



Economy Scrutiny Committee

Date: Thursday, 6 February 2020

Time: 10.00 am

Venue: Council Antechamber, Level 2, Town Hall Extension

This is a **Supplementary Agenda** containing additional information about the business of the meeting that was not available when the agenda was published

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Membership of the Economy Scrutiny Committee

Councillors - H Priest (Chair), Abdullatif, Green, Hacking, Johns, Noor, Raikes, Shilton Godwin, K Simcock and Stanton

Supplementary Agenda

- 6. Delivering the Our Manchester Strategy - Update from the Leader** 3 - 6
Report of the Leader of the Council attached.
- This report provides an overview of work undertaken and progress towards the delivery of the Council's priorities as set out in the Our Manchester strategy for those areas within the portfolio of the Leader of the Council.
- 9. Northern Gateway Strategic Business Plan** 7 - 24
Report of the Strategic Director, Growth and Development attached.
- This report provides a high level summary of the Strategic Business Plan for approval by Executive, on behalf of the City Council as shareholder in the Northern Gateway Joint Venture. The report also provides an update on the current position with regards to the Housing Infrastructure Fund bid submitted to Government by the City Council and the proposed approach to ancillary infrastructure funding and delivery arrangements.
- 10. Exclusion of Press and Public**
The officers consider that the following item contains exempt information as provided for in the Local Government Access to Information Act and that the public interest in maintaining the exemption outweighs the public interest in disclosing the information. The Committee is recommended to agree the necessary resolutions excluding the public from the meeting during consideration of this item.
- 11. Northern Gateway Strategic Business Plan (Press Excluded)** 25 - 76
Report of the Strategic Director, Growth and Development attached.

Further Information

For help, advice and information about this meeting please contact the Committee Officer:

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This supplementary agenda was issued on **Friday, 31 January 2020** by the Governance and Scrutiny Support Unit, Manchester City Council, Level 3, Town Hall Extension (Mount Street Elevation), Manchester M60 2LA

**Manchester City Council
Report for Information**

Report to: Economy Scrutiny Committee – 6 February 2020

Subject: Delivering the Our Manchester Strategy

Report of: Leader of the Council

Summary

This report provides an overview of work undertaken and progress towards the delivery of the Council's priorities as set out in the Our Manchester strategy for those areas within the portfolio of the Leader of the Council.

Recommendations

The Committee is asked to note and comment on the report.

Contact:

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1. Introduction

- 1.1 The Our Manchester Strategy was formally adopted by the Council in January 2016 and sets out a ten year ambition for the city to be:
- Thriving – creating great jobs and healthy businesses
 - Filled with talent – both home-grown talent and attracting the best in the world
 - Fair – with equal chances for all to unlock their potential
 - A great place to live – with lots of things to do
 - Buzzing with connections – including world-class transport and broadband
- 1.2 Executive Members are collectively and individually responsible for supporting the delivery of the Our Manchester Strategy and for providing political oversight and direction to officers for better outcomes for Manchester residents. The work of the Executive will be guided by the Our Manchester Strategy, the Greater Manchester Strategy and Manchester Labour's 2019 election manifesto.
- 1.3 This report sets out how I as the Leader of the Council have sought to deliver these priorities over the past six months and is the fourth of twice yearly reports to this Committee. A complete list of all my activities on behalf of the Council can be found in my public service contract report.

2. Leader of the Council - Portfolio

- 2.1 As Leader of the Council, my portfolio consists of overall policy co-ordination, external relationships, major economic development including City Centre regeneration, legal services, the digital economy (business development) and devolution.

3. Report back on activity this year

- 3.1 A significant amount of time has been spent dealing with the Greater Manchester Combined Authority commissioned review into Operation Augusta and its consequences. I have reported on this to the Executive and Council and attended Children and Young Peoples Scrutiny yesterday.
- 3.2 The Executive will finalise its budget recommendations to Council at its meeting on 12 February, 2020. A change in government leadership and the subsequent General Election meant that the intended spending review did not take place and similarly the 'Fair' funding review was put on hold. This means next year's budget is only for 1 year and is largely a stand still budget though significant extra expenditure will be committed to Children's Care, Adults Care and Homelessness services. The Government has promised to seek a cross-party solution to the chronic underfunding of Adult care – we can only hope. The key priorities in the Council business plan remain the same except for the addition of our revised Zero Carbon target and our declaration of a climate emergency. The budget prospects for the future still look bleak and the first

published exemplifications of the element of the proposed Fair Funding formula show a large shift in money away from Manchester and similarly deprived areas.

