

Executive

Minutes of the meeting held on Wednesday, 14 November 2018

Present: Councillor Leese (Chair)

Councillors: Akbar, Bridges, Craig, N Murphy, S Murphy, Ollerhead, Rahman, Stogia, and Richards

Also present as Members of the Standing Consultative Panel: Councillors Karney, Leech, M Sharif Mahamed, Sheikh, Midgley, Ilyas, Taylor and S Judge

Exe/18/99 Minutes

The minutes of the meeting on 17 October were confirmed as a correct record.

Exe/18/100 The Factory

In July 2015 support was given to the creation of The Factory, the new arts centre in the city (Minute Exe/15/091). Since then a number of subsequent reports had provided updates on the progress of the project and recommended decisions on external grants, design changes, capital budget increases and related property transitions (Minutes Exe/17/102, Exe/18/043, Exe/18/046, Exe/18/059). Funding for the capital works had been agreed as part of the Council's budget setting in February and March 2018 (Minutes Exe/18/020 and CC/17/22).

A joint report submitted by the Strategic Director (Development) and the City Treasurer explained the progress made with the project. It explained that the detailed design and costings work for the building had now been carried out and the construction costs were now much more certain than they had been when the first estimates were provided in 2015. The overall likely cost of the project had increased to £130.6M, including risk management contingencies. The main reasons for the increase in the projected cost of the construction were set out in the report. The report also described the steps that had been taken to lessen the costs. Options for a smaller or less ambitious building had been investigated and rejected as unfeasible or very poor value. Any significant change in the plans for the building was likely to result in the loss of the Government and Art Council funding, which would make the whole project fail and force the Council to meet the substantial cancellation costs alone.

The report therefore proposed an increase in the Council capital budget for the programme of £18.97M, to be funded by capital receipts from the sale of assets. At a recent meeting the Resources and Governance Scrutiny Committee had also considered this report. That committee had expressed a desire for the increase in the capital budget to be met from prudential borrowing rather than from capital receipts from the sale of assets (Minute RGSC/18/58). The Committee's views on the source of the funds was considered and supported, subject to the City Treasurer managing

the overall resourcing of the capital budget in a way that provides best value to the Council.

With the project constituting a significant investment of public funds, representatives of the government funders continued to maintain oversight in order to review the project's progress. Part of that was annual in-depth 'Gateway Reviews' to provide further assurance over the project's implementation and management. The next Gateway review was to take place between 19 and 21 November 2018. The intention was for that review to provide the necessary assurance for the construction work to get underway.

The work done so far was set out in the report. Progress had been made with the land transitions to assemble the whole site. Site clearance and related pre-construction works were underway to allow the project to commence as soon as possible once the overall funding was in place. Further capital costs of £1.286M had been incurred to acquire both the 999-year lease from the Science and Industry Museum and the freehold interests from Manchester Quays Limited (an Allied London Company). The report recommended that a Capital Budget virement be authorised to provide for those additional costs, and that was supported.

In May 2018 approval was given to provide a loan of £5.1M to Manchester Quays Riverside Limited on market terms, in order to acquire the Riverside site from Castlefield Properties (an ITV subsidiary) (Minute Exe/18/059). Part of the loan was repayable in 2018/19. The balance of £4.3M was repayable on the first anniversary after completion of the Factory or on 10 August 2023, whichever was the sooner. The report therefore recommend a virement of £4.3M from the Sustaining Key Initiatives Capital Budget to cover the balance of the loan. When the balance of the loan was repaid that budget would have the funds returned to it. That proposal was supported.

The report explained that the negotiations in respect of Notice to Proceed were expected to conclude within the next few weeks. That was the formal contractual mechanism which would confirm the commitment to deliver the major construction works. At that point the Management Contractor could be authorised to enter into contracts for the Work Packages to begin construction.

In looking at the future use of the venue as the base for the Manchester International Festival (MIF), the report set out how a year-round engagement programme would be part of MIF19 and would then focus on The Factory, helping to build a community of interest leading up its opening. Once the venue was up and running that programme of significant interactions would continue. The social benefits of both the construction project and of The Factory as a major international arts venue were also detailed.

