framework. Work has been progressed around the design of the Energy Centre which will be located adjacent to the arches in the Manchester Central car park area.

3.29 The location of the CQHN in the historic Civic Quarter has provided a number of challenges for this unique project, as the scheme seeks to blend cutting edge technologies into the historic surroundings. It is the intention that the CQHN will provide low carbon energy for the Town Hall complex, Manchester Central, Bridgewater Hall as well as a number of other businesses that operate within the Civic Quarter locality. Commercial dialogue has commenced with a number of key stakeholders who are keen to participate in this project.

### The Operational Estate

3.30 The Estates team continue to work closely with the service Directorates to review operational property requirements. They will continue to actively support the Estates Transformation work stream and provide support in managing the logistics for accommodation moves and decants to support the progression of the Estates Asset Management Programme of activity. They will manage requests for changes, ensuring that any such changes are visible to the Estates Transformation workstream to ensure that there are no conflicts in respect of demand for space and resource to deliver moves.

3.31 Activities during the year include undertaking 'business as usual' moves to support service delivery teams and wider council objectives, which include the relocation of a Health team from Oakwood Resource Centre into Sharston YOS, a relocation of an ASBAT team, Children's Services Transition team from Westwood St to Etrop Court and the move of Legal Services to Peter House.

### Property Rationalisation

3.32 Building upon the property rationalisation as a result of the Wenlock Way vacation, the Estates team are supporting the Town Hall decant to enable refurbishment; support is also provided to the Registrars Service due to the refurbishment of Heron House.

3.33 The Estates Team are also supporting the Family Contact Service with a proposed move from Glendene to Acorns Former children's home, this will enable the site assembly of Glendene, Frank Kelly and Beech House which can be released for development as a single site.

3.34 The surplus property procedure is to be reviewed to encourage a more efficient decision making process when determining whether a vacant property is surplus and available for disposal.

### Community and Voluntary Sector Lettings

3.35 During 2016/17, a review of the approach to Community Asset Transfers was undertaken. The Our Manchester Strategy is key to how the Council will support and work with local communities and how the Council will listen and work to deliver services based on local community needs. The review of the Community Asset Transfer policy sought to understand whether the policy could adequately support the aims and objectives of the Our Manchester strategy and an extended approach to provide community spaces and places for local communities to book/use in order to deliver local services.

3.36 The review set out to look at the Council's approach to delivering a range of Community Places and Spaces throughout the City and how these spaces could be made visible to local communities and provide them with the information on how to book spaces they might wish to use. The outcome of the work has seen an extended booking facility, hosted on the Macc website, which provides a wider range of



information on bookable spaces for community use and links to the various booking systems/information.

3.37 Since the last annual report, an additional three community asset transfers have been approved and leases have either been agreed or are currently under negotiation. A further 3 organisations have submitted requests for transfers and are awaiting decisions and 21 cases are in development.

3.38 The bespoke training programme developed in 2015/2016 has continued to be delivered in the last 12 months with 23 organisations undergoing the 5 day training programme. A high proportion of the groups that have attended the training are now developing business plans to support their own asset transfer. Those groups that have elected not to pursue a transfer any further have stated that they are content not to proceed as they now have an understanding of the complexities of managing an asset.

3.39 Organisations that have undergone an asset transfer continue to receive an annual monitoring visit to ensure that the organisations are meeting the terms of their lease and to determine whether any additional support is required.

#### Unauthorised Traveller Encampments

3.40 The management of Unauthorised Traveller Encampments has now been fully transferred to the Neighbourhood Services team(s) to manage, and as such is no longer reported as part of the Corporate Estates service area.

## **4 SYSTEMS & RECORDS**

### **CPAD**

4.1 CPAD (Council's Property Asset Delivery) is a web-based property information and management system that the Service has been developing to record and manage its land and property assets and undertake property transactions. As previously reported, the system went live in January 2014, and we have now had over three years' experience using the system. The contract with Concerto, the software provider, was extended for a further 5 years from December 2016.

4.2 During the last 12 months, the team have continued to focus on and address significant issues and initiatives. All focused on ensuring that the organisation exploits the system to secure efficiencies and holds and maintains comprehensive property information.

4.3 CPAD continues to support the delivery of the Corporate Landlord activity. During the 12 month period, work has continued to develop/hold comprehensive property information from the stock condition surveys work. The development includes the creation of an 'App' that will allow the building surveyors to update the system once any property works have been undertaken, ensuring that property information is always up to date. This in turn informs the annual Estates Asset Management programme of activity and 2017/18 was the first year that the programme of work was formulated based on empirical (stock condition) data.

4.4 Following the introduction of the FM Helpdesk module and integration with Manchester Working Ltd (MWL) in 2016, the incorporation of the Planned Preventative Maintenance Module and reporting on statutory compliance (aligned with Stock Condition data); benefits have continued to be realised. The online reporting of statutory compliance and comprehensive records on work/activities supports the Council in ensuring a well-managed and recorded statutory compliance; supporting the management of risk across the estate.

4.5 Further work has been ongoing between the team and FM colleagues to expand the use of the FM Helpdesk to better manage security requests. This element is due to go live on 1st July 2017.

4.6 Work has commenced on the review of classifications of buildings held on the CPAD system, which will support the Estates team in directing requests to the correct person/ team, with the correct priority. It is envisaged that standard FM helpdesk jobs will also make use of Classifications this summer.

4.7 The CPAD team have supported the FM team to use mobile questionnaires for daily building inspections in the Town Hall Complex. A similar approach is currently being rolled out between Estates and FM for some of the resource centres, as a way of recording weekly building user checks.

4.8 The team are also working with FM to launch 'Red Box' items on operational sites, which will provide easy access to key documents such as Asbestos and Fire Risk reports.

4.9 Water monitoring testing is now being carried out by the supplier and the results are then updated directly onto the CPAD system using handheld/mobile devices. Any remedial works identified are being raised within the CPAD system and sent to directly to the contractor.

4.10 In order to ensure that there is a planned and cohesive approach to the use and development of the system, an in house CPAD User Group has been established, with membership consisting of all departmental users. The user group has full visibility on the use and development requirements for the system and is developing the governance and protocols for the forward development and use of the system.

4.11 The team are working with Education with the ambition that schools will be able to access their water monitoring data directly through the CPAD system, with the first tranche of schools scheduled to go live at the beginning of September.

4.12 The CPAD team are continuing to identify opportunities for development of the system across the Estates team and other directorates. More recently, discussion has taken place as to how we can record/hold Energy Performance Certificates within the system to support our ongoing commitment to reduce our carbon emissions.

## Records

4.13 The team have undertaken a piece of analysis and costing exercise, which resulted in all of the Serial Books (these are the legal transaction and completion statements for property transactions) being scanned and made available electronically, resulting in improved access to records, reducing physical storage and the risk of the paper records deteriorating beyond useful life.

4.14 The team continue to update the system with peppercorn leases to ensure that there is a comprehensive electronic record for each lease.

4.15 The work has been undertaken alongside the Business as Usual activity of providing information to the organisation in respect of property ownership, transfers and other property transactions.

4.16 The team continue to provide services to other departments and members of the public with a range of services/enquiries, including provision of plans, dealing with land registry enquiries and supporting the City Solicitor with the Voluntary Registration Programme and litigation claims against the Council.

4.17 Progress to date in respect of the creation of property records is as follows:

- Backlog of Operational estate records have been completed
- Backlog of Investment estate records (rent/income generating assets) has been completed

Work is now in progress to create property records in respect of 'peppercorn' leases, with the intention to follow on with vacant land and disposed assets as the final workstream.