- 3.3 The Brexit Act has now received Royal Assent and we left the European Union on 31 January. This does not mean the end of economic uncertainty as government has set an inflexible timetable of 11 months to conclude a trade deal with the EU which means 'no deal' is still a possibility. Proposals for the Shared Prosperity Fund to replace European Structural Funds have still to be published and a new Immigration Act may increase labour shortages in key skill areas.
- 3.4 The economy of the city continues to grow rapidly, an average of 3.6% in the five years 2014-2018, and employment rates have also risen. One of the key initiatives to improve pay and working conditions, particularly in the foundational economy, has seen the first six employers inducted into the Good Employment Charter. Work has also been progressing on a multi-agency approach to improving the work and life prospects of the 25% of 50 – 67 year olds in receipt of out-of-work benefits.
- 3.5 The Greater Manchester Local Industrial Strategy (GMLIS) has moved to the implementation stage overseen by the GM Growth Board which meets quarterly and which I Chair, and by the LEP of which I am a board member. The first year priorities include working with UCL to develop the mission led approach to Zero Carbon. I have recently been part of the appointment panel to identify a new Chair for the LEP, and our recommendation of Lou Cordwell and Mo Isap as co-chairs has been accepted by the LEP and CA. The City has developed its own subset of the GMLIS looking particularly at inclusive growth.
- 3.6 Progress has been made on North Manchester General Hospital. From April this year management of the hospital will transfer to Manchester Foundation Trust, though full transfer will not take place until 2021. I am chairing a steering group developing proposals for the NMGH site which include a large new general hospital, a new psychiatric hospital, education and training facilities, specialist and key worker housing, community facilities all in a green campus. The Manchester locality plan is being updated and the Transformation Accountability Board is reviewing arrangements for delivery over the next five years.
- 3.7 The Connecting Britain campaign has seen northern local authorities and business through the Northern Powerhouse Partnership come together to campaign for HS2 and Northern Powerhouse Rail to be delivered in full as an integrated network, and for all the improvements required for the current rail franchise specifications, including Piccadilly 15 and 16 to be delivered. We have worked hard with colleagues in the Midlands on HS2 and by the time of the meeting we may have a decision. I have supported the demands for the Northern Rail franchise to be nationalised given their lamentable performance and this will now happen in March. We should note though that Transpennine

is no better and Network Rail have failed to deliver promised infrastructure improvements.

- 3.8 Along with Transport for Greater Manchester, we commissioned work from Bechtel to look at HS2 and NPR at Piccadilly Station. This work concluded that none of the options currently under consideration meet our future-proofing requirements, and have suggested a radical realignment which is now being evaluated by TfN & DfT. I have also been playing a leading role in the consultation in the plan to re-regulate bus services through a London-style franchising system. This is a GM Mayoral decision which should be made in March.
- 3.9 The LGA's City Regions Board continues to work on devolution and to push our Work Local proposals to reform employment and skills services through a place-based approach. We have done some important work demonstrating greater need to spend in urban areas and that work continues. We are proposing to commission a piece of work on the economic relationship between cities and their surrounding towns.
- 3.10 A short list of other areas of activity ; the Factory Strategic Board continues to keep the project under review; the City Centre Accountability Board has received reports on innovative work in addressing begging and rough sleeping; working through ManLife draft Strategic Regeneration Frameworks are coming to the next Executive for Central Retail Park and the 'back' of Ancoats; on the back of an updated East Manchester SRF and following the disappointing withdrawal of Manchester Metropolitan University, we continue to have positive discussions with potential partners for the Institute of Sport at the Etihad campus; the Arbetha building (formerly One Central Park) is formally launched this week; design teams have been appointed for the Manchester Arena attack memorial garden and for the renewal of the wider Piccadilly Gardens Area; APIS Technologies, the Biomarker company we have invested in has got off to a flying start.

Manchester City Council Report for Resolution

Report to: Economy Scrutiny Committee – 6 February 2020
Executive – 12 February 2020

Subject: Northern Gateway Strategic Business Plan and First Phase Development Area

Report of: Strategic Director, Growth and Development

Summary

The report provides a high level summary of the Strategic Business Plan for approval by Executive, on behalf of the City Council as shareholder in the Northern Gateway Joint Venture. The report also updates the Executive on the current position with regards to the Housing Infrastructure Fund bid submitted to Government by the City Council and the proposed approach to ancillary infrastructure funding and delivery arrangements.

Following on from the Executive approval of the Northern Gateway Strategic Regeneration Framework (SRF) on 13 February 2019, the draft Strategic Business Plan was approved by Northern Gateway Operations Limited (OpCo) at a Board meeting in October 2019 to be taken forward for respective Shareholder and Executive approval by the MCC Executive. The document is the second strategic document that the Development Manager is obligated to prepare for approval as part of the legal agreements between Far East Consortium and Manchester City Council.

Upon the approval of the Strategic Business Plan, the Development Manager will prepare an initial Development Area Business Plan of not less than 1,000 new homes which will be informed by both the SRF and the Strategic Business Plan. A summary of the emerging initial Development Area Business Plan, which can only be formally produced once the Strategic Business Plan has been approved, is set out within the body of this report.