It was agreed that The Factory is going to accelerate economic growth in the region by playing an integral part in helping Manchester and the North of England enhance and diversify its cultural infrastructure. It will also make a direct contribution to the growth of creative industries, and improve talent retention in the North. The project was now at the point of committing to major construction in early 2019 subject to all the funding being supported by Government and the Council.

Decisions

1. To note progress with the delivery of The Factory, including preparation for the issuing of the Notice to Proceed, which will commence the process to deliver the major construction works; and a significant programme of social value commitments.
2. To recommend to the Council to approve a Capital Budget increase of £18.97M, funded by prudential borrowing subject the requirement for the City Treasurer to manage the overall resourcing of the capital budget in a way that provides best value to the Council. This will increase the total capital budget for the construction of The Factory from £111.65M to £130.62M.
3. To recommend to the Council a Capital Budget virement from the Strategic Acquisitions Capital Budget of £1.286M, to cover additional land assembly costs, associated with the acquisition of and securing timely access to the Factory site.
4. To recommend to the Council a Capital Budget virement of £4.3M from the Sustaining Key Initiatives Capital Budget for the loan facility to Manchester Quays Riverside Limited, on commercial terms.
5. To note that the above recommendation on the loan facility will accommodate the changes to the structure of the loan that was agreed in May 2018 (Minute Exe/18/059) meaning that £4.3m will be repaid after the construction project has completed. The virement will be for the period until the loan is repaid in the form of a capital receipt which will be ringfenced to the Sustaining Key initiatives budget. As such this is a timing issue and not an increase in the cost of the project.
6. To note the progress made by Manchester International Festival to prepare the organisation to operate The Factory, including recruitment, business planning, artistic programme development and social value benefits, in the lead up to MIF19.
7. To note the intention to make the next formal submission of the updated business plan to Arts Council England in December 2019.
8. To note progress in the development of employment, training and education opportunities and creative engagement programmes as part of The Factory's skills development programme.

Exe/18/101 Playing Our Full Part on Climate Change - Updating Manchester's Commitment

The Deputy Chief Executive submitted a report that provided an update on the recent work undertaken by the Tyndall Centre for Climate Research at University of Manchester. The Centre had recommended the establishment of a carbon budget for the city that would see the city becoming "zero carbon" by 2038, rather the existing 2050 target.

The Centre's definition of "zero carbon" related to the carbon dioxide emission from the city's energy system: the gas, electricity and liquid fuels used to power and heat homes and businesses and to transport people around the city. Emissions from flights from Manchester Airport were not included in the definition of zero carbon as the Centre allocated aviation emissions to a UK-wide aviation carbon budget and not to specific local authority areas.

The report explained that in responding to the Tyndall Centre's work, the Manchester Climate Change Board had developed an outline proposal setting out how all partners and residents in the city might play their full part in achieving this ambition. A copy of that proposal was appended to the report. To become a "zero carbon" city by 2038, it had been assumed that all sectors would need to reduce carbon emissions by at least 95% from current levels, with the residual 5% being reduced over the period 2038 to 2100.

The report examined the Council's role in providing leadership on climate change in the city, as well as the Council's own contribution to the "zero carbon" targets through the reduction of energy consumption in buildings, street lighting, fleet operations and other services.

It was noted that a recent meeting the Neighbourhoods and Environment Scrutiny Committee had also considered this report and had endorsed its recommendations (Minute NESC/18/49).

At the meeting the members of the Manchester Climate Change Board were thanked for the work they had put into the development of the "Playing Our Full Part" document, as were the other partners that had supported this work of the Board.

Decisions

1. To adopt the Tyndall Centre's proposed targets and definition of zero carbon on behalf of the city.
2. To commit to developing a draft action plan by March 2019 and a final detailed plan by March 2020 setting out how the city will ensure that it stays within the proposed carbon budget.
3. To recognise that by taking urgent action to become a zero carbon city, starting in 2018, we will achieve more benefits for Manchester's residents and businesses up to 2025 and beyond.
4. To agree to work with partners to ensure that Manchester accelerates its efforts to encourage all residents, businesses and other stakeholders to take action on climate change.

