

**Manchester City Council  
Report for Resolution**

**Report to:** Executive – 16 October 2019

**Subject:** Portugal Street East Strategic Regeneration Framework

**Report of:** Strategic Director (Growth & Development)

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**Summary**

In accordance with the recommendations in the report entitled “Portugal Street East Regeneration Framework”, which were approved by the Executive on 21 March 2018, this report updates the Executive on the exercise of the delegation to the Strategic Director (Growth and Development), in consultation with the Leader, to adopt the Portugal Street East Strategic Regeneration Framework (“the SRF”) following the collaboration agreement being approved between the landowners. The SRF, once adopted, will become a material consideration in the Council’s decision making as the local planning authority. The report also provides an update on the delivery strategy for the public realm and seeks approval from the Executive for the Council to explore the use of Compulsory Purchase Order power as appropriate to support the delivery of the area.

**Recommendations**

The Executive is recommended to:

1. Note that the Strategic Director – Growth & Development in consultation with the Leader of the Council has exercised delegated authority to approve the Portugal Street East Strategic Regeneration Framework (SRF, as agreed by the Executive in March 2018.
  2. Note that the delivery strategy for the main public square may require the City Council to consider providing support to such strategy by exploring the exercise of its Compulsory Purchase Order (CPO) powers; and
  3. Approve the Council exploring the use of Compulsory Purchase Order Powers, where it can be demonstrated that the development, redevelopment or improvement of land, or acquisition is required in order to achieve the proper planning of the area.
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**Wards Affected**

Piccadilly

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

All future development proposals within the Portugal Street East area will need to be carefully considered in order to ensure that they contribute towards meeting the City's zero-carbon target. All construction will be required to meet the highest standards of sustainable development. Given Portugal Street East's highly accessible location within the city centre, adjacent to rail and Metrolink services at Piccadilly Station, a key priority will be to promote sustainable and active transport modes, minimising the need for car journeys.

The proposals seek to create a new significant piece of public realm at the heart of a residential-led, mixed use development, supporting the creation of a sustainable city centre neighbourhood. This will help incorporate energy efficient technologies to reduce the carbon footprint of the city, and create a neighbourhood that supports its residents through the delivery of high quality public realm and a range of amenities.

Our Manchester Strategy Outcomes	Contribution to the strategy
<p>A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities</p>	<p>The comprehensive redevelopment of the Portugal Street East site will provide a major focus for new investment within the area. The SRF will support direct employment opportunities through the creation of new commercial space, and will underpin future economic growth via the provision of high quality new homes within a distinctive neighbourhood. Development will support further population growth, and assist in the attraction and retention of the talent required to support Manchester's strong growth trajectory across a range of economic sectors. The development will also act as a catalyst for further investment in the Piccadilly area and support investment in the City's wider Eastern Gateway.</p>
<p>A highly skilled city: world class and home grown talent sustaining the city's economic success</p>	<p>The regeneration of the Piccadilly area will contribute towards the continuing economic growth of the city, providing additional job opportunities, at a range of skill levels, for local residents.</p> <p>The redevelopment of the Portugal Street East area will provide direct employment opportunities and meet housing demand from workers who wish to live within the regional centre. Development will also see the delivery of new high quality areas of public realm,</p>

	<p>providing an enhanced environment for those living and working in the city centre.</p>
<p>A progressive and equitable city: making a positive contribution by unlocking the potential of our communities</p>	<p>The proposals set out within the Portugal Street East SRF will support and stimulate regeneration within the wider Manchester Piccadilly SRF area and adjoining neighbourhoods including at Ancoats and New Islington, the Ashton Canal Corridor, Holt Town and Lower Medlock Valley. The SRF proposals will assist in delivering the Manchester Residential Growth prospectus and meet the growing demand for new homes in the city.</p> <p>The framework proposals will provide new public realm and public spaces, through high quality design, and uses that will provide positive amenity that local residents and adjoining neighbourhoods can benefit from.</p>
<p>A liveable and low carbon city: a destination of choice to live, visit, work</p>	<p>Consistent with the Manchester Piccadilly SRF, the framework for Portugal Street East will support the delivery of residential-led, mixed use development. This will help incorporate energy efficient technologies to reduce the carbon footprint of the city, and create a neighbourhood that supports its residents through the delivery of high quality public realm and a range of amenities.</p>
<p>A connected city: world class infrastructure and connectivity to drive growth</p>	<p>The Portugal Street East area has exceptional accessibility to public transport, due to its location adjacent to Manchester Piccadilly Station. In addition, the development will enhance access to safe connections linking existing adjacent communities, Manchester Piccadilly and the city centre's diverse range of uses and functions.</p> <p>The city's plans for Piccadilly Station, set out within the wider draft Manchester Piccadilly SRF and presented to the Executive on 7 March 2018, are to provide a world-class transport interchange that can act as a gateway to the city and city region.</p>

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

- Equal Opportunities Policy
- Risk Management
- Legal Considerations

## **Financial Consequences – Revenue**

None directly from this report.

## **Financial Consequences – Capital**

None directly from this report.

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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 officers above.