Recommendations

1. The Economy Scrutiny Committee are invited to comment on the report.
2. The Executive is recommended to:
 1. Note the summarised content of the Strategic Business Plan, the detail of which is appended to the Part B report on this agenda.
 2. Note the intention of the Development Manager to appoint a Registered Provider partner to assist with the delivery of affordable housing on JV land within the Red Bank and New Town neighbourhoods to help meet the commitment of providing 20% affordable housing within the initiative.

3. Note that the Northern Gateway is currently characterised by large tracts of vacant and underutilised brownfield land and that for development of any scale to be delivered, significant “place-making” infrastructure interventions will be required and consequently a strategic approach towards leveraging investment from a range of sources will be necessary, including the capture of S106 developer contributions for the purposes of place-making infrastructure.
4. Note the intention to explore options for the preparation of a costed “place-making” infrastructure strategy for the Northern Gateway against which Section 106 developer contributions can be sought. Note that any such strategy would be brought before Executive as part of a full consultation exercise.
5. Note the current situation with regard to the funding submission of £51.6m to the Government’s Housing Infrastructure Fund and the significant potential impact of this funding on the overall viability of the initiative.
6. Agree to the principle of ring-fencing Capital Receipts or overage generated from the disposal of Council-owned land through the Northern Gateway Joint Venture for re-investment into supporting the delivery of the Northern Gateway SRF objectives.
7. Note the significant contribution that the Northern Gateway initiative can make to the City’s affordable housing delivery ambitions and the various means available to the Council such as the Housing Affordability Fund through which investment can be leveraged to deliver affordable housing at scale within this area.
8. Note the summary of the intended content for the production of the initial Development Area Business Plan which will focus on the delivery of up to 1,000 homes in the neighbourhoods of New Cross, Red Bank and Collyhurst and delegate authority to the Chief Executive in consultation with the Leader, Deputy Leader and the Executive Member for Finance and HR to approve the full initial Development Area Business Plan.
9. Note that, subject to a positive announcement from Government relating to the Housing Infrastructure Fund, a further report will be brought before Executive regarding the specific terms and conditions applicable in advance of any decision to enter into a Funding Agreement.
10. Note that a Social Value strategy will be developed specifically for the Northern Gateway given the value of contracts/works to be carried out and the anticipated duration of the Joint Venture Partnership.

Wards Affected: Piccadilly; Cheetham; Harpurhey; Miles Platting and Newton Heath

Environmental Impact Assessment - the impact of the decisions proposed in this report on achieving the zero-carbon target for the city

The Strategic Business Plan and initial Development Area Business Plan, build on the low-carbon principles of the Northern Gateway SRF and recognise that future development within the area will need to respond to the zero-carbon target and will be expected to move towards this aspiration through the active utilisation and deployment of leading building technologies.

The planning of the Northern Gateway has been actively developed to facilitate the radical change in the current patterns of energy generation, distribution and use.

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

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

- Equal Opportunities Policy
- Risk Management
- Legal Considerations

Financial Consequences – Revenue

There are no immediate revenue consequences associated with the approval of the Strategic Business Plan or the development of the initial Development Area Business Plan.

Financial Consequences – Capital

As part of the Council's Capital Programme budget 2017-2022, £25m has been allocated to promote residential growth in the Northern Gateway through land assembly and the provision of core infrastructure. There are no immediate capital consequences, however, associated with the approval of the Strategic Business Plan or the development of the initial Development Area Business Plan.

If the recommendations contained within this report are approved then capital receipts generated through the Northern Gateway Joint Venture will be ring-fenced for re-investment into supporting the delivery of the Northern Gateway SRF objectives.

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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.

- Delivering Manchester's Affordable Homes to 2025, Executive, 11 September 2019
- Strategic Acquisitions in the Northern Gateway, Executive, 26 June 2019
- Northern Gateway: Implementation and Delivery, Executive, 13 February 2019
- Northern Gateway Strategic Regeneration Framework, Executive, 13 February 2019
- Residential Growth Strategy: Action Plan Update, Economy Scrutiny Committee, 9 January 2019
- Manchester's Affordable Housing Strategy - Proposed New Affordable Housing Policies for The Council, Executive, 12 December 2018
- Northern Gateway Draft Strategic Regeneration Framework Update, Executive, 25 July 2018
- The Northern Gateway - Progress Update, Executive, 7 March 2018
- The Northern Gateway – Driving Forward Residential Growth, Executive, 8 March 2017
- Northern Gateway – Driving Forward Residential Growth on the Northern Edge of the City Centre, Executive, 9 September 2015