Exe/18/102 Sprinkler and Fire Safety Works Update

In December 2017, as part of the consideration of the implications for Manchester of the Grenfell Tower fire on 14 June 2017, approval was given for the installation of sprinklers within Council-owned tower blocks following consultation with residents, at

an estimated cost of £10.5 million (Minute Exe/17/153). The Strategic Director (Development) now submitted a report to set out progress made since then, and to seek the necessary budget and other approvals required for that work, and other related fire safety improvements projects to go ahead.

The consultations with residents had shown significant support for the installation of sprinklers in their flats. However, a number of residents were opposed to the proposal and did not want one. It was agreed that at this stage no one would be forced to have one if they objected, but that one would then be fitted whenever that flat was next vacated. Based on the assessments that had been undertaken the cost of the installation of sprinklers in all the buildings within the scope of this work was still within the £10.5M capital budget approved in December 2017, and confirmed in the 2018/19 budget set by the Council in March 2018. The installation of sprinklers in the flats of leaseholders was also to be provided, as well as those of the tenants that paid rent. A budget virement to cover the estimated cost of £240K of providing sprinklers to leaseholders was therefore approved.

The report also examined the work that had been done on Type 4 Fire Risk Assessments to the resident's towers and flats. Those assessments had identified some work that needed to be done, and it was estimated that the cost of that would exceed the £4M that had been provided for in the 2018/19 budget set by the Council at the start of 2018. The report therefore sought support for an increase of £1.2M in the capital budget to take the total to £5.2M. The proposal was supported.

Whilst the Council's Housing Revenue Account would accommodate the on-going maintenance costs of sprinkler systems, leaseholders would need to pay an annual fee to cover their flat, with that initially being an average of £163 for each flat.

It was noted that a recent meeting the Neighbourhoods and Environment Scrutiny Committee had also considered this report and had endorsed its recommendations (Minute NESC/18/48).

Thanks were expressed for the help of Northwards Housing and the Greater Manchester Fire and Rescue Service for the support they had provided with the investigations, with the consultations with residents, and the development of the proposals being put forward in the report.

Decisions

1. To note the progress made since December 2017.
2. To note that the consultation undertaken demonstrated significant support for sprinklers but also that a minority of residents are strongly opposed.
3. To note the support for sprinklers from Greater Manchester Fire and Rescue Service and National Fire Chiefs Council. The Prime Minister has also recently endorsed retrospective fitting of sprinklers to publicly-owned tower blocks.

4. To proceed with fitting sprinklers while giving residents the ability to decline having sprinklers installed in their flat as long as they have first been given the opportunity to understand the benefits and risks.
5. To note that the overall budget for sprinkler installation across 35 tower blocks remains £10.5m.
6. To note that these systems will have a 30-year life with on-going costs being met within the Housing Revenue Account (HRA) through the rephrasing of the Public Sector Capital Programme.
7. To agree that the initial installation of sprinklers be offered to leaseholders free of charge at an estimated cost of £240k (to include Miles Platting and Brunswick PFI leaseholders) from the Council's General Fund Housing Private Sector Capital Programme. Noting that this will be in addition to the £10.5m budget in (5) above and therefore to approve an increase of £240k to the Private Sector Housing capital budget. Noting that leaseholders would be required to meet the estimated £167 annual repair and maintenance costs.
8. To note that the fire safety works recommended by the fire risk assessor, Savills, are mandatory and that the budget approved in February 2018 did not include the tower blocks managed by PFI contractors in Miles Platting and Brunswick and Woodward Court.
9. To recommend to Council that the budget for fire safety works be increased from £4.0m to £5.2m, being an increase of £1.2m to the Public Sector Capital Programme funded from revenue contributions from the HRA.
10. To note that the contracts for sprinklers and fire safety works (plus the other works included in those contracts) include contingency but otherwise place cost risk on the Council, with Northwards Housing managing these contracts on the Council's behalf to mitigate against further costs. Further costs are, however, possible as the sample surveys undertaken may not have identified the full extent of works.
11. To approve the revenue costs associated with maintaining sprinkler systems as set out in the report.
12. Where access is denied by tenants or leaseholders to implement fire safety works, to delegate to the City Solicitor the authority to take legal action where required, in consultation with the City Treasurer, the Director of Housing and Residential Growth, the Executive Member for Housing and Regeneration and the Executive Member for Finance and Human Resources.