1.0 Introduction

- 1.1 In February 2019 the Executive approved the Northern Gateway Strategic Regeneration Framework – the first major milestone of the Northern Gateway initiative following the formation of the joint venture vehicle in April 2017. This report now provides an overview of the purpose and content of the Strategic Business Plan which provides the overarching narrative as to how the challenges associated with delivering the Northern Gateway will be overcome and for the opportunities and ambitions to be realised.
- 1.2 Once the Strategic Business Plan is approved the Development Manager (FEC) will be working towards bringing forward a viable initial Development Area Business Plan for the first phases of residential delivery, which will comprise of approximately 1,000 new homes.
- 1.3 The initial Development Area Business Plan, the emerging content of which is summarised within this report, will be critical to the viability of future phases and will contain greater detail on the financial assumptions underpinning the delivery of a viable first phase of development.
- 1.4 The report includes detail on the significant level of infrastructure investment required in order to establish a platform upon which to deliver new housing at scale. A bid of £51.6m to the Government's Housing Infrastructure Fund will, if successful, support the delivery of such infrastructure, but additional investment will need to be secured from a range of sources including Section 106 developer contributions.
- 1.5 The successful delivery of the Northern Gateway has the potential to have a positive transformational impact on the existing and future communities of North Manchester. Together with the proposition put forward for the North Manchester General Hospital site and announcements from the Prime Minister and Secretary of State for Health in recent months, there is an opportunity for these major physical regeneration initiatives to have a catalytic role in a wider programme of inclusive growth in North Manchester over the next 20 years.
- 1.6 Aligned with the objectives of the Manchester Work and Skills Strategy (2015-2020) and the Manchester Population Health Plan (2018-2027) – together with Manchester Health and Care Commissioning's identified programme of System Leadership focussed on North Manchester as reflected in their 2020-2025 Plan – there is an opportunity to build on this development platform and address some of the key thematic areas that are considered a high priority for the north of the city. These include: preventable early deaths; work as a health outcome; improved outcomes for the first 1,000 days of a child's life; improved community connections (both socially and physically); addressing family poverty; and improving skill levels.
- 1.7 The Council and our JV partners will explore the opportunity to develop a comprehensive and specific Social Value strategy for the Northern Gateway so we can maximise the training and employment outcomes for Manchester residents. This strategy will ensure we can provide sufficient focus on this

aspect of the JV's activity going forward and monitor and report on achievements going forward.

- 1.8 The report sets out details of initial proposals for development in the Collyhurst neighbourhood. This may involve remodelling of certain parts of this area, following consultation with the community. Initial priority will be given for any new Council properties, to existing residents affected by this remodelling. It is also recognised that since the termination of the proposed Private Finance Initiative (PFI) by the coalition Government in 2010, residents have been waiting for alternative proposals that would deliver the regeneration of the area. The City Council remains committed to working pro-actively with existing residents to deliver positive change that they benefit from. At the same time the City Council recognise there is an obligation to tenants who were displaced by previous demolition activity and wish to return to the area as new housing for social rent is delivered. The Council will establish a process through which this obligation is met, once the needs of existing Collyhurst residents are catered for.

2.0 Background

- 2.1 The Northern Gateway has the potential to deliver circa 15,000 new homes over the next 20 years: this equates to 28% of the entire City of Manchester target as set by the draft Greater Manchester Spatial Framework (GMSF), within an expanse of existing brownfield land that is close to the conurbation core.
- 2.2 This is predicated, however, on the ability of the joint venture partnership (JV) to address and overcome a series of significant challenges in the transformation of a long forgotten part of the city in the Lower Irk Valley. This is an area characterised by:
 - I. fragmented land ownership;
 - II. historic railway structures and associated current and former industrial land uses;
 - III. barriers to development presented by gaps in the provision of key physical infrastructure such as power and other utilities;
 - IV. areas prone to flood risk;
 - V. a varied and challenging topography with limited/no highway access and permeability issues; and
 - VI. disconnected and insular sites caused by historic uses and a lack of development in the intervening decades.
- 2.3 In the northern part of the geography there are specific socio-economic challenges characterised by:
 - I. high levels of deprivation and dependency;
 - II. poor physical layouts, connections and permeability;
 - III. poor environment and access to quality green spaces; and
 - IV. a lack of walking and cycling infrastructure.

- 2.4 There is an opportunity to improve the layout of the neighbourhoods in this location, but it would require significant remodelling and demolition in order to create opportunities for high quality, well designed new housing across a range of tenures. It has been agreed that the Joint Venture's approach to any remodelling will be founded on careful phasing, allowing time for detailed resident consultation on each phase. New replacement properties would be constructed for existing residents in advance of any demolitions ensuring the existing community can remain in the area and that they can benefit from the ongoing regeneration of the area.

3.0 The Strategic Business Plan

- 3.1 It is a requirement of the Northern Gateway Joint Venture Agreement for the Development Manager (FEC) to produce a Masterplan and a Strategic Business Plan, incorporating a Financial Model, for the approval by Northern Gateway Operation Limited (OpCo) and by the respective Shareholders of OpCo i.e. FEC and the Council.
- 3.2 The purpose of the Strategic Business Plan is to set the strategic context for the Northern Gateway, based upon an overarching Financial Model and to set the parameters for the subsequent Development Area Business Plans. The Strategic Business Plan is to be updated annually to ensure that it takes account of any changes in national and local policy, market sentiment or wider economic implications and is to be used as a mechanism to monitor the progress of delivery of the Northern Gateway.
- 3.3 The Strategic Business Plan (detailed the Part B report) provides the overarching narrative as to how the challenges will be overcome and the opportunities and ambitions realised.
- 3.4 A summary of these challenges and opportunities can be summarised in Sections 4.0 – 8.0 below.

4.0 Financial Model and the Provision of Place-Making Infrastructure

- 4.1 In accordance with the requirements of the legal arrangements, the Development Manager (on behalf of OpCo) has commissioned the production of an independent and bespoke Financial Model to allow the overall financial viability of the Northern Gateway project to be evaluated.
- 4.2 The model uses a residual method of valuation to calculate land value and takes account of the multi-phased nature of the project and the numerous attributable variables. Underpinning the Financial Model is a cost plan and series of cash flows prepared by independent cost consultants. The cost plan is based on the nature of accommodation indicated in the approved SRF within discrete neighbourhoods, together with the associated infrastructure required (e.g. roads, flood mitigation, power and utilities, land remediation, new public open space and public realm etc). The model specifically excludes both build cost and sales price inflation, due to the difficulty in making any form of informed projection as a result of the longevity of the regeneration

programme which is likely to last up to twenty years. The assumption is therefore that both will keep pace with each other and one neutralises the other. The model also provides for the notion of a “regeneration premium”, which is the effect over and above sales price inflation, which occurs when transformation of an area happens at scale as a result of catalytic interventions, such as the completion of major infrastructure projects.

- 4.3 The Financial Model contained within the Strategic Business Plan is currently showing a minimal return against the overall projected Gross Development Value and would not be at a sufficiently market facing or viable level whereby a developer acting reasonably would undertake development without additional external public sector investment. This low level of return and high level of development risk, is unsurprising however given the significant “on costs” which are associated with the huge site-wide infrastructure requirements which need to be addressed in order to tackle abnormal costs and support the delivery of housing at scale.
- 4.4 In total the investment into necessary “place-making” infrastructure to support development across the entire Northern Gateway is currently estimated at circa £165m.
- 4.5 When these infrastructure costs are coupled with the existing challenging sales values of the homes for open market sale in this part of the city, then it becomes clear why no development or regeneration has been able to come forward here previously without significant public sector investment in order to help address some of the funding challenges with regards to site-wide infrastructure, the provision of high quality public open space, affordable housing and zero carbon in order to make the initiative viable.
- 4.6 Despite the viability challenges of the overall programme set out above, the JV proposes that these will be addressed on a phase by phase basis through mitigation matters such as HIF, the identification of an RP partner and constant engagement with Government and other funding bodies in order to lever in the required public sector financial investment. It is however fully anticipated that the initial Development Area Business plan discussed in more detail in Section 9.0 will be financially viable.
- 4.7 Prior to the programme of public sector austerity that has been the UK norm for nearly a decade, up-front costs for a project of this scale would have attracted much higher levels of public sector investment from the centre.
- 4.8 The bid submitted to the Government’s Housing Infrastructure Fund for £51.6m – as detailed in previous reports - would, if successful, make a significant contribution to improving the overall viability of the initial programme, enabling a strong platform for development to be established in the Red Bank and New Town neighbourhoods. This funding will, if approved, be utilised to: create new highway access to former industrial land; provide flood defence measures and improve the condition of the River Irk; provide a new high voltage power network; remediate previously contaminated brownfield land; create the platform for the City River Park; and improve

pedestrian and cycle routes throughout the area. The bid was submitted to MHCLG in March 2019 and is currently pending approval.

- 4.9 Furthermore, through the legal agreements of the Northern Gateway JV, there is the potential for the Council to receive capital receipts for its land interests as part of the development process. This report recommends that the Executive agrees that where capital receipts are generated within the Northern Gateway area that these are ring-fenced for re-investment into supporting the delivery of the Northern Gateway SRF objectives.