Exe/18/103 Capital Programme Update

A report concerning requests to increase the capital programme was submitted. We agreed to recommend three changes to the Council, and to make a further two changes under delegated powers. These five changes would increase the capital

budget by £1.729m, financed by the use of reserves, borrowing, capital receipts and monies in the Capital Fund.

Decisions

1. To recommend to the Council these changes to the Council's capital programme:
 - a) Neighbourhoods – Smart Litter Bins. A capital budget increase of £0.258m in 2018/19, funded by borrowing of £0.208m and reserves of £0.050m.
 - b) ICT – Data Centre Network Design and Implementation. A capital allocation and transfer of £3.108m, £2.964m in 2018/19 and £0.144m in 2019/20 to be met from the ICT Investment Plan budget, funded by borrowing.
 - c) Public Sector Housing – Northwards Replacement of Prepayment meters in High Rise Blocks. A capital allocation and transfer of £0.752m, £0.058m in 2018/19 and £0.694m in 2019/20 to be met from the Northwards unallocated budget, funded by capital receipts.
2. To approve the following changes to the City Council's capital programme:
 - d) ICT – Legal Case Management System. A virement from the capital budget to revenue of £0.320m in 2018/19, funded via Capital Fund.
 - e) Strategic Development – One Central Park. A capital budget increase of £1.791m in 2018/19 to be funded from borrowing on a spend-to-save basis.

Exe/18/104 Manchester Science Park (MSP) Strategic Regeneration Framework Update

The Science Park was formed by the City Council and the Victoria University of Manchester in 1978 to capture benefits that could be gained through the creativity and knowledge available at the universities. The first building was completed in 1984 followed by a second in 1989. Since then it had expended and developed and was now home to a range of domestic and international companies operating in a range of business sectors. In March 2014 we had welcomed the preparation of a draft Regeneration Framework for Manchester Science Park (MSP) and asked the Chief Executive to undertake a public consultation exercise on that draft (Minute Exe/14/032). In September 2014 we had considered the responses to those consultations and approved the adoption of the Framework as a material planning consideration for new development proposals within the Park.

A report was now submitted by the Strategic Director (Development) to introduce proposals for revisions the 2014 Framework. This purpose of this new draft Framework was to set out a refreshed strategy which recognised that there was increasing pressure for additional floorspace to support the growth in science-based

economic activity. It was explained that there needed to be an ambitious expansion of MSP in order to ensure that the unique opportunity to capture this activity was not lost. The draft Framework set out the importance of the MSP as one of a limited number of sites in close proximity to the universities and hospital.

The new draft proposed an initial phase of development from 2019 to 2021 that would result in:

- an extension to the existing Greenheys' building, to provide circa 60,000 sq. ft. of commercial floor space;
- a new 5 / 6 storey building located adjacent to the Greenheys' building, providing circa 100,000 sq. ft. of flexible commercial floor space and facilities for collaborative working on the site currently occupied by the BASE Building; and
- public realm improvements facilitated by the closure of the northern end of Pencroft Way, which would enable the provision of new and enhanced areas of public realm within MSP.

It was forecast that this development of an additional 160,000 sq. ft. at MSP was expected to deliver up to 1,300 FTE jobs.

Further phases of the development were likely to include:

- flexible commercial laboratory and workspace, with a range of floorplates;
- a multi storey car park located off Charles Halle Road;
- Pavilion Building located within the heart of the park, providing additional food and beverage amenity for customers and local residents;
- infrastructure and public realm; including new public spaces, servicing facilities and cycle parking; and
- purpose-built student accommodation on the vacant McDougall Centre site. The site has the capacity to accommodate buildings of between 6 and 10 storeys.

It was explained that the intention was for there to be a period of public consultation on the proposals in the draft Framework.

We supported the proposals described in the report and agreed that they would help to drive forward the city's competitive offer as a principal destination for inward investment and employment in key growth sectors, and contribute substantially to the further expansion and diversification of the city's economic base.

Decisions

1. To endorse in principle the updated regeneration framework for Manchester Science Park.
2. To request the Strategic Director undertake a public consultation exercise on the framework with local stakeholders and report on the outcome of the consultation.