5.0 Delivering Affordable Housing at Scale

- 5.1 The Northern Gateway programme will seek to deliver 20% affordable housing across the entire area. This equates to 3,000 new affordable homes and is by far the biggest opportunity to deliver against Manchester's ambitious affordable housing plans as part of a well-planned, place-based approach to development. This will include a range of affordability options including shared ownership, affordable rent and social rent across a range of housing typologies.
- 5.2 To ensure such a target is achievable a robust strategy must be in place for the Northern Gateway aligned to the wider approach to delivering Manchester's affordable homes as outlined in the report to the Executive of 11 September 2019.
- 5.3 The Executive has previously agreed that Collyhurst will act as a focal point for the investment of Housing Revenue Account resources to deliver up to 130 new social rent homes as part of an initial phase of development (see section 9.6 below for more detail), but investment from other sources will be required to support the delivery of affordable housing at the kind of scale required and as part of well-planned, mixed tenure neighbourhoods.
- 5.4 On this basis, the intention is for the Development Manager (FEC) to commence a procurement exercise to appoint a Registered Provider with significant investment capacity and a robust approach to leveraging grant funding which will assist with project viability. FEC will begin a market procurement exercise shortly to identify an RP partner to deliver affordable housing as part of schemes on land owned by FEC primarily within the Red Bank and New Town neighbourhoods.
- 5.5 The selection process will be national and extensive and is likely to be two stage. The process will be open to Registered Providers who have Strategic Partner status with Homes England as well as those who are not but who are still well placed to take advantage of Homes England's Continuous Market Engagement process to access grants. The process will be flexible in order to allow for one single entity or a consortium of providers if it can be demonstrated that this is in the projects' best interests and its clear how they would work together on lettings, housing management and local community/stakeholder management.

- 5.6 This accords with the report approved by Executive in September 2019 entitled, 'Delivering Manchester's Affordable Homes to 2025', which highlights the strategic prioritisation of unlocking the investment capacity of Registered Provider partners and harnessing the resources that Homes England can bring through government grants and dedicated local support.
- 5.7 Whilst the partnership with a Registered Provider will be well-placed to secure funding and investment through the Homes England-administered Government funding packages, there is an opportunity to further align additional resources generated at a local level to be invested into the delivery of affordable housing in the Northern Gateway.
- 5.8 The Northern Gateway is a key strategic location in the extended city centre where affordable housing can be delivered at scale. The ambition for 20% of all housing delivered by the JV across the Northern Gateway to be affordable provides an opportunity to make a significant contribution to the Council's affordable housing delivery plans. This should be a key consideration for the Council when making investment decisions with regards to leveraging available resources, such as the Housing Affordability Fund.

6.0 Zero Carbon

- 6.1 The need to expedite a move to a zero carbon economy including zero carbon development, in line with national and local policy, necessitates an innovative approach to building technologies and energy use. Additional investment will be sought into new technologies and techniques to deliver cost-effective zero carbon development.
- 6.2 The Financial Model includes an estimated cost per property towards reducing carbon. This figure is an estimate of cost at this stage to reflect the aspiration, however it must be noted that this cost assumption, applied as a general rule across the entire development area, will not fully deliver zero carbon development at scale but will contribute towards the development of a low carbon solution.

7.0 Planning Strategy

- 7.1 Building on the approved Northern Gateway SRF document and working in partnership with the Local Authority, the Development Manager has developed a detailed Planning Strategy underpinning the proposed delivery of homes within the Red Bank neighbourhood, which is to be led out through projects supported by the planned HIF investment and also a general Planning Strategy setting out the key principles to facilitate the delivery of the Northern Gateway more generally. Development Area specific Planning Strategies will be included within the future Development Area Business Plans, the first of which is summarised elsewhere within this report.
- 7.2 Planning applications that are submitted within the Northern Gateway area, but are not covered by the JV arrangements, will be subject to determination in the usual way in line with planning policy. The Local Planning Authority will

have due regard to the relevant national, regional and local policy and material considerations when determining the application, this will include the approved Northern Gateway SRF, as this is a material consideration by virtue of its endorsement by the Executive.

- 7.3 The Northern Gateway SRF highlights the lack of existing infrastructure and sets out the requirement for investment into place-making and contributions to infrastructure. The Local Planning Authority will have regard to these requirements alongside other core strategy policies when considering any s106 planning obligations within the Northern Gateway.
- 7.4 To support this principle, and to ensure that there is a robust and transparent process in place, officers will work closely with the Local Planning Authority to explore the options for the preparation of a fully costed public realm/infrastructure strategy to act as a basis for determining Section 106 developer contributions for the purposes of place-making infrastructure. Any such strategy will be brought before Executive as part of a full consultation exercise.
- 7.5 As part of the delivery of the HIF investment, should it be awarded, the Planning Strategy will be part *detailed* for the infrastructure works themselves and part *outline* for the associated housing which will sit around these infrastructure works. The benefits of this approach are set out within the Strategic Business Plan and will need to be formally endorsed by the Local Planning Authority following the award of HIF.