In June 2017 we had endorsed in principle the draft Strategic Spatial Framework for the Oxford Road Corridor and requested that the Chief Executive undertake public consultation on the draft (Minute Exe/17/082). In March 2018 we had considered the outcome of the consultations that had been undertaken and had endorsed and approved the principles in the Corridor Manchester Strategic Spatial Framework (Minute Exe/18/030).

The Strategic Director (Development) now submitted a further report that sought approval for public consultation on a new Strategic Regeneration Framework Guidance (SRFG) for the Oxford Road Corridor area. The purpose of this draft framework was to help to guide the development of four specific sites in a consistent way that recognised the Oxford Road Corridor's physical and locational characteristics.

The report explained that this proposed SRFG was being brought forward by the Oxford Road Corridor Partners in relation to four development sites that were part of the overall Oxford Road Corridor Strategy: Upper Brook Street; the Former Elizabeth Gaskell Campus; Wilmott Street (the former Salvation Army site); and Birchall Way. The report set out a description of the development proposals for each of these sites.

The Upper Brook Street (UBS) site was identified within the Oxford Road Corridor Strategic Spatial Framework as a "future development opportunity", with scope for increased density, providing mixed commercial uses. The site is adjacent to an area of the University of Manchester estate identified as a Science, Research and Innovation cluster (including the National Graphene Institute and Sir Henry Royce Institute) and the North Campus development area.

The former Elizabeth Gaskell Campus site was identified within the Oxford Road Corridor Strategic Spatial Framework as a "Transformational Strategic Investment Site" and part of the existing and emerging cluster of Health, Innovation and Well-being, including at Citylabs. It is located immediately adjacent to the existing Manchester University NHS Foundation Trust, at the southern edge of the Oxford Road Corridor.

The Wilmott Street (former Salvation Army) site was identified within the Oxford Road Corridor Strategic Spatial Framework as a "Transformational Strategic Investment Site". It is part of an existing and emerging cluster of creative, cultural and mixed-use development within the First Street regeneration area.

The Birchall Way site was identified in the Oxford Road Corridor Strategic Spatial Framework as a "future development opportunity", and part of an existing and emerging cluster of education uses, including health education and student living. The site is located in Hulme ward, adjacent to Princess Road and is a key route between Manchester Metropolitan University's Oxford Road Estate and the Birley Fields Campus.

The intention was to consult on the proposed Strategic Regeneration Framework Guidance so that it could, in the future, provide site-specific urban design, place-making and development principles, and planning guidance, to enable positive regeneration of these sites. That was agreed.

Decisions

1. To endorse in principle the Strategic Regeneration Framework Guidance for the Oxford Road Corridor area.
2. To request the Strategic Director undertake a public consultation exercise on the framework with local stakeholders and report on the outcome of the consultation.

Exe/18/106 First Street Development Framework Update 2018 Consultation

In July 2012 we had considered and endorsed the revised and updated First Street Development Framework (Minute Exe/12/082). In November 2015 we had adopted an updated and revised version of the Framework, having first considered the views put forward during consultation on a draft of that document (Minute Exe/15/125). In July 2018 a further update to the Framework had been brought forward and we had agreed that there should again be a period of public consultation on the proposed revisions (Minute Exe/18/075).

A report now submitted by the Strategic Director (Development) set out the outcome of the consultation. The report proposed a number of revisions to the draft Framework to take into account the views expressed by consultees and sought approval for that revised version to be adopted by the Council.

Consultation letters had been sent out to 318 local residents, landowners and stakeholders informing them about the public consultation and how to participate. The draft Framework had also been made available on the Council's website, and comments were invited. The consultation had been open for six weeks and had closed on 8 October. In that time five responses had been received: three from landowners, one from a local business, and one from a councillor, on behalf of the three Councillors, for the Deansgate Ward.

Four of the responses had been wholly supportive of the updated Framework and the report examined in detail the issues that had been raised by the ward councillors, and responded to each of them. A number of revisions to the draft document were put forward and those were agreed.

Decisions

1. To note the outcome of the public consultation on the draft updated Development Framework for First Street.
2. To approve the updated 2018 First Street Development Framework and request that the Planning and Highways Committee take the Framework into account as a material consideration when considering planning applications for the First Street area.

Exe/18/107 Great Ducie Street Strategic Regeneration Framework

The Great Ducie Street Strategic Regeneration Framework (SRF) area is positioned to the north of the city centre, extending northwards from Manchester's Inner Ring Road adjacent to the Manchester Arena. It encompasses but does not include the former Boddington's Brewery Site, which itself has a regeneration framework that was endorsed in June 2015. The site lies in close proximity to a number of key city centre strategic regeneration initiatives, including NOMA, Northern Gateway, New Victoria and the Medieval Quarter. The area is a commercially led district, and has traditionally been a focal point for textiles businesses, wholesalers and distributors. The legitimate textile and wholesale businesses are concentrated within the Warehousing District to the north. Currently some of the properties are in decline.

In February 2018 we had endorsed in principle an updated regeneration framework for the Great Ducie Street SRF area and requested that there be public consultation on the draft regeneration framework (Minute Exe/18/024).

The Strategic Director (Development) now submitted a report on the outcome of the consultation, describing the issues that consultees had raised and the Council's proposed response to those. Consultation letters had been sent out to 1,946 local residents, businesses, and stakeholders, informing them about the public consultation, how to engage in it. The SRF had also been made available on the Council's website, where comments were invited. The consultation was open for six weeks and closed on 17 September 2018.

In total 12 responses were received: 2 from Cheetham Ward Councillors; 1 from a business owner; 6 from landowners; and 3 from statutory agencies.

The report examined the issues that had been raised by the consultees under the headings of: general support, flood risk and water management, public realm, development uses and mix, development height and density, phasing and delivery, infrastructure, the draft SRF Document itself, and area context. The Council's analysis and response on each of these was explained and a number of revisions to the draft SRF document were proposed in the report to respond to the matters that had been raised.

A further late representation was reported orally at the meeting, submitted by the owner of the Downtex Mill site. The owner hoped that the SRF would increase indicative building heights for the Mill site to between 11 and 20 stories. They also challenged the proposal for the retention of the Mill as a creative centre within the framework area and as a site providing townscape value. They proposed that the SRF should not require the retention of the building but make provision for its demolition or comprehensive redevelopment, avoiding conflicts between the regeneration objectives for the site and achieving a new riverside frontage. They put forward that the retention of the building would be contrary to national policy.

Having noted the views expressed by the consultee it was nevertheless agreed that the building was able to make an important contribution as a creative centre within the area, and that the proposals for it in the revised SRF document should not be further amended.

Having considered the views expressed by the consultees, including the late representation submitted at the meeting, it was agreed that the revised SRF document be adopted.

Decisions

1. To note the comments received on the Strategic Regeneration Framework and the response to these comments.
2. To agree the proposed amendments to the Strategic Regeneration Framework arising from the comments received.
3. To approve the Great Ducie Street Strategic Regeneration Framework, with the intention that it will become a material consideration in the Council's decision making as the Local Planning Authority.

Exe/18/108 Funding towards City Centre Free Bus (Metroshuttle) Costs

A report from the City Treasurer and the City Solicitor explained that Metroshuttle is the free-to-user city centre bus network that had operated in the city city centre since September 2002. In that time it has proved to be a popular addition to the city centre's transport network and has been copied both within Greater Manchester and by other cities. In the last year it had carried 1.33 million passengers.

The previous contract for the operation of the service had operated for eight years and, due to its popularity, has been extended a number of times during that period. Transport for Greater Manchester have now undertaken a procurement exercise for the contract's renewal.

The report described the future plans for the routes and the vehicle fleet, including the introduction of more low-emissions vehicles. It also detailed the contract renewal process and sought approval for the City Council continued annual financial contribution to Transport for Greater Manchester towards the total costs of the City Centre Free Bus service. That proposal was agreed.

Decisions

1. To endorse the proposed continuation of the Metroshuttle bus service as described in the report and the Council making an annual contribution of £882k to the costs of the service.
2. To delegate authority to the City Treasurer and City Solicitor, in consultation with the Executive Member for the Finance and Human Resources, to finalise and agree the detailed terms of the funding agreement with Transport for Greater Manchester (TFGM).
3. To authorise the City Solicitor to enter into, and agree and complete on behalf of the Council all the necessary legal documentation giving effect to the above.