8.0 Estate Management

- 8.1 The spatial masterplan for the Northern Gateway, as reflected in the SRF, is predominantly led by a high quality public realm and an ambitious green and blue infrastructure network, which will both catalyse the area to create a unique destination within the extended city centre, but also be the golden thread which seeks to unify the currently fragmented neighbourhoods.
- 8.2 The JV intends to undertake work to develop a detailed Estate Management Strategy. This work will seek to identify suitable funding and governance options for the long-term management and maintenance of green and blue infrastructure, which include the following:
 - Non-governmental management and governance models including: Community-based initiatives; NGO's and Not for Profit Organisations; and Trusts, Foundations and Green Hubs;
 - Public-Private models including joint governance between Local Government and the private sector; or where the private sector takes the lead role in the management and maintenance of the space; and
 - Local Government-led models where the Local Authority takes the lead role in the governance, management and maintenance of the public estate.
- 8.3 With each of these governance models there are funding challenges associated with the long-term maintenance of the public spaces to a high

quality befitting the extended city centre location. Options for these funding sources include the following: general taxation (i.e. through Council Tax and Business Rates as part of the Council's mainstream revenue funding); residential and business leaseholder charges; business profit sharing; income generation through community and commercial events; endowments; parking fees; private grants; or other public sector contributions (i.e. from non-Council budgets).

- 8.4 With the Council continuing to operate in a constrained fiscal environment, and with public sector revenue budgets susceptible to economic cycles and changes there is a high degree of risk associated in implementing a fully Local Authority-led model of governance as funding levels to maintain a high quality of service could not be guaranteed during periods of economic downturn.
- 8.5 At this stage the most likely scenario would be a public-private model of governance which would incorporate a long-term revenue stream via a resident and business leaseholder charge. This would be supported by a range of complimentary income generating opportunities which would seek to enhance and improve the quality of the physical environment of the public spaces for the communities to which they serve and for the population at large.

9.0 Initial Development Area Business Plan

- 9.1 Subject to approval of the Strategic Business Plan, as obligated by the JV legal agreement, the Development Manager will be looking to bring forward an initial Development Area Business Plan for the first phases of development activity as soon as is reasonably practicable.
- 9.2 The initial Development Area Business Plan must be for not less than 1,000 homes. Development Area 1 comprises three development phases as follows:
 - Collyhurst Phase 1 (Collyhurst Village and Collyhurst South)
 - Former Angelgate site
 - Addington Street
- 9.3 The total number of homes to be delivered within Development Area 1 is anticipated to be approximately 1,045. The homes will be a mixture of type and tenure, with the majority of homes being provided as open market for sale. The Development Area will provide a mix of one, two, three and four bed properties in the form of apartments, maisonettes and townhouses. The Joint Venture is committing to delivering 20% affordable homes across Development Area 1 which will include circa 130 social rented dwellings delivered in Collyhurst and on-plot shared ownership homes at the former Angelgate site.
- 9.4 All of the land within the Development Area is within the ownership of the Joint Venture. Individual planning applications will be submitted for each of the three phases within the Development Area.

- 9.5 The status and key issues affecting the progression of each of the above development proposals are described in more detail below.

9.6 Collyhurst Phase 1

- 9.6.1 Collyhurst Phase 1 is split between two development parcels:

- Collyhurst Village – a residential development of approximately 300 dwellings, including up to 100 social rented dwellings which will be initially prioritised for existing residents potentially affected by remodelling. The development will comprise a mix of houses and mid-rise apartments.
- Collyhurst South – a residential development of approximately 30 social rented dwellings which will be initially prioritised for residents previously displaced by demolition of the maisonettes. The development will comprise a mix of houses and low-rise apartments.

- 9.6.2 The design proposals will be developed to investigate the potential for zero carbon solutions with a low carbon, fabric first building design that will reduce residents' occupational costs and help to tackle fuel poverty. The Planning Strategy for Collyhurst Phase 1 is currently to submit one full planning application covering both the Collyhurst Village and Collyhurst South sites.

- 9.6.3 Buttress, an Ancoats based architecture practice, has been appointed by the JV to draw up designs for these initial sites following engagement and consultation with local residents and the intention is then to have planning applications ready for submission by the summer of 2020.

- 9.6.4 Officers from the City Council have been in discussion with regional representatives of Homes England, regarding potential grant support for the new HRA homes in Collyhurst. A bid for circa £8.5m will be submitted once we have some more certainty regarding the type of homes to be developed.

9.7 Former Angelgate site

- 9.7.1 The former Angelgate site is located within the New Town area of the Northern Gateway masterplan. The site is located at the entrance threshold from the city centre into the Red Bank neighbourhood and the river valley, marking an important gateway to the Northern Gateway. A full planning application covering this phase will be submitted.

- 9.7.2 Circa 635 new homes are proposed within a high-density development featuring a landmark tower at the entrance to the Northern Gateway. The scheme includes three residential buildings as well as townhouses and commercial uses at the lower stories to provide active street frontages. Shared amenity on the podium and high-quality public realm is also proposed.

- 9.7.3 The former Angelgate site will provide open market for sale homes as well as on site affordable housing in the form of shared ownership. FEC are currently initialising a process to procure a Registered Provider partner to facilitate the delivery of affordable housing at this site and within future phases of the Red

Bank and New Town neighbourhoods – as described elsewhere within this report.

- 9.7.4 A fabric first, low energy design concept will be adopted and the scheme will be wholly electric powered as well as providing 100% cycle parking.
- 9.7.5 The intention is that a planning application for the scheme will be ready for submission by late spring / early summer 2020.

9.8 Addington Street

- 9.8.1 The Addington Street site is located within the New Cross neighbourhood. The site comprises a single development plot which is currently in use as temporary surface car parking and electricity substation. A full planning application for the Addington Street phase was approved by the Planning and Highways Committee in January 2020.
- 9.8.2 A range of accommodation in the form of townhouses and apartments is proposed which will be attractive to families and smaller households and promotes active and engaging ground floors. The development comprises one residential block of 80 homes split between 23 one bed apartments, 48 two bed apartments and 9 three bed town houses. All homes proposed are for open market for sale with a contribution secured for the provision of off-site affordable housing.
- 9.8.3 The building will be low carbon and benefits from a highly sustainable location. 100% cycle parking is proposed and 2 disabled car parking spaces will be provided in the area. A fabric first, low energy design concept has been adopted with air permeability and ventilation targets all exceeding Building Regulations standards. Efficient ventilation systems are proposed for each apartment to further reduce the total energy demands. The scheme will be wholly electric powered as well as providing photovoltaic panels on the roof to power lighting in the communal parts and a green roof in the courtyard.

9.9 Procurement Strategy

- 9.9.1 **Professional Consultant Team:** In accordance with the terms of the JV legal agreement and the Strategic Business Plan, the procurement process for the Development Area 1 consultants will be undertaken in compliance with the agreed procurement strategy, which includes (inter alia) the following principles:
 - all services will be procured in accordance with the principle of value for money, transparency, fair and open competition and best price;
 - for all contracts of any value the procurement process will ensure competitiveness, transparency, quality and value for money; and
 - all procurement will be carried out in accordance with the Public Contracts Regulations 2015.

9.10 Delivery / implementation strategy

- 9.10.1 It is envisaged that the whole of Development Area 1 will be delivered by FEC working in conjunction with a Registered Provider partner for the affordable housing elements of the proposals in the New Town scheme and with the Council and its existing ALMO, Northwards Housing, within the Collyhurst Village and Collyhurst South sites.

9.11 Marketing

- 9.11.1 Development Area 1 phases provide a range of housing types and tenures across four neighbourhoods within the Northern Gateway geography. The phases will not be marketed together, rather bespoke marketing strategies will be developed for each phase in accordance with the Strategic Business Plan.

10.0 Conclusion

- 10.1 The Northern Gateway remains the most ambitious residential-led development programme in a generation and is well placed to be a key driving force in delivering transformational change in the communities north of the city centre.
- 10.2 The approval of the Strategic Business Plan builds on the first major milestones of the Northern Gateway journey, those being the formation of the joint venture with FEC in April 2017 and the approval of the Strategic Regeneration Framework in February 2019. With this key document approved, the Development Manager can implement an initial Development Area Business Plan as a legally necessary next step in unlocking delivery of the first circa 1,000 new homes of the Northern Gateway initiative.
- 10.3 The Strategic Business Plan will be refreshed on an annual basis to ensure that the overall long-term vision remains a viable and achievable proposition and so that Development Area Business Plans may be brought forward for subsequent future phases.
- 10.4 The realisation of the ambitious Northern Gateway vision is not without its challenges, the nature of which have been summarised within this and previous reports and which are addressed at a high level through the Strategic Business Plan and at a more detailed level within the Development Area Business Plans.

11.0 Contributing to a Zero-Carbon City

- 11.1 The Strategic Business Plan, and Development Area Business Plan, builds on the low-carbon principles of the Northern Gateway SRF and recognises that future development within the area will need to respond to the zero-carbon target and will be expected to move towards this aspiration through the active utilisation and deployment of leading building technologies.

- 11.2 The planning of the Northern Gateway has been actively developed to facilitate the radical change in the current patterns of energy generation, distribution and use.

13.0 Contributing to the Our Manchester Strategy

(a) A thriving and sustainable city

- 13.1 The Northern Gateway will expand the City Centre in a northern direction establishing sustainable mixed-use neighbourhoods including new jobs and employment opportunities.

(b) A highly skilled city

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

(c) A progressive and equitable city

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

(d) A liveable and low carbon city

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

(e) A connected city

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

14.0 Key Policies and Considerations

(a) Equal Opportunities

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

(b) Risk Management

- 14.2 The Northern Gateway programme will continue to be progressed in accordance with existing internal governance arrangements and within the

legal framework of the Northern Gateway Joint Venture. If successful in securing the Housing Infrastructure Fund funding the Council's existing Capital Approval process will be followed in full with any additional governance and accountability structures developed in accordance with the Council's risk management framework.

(c) Legal Considerations

- 14.3 The legal considerations are contained in the body of this report and the City Solicitor will continue to support the delivery team to deliver the Northern Gateway.

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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