- Report to Executive 11 September 2013 - High Speed 2 (HS2) Consultation and HS2 Manchester Piccadilly Strategic Regeneration Framework (SRF)
- Report to Executive 18 December 2013 - High Speed 2 (HS2) Manchester Piccadilly and Mayfield Strategic Regeneration Framework (SRF) Consultations
- HS2 Manchester Piccadilly Strategic Regeneration Framework (January 2014)
- HS2 Update: Portugal Street East Masterplan Draft, January 2017
- Report to Executive 8 March 2017 - HS2 Manchester Piccadilly SRF Update: Portugal Street East Masterplan
- Report to Executive 28 June 2017 - Portugal Street East Strategic Regeneration Framework
- Report to Executive 7 March 2018 - Manchester Piccadilly Strategic Regeneration Framework Update 2018
- Manchester Piccadilly Draft Strategic Regeneration Framework 2018
- Report to Executive 21 March 2018 - Portugal Street East Strategic Regeneration Framework

## **1.0 Introduction**

- 1.1 The Portugal Street East site is centrally located within the wider Manchester Piccadilly Strategic Regeneration Framework (SRF) area, providing huge potential for growth and development. In its entirety, it is anticipated that the proposed new investment in the Piccadilly area will bring up to 40,000 new jobs, 13,000 new homes and 820,000 square meters of new commercial development.
- 1.2 The SRF for Portugal Street East has been collaboratively developed between the Council and landowners within the framework area.
- 1.3 The area is currently characterised by privately owned light industrial uses, with a generally poor physical environment. As such, the area contributes little to the economic growth potential of the city and the Piccadilly area, nor does it fulfil the key objectives of the Piccadilly SRF.
- 1.4 Given the area's strategic location, there is also an opportunity to enhance connections with adjoining neighbourhoods including at Ancoats and New Islington, and Lower Medlock Valley.

## **2.0 Background**

- 2.1 In March 2017, a report was presented to the Council's Executive setting out the principles by which the Council would support development within the Portugal Street East area. These principles were aligned with the vision set out within the wider Manchester Piccadilly SRF.
- 2.2 In March 2018, the Executive endorsed the principles in the Portugal Street East SRF, and agreed that formal approval of the SRF is delegated to the Strategic Director – Growth & Development, in consultation with the Leader, following the Collaboration Agreement being approved between the Portugal Street East landowners. The key theme running through the principles was to provide for the comprehensive development and certainty of delivery of the areas of land within the Portugal Street East framework area, which includes the areas of public realm and other infrastructure.
- 2.3 The Portugal Street East SRF, which forms part of the wider Piccadilly SRF, seeks to regenerate and transform the neighbourhood surrounding Piccadilly railway station, through the delivery of high density buildings of the highest possible standard and high quality public realm with excellent pedestrian connections.
- 2.4 Since March 2018, all parties with land ownership interests have been actively engaging with the Council in determining the most appropriate way to deliver the regeneration outcomes set out within the SRF. Due to the number and diversity of the landowners one of the objectives of the SRF process has been to facilitate and crystallise discussions and agree arrangements with the landowners to enable delivery of a comprehensive development across the whole site.

2.5 As noted in a previous report, a memorandum of understanding was agreed by the landowners. This has subsequently formed the basis of the collaboration agreement which provides the framework by which landowners and developers work together to facilitate the comprehensive delivery of the Portugal Street East SRF, including acquisition of third party interests and contributions by landowners required to deliver the public realm.

### **3.0 Development principles**

3.1 The Portugal Street East SRF sets out the vision to collectively create a new, high quality, neighbourhood of choice with a distinctive sense of place and also act as a catalyst to the wider regeneration outcomes of the Manchester Piccadilly SRF. There is the opportunity to deliver a mix of uses including:

- High quality residential accommodation.
- A range of commercial space.
- Potential hotel provision.
- Supporting retail and leisure opportunities, providing active frontages.

3.2 Consistent with the adopted Manchester Piccadilly SRF, the area should support higher density development. However, in order to create a successful place, the masterplan area should deliver:

- A network of successful streets
- High quality public spaces and private amenity space.
- Taller buildings in key gateway and landmark locations, with varied plot heights to create a varied landscape.
- Enhanced connectivity and integration with growth areas to its south and east, supporting the city centre's expansion and future growth

3.3 The SRF will deliver a substantial public square reflecting the space identified within the HS2 SRF, as part of a wider high quality public realm strategy focused on delivering generous and successful streets. In addition, a second public space will be delivered within the northern part of the SRF area.

3.4 The Portugal Street East SRF aims to achieve exemplary standards with regards to sustainability, and take into account the effects on the microclimate.

### **4.0 Landowners Collaboration Agreement and approach to delivery**

4.1 The Landowner's Memorandum of Understanding, and the subsequent Collaboration Agreement, set the obligations of each of the landowners in respect of the activities required to progress the delivery of the public realm, including:

- Project governance.
- Public realm strategy.
- Funding and Delivery Strategy, including triggers for drawdown of development phases.
- Infrastructure delivery.

- 4.2 The Landowners Collaboration Agreement underpins the SRF principles which the Developing Parties will work on together to enable the comprehensive redevelopment of the Collaboration Area in accordance with:
- The Final Portugal Street East SRF;
  - The recommendations set out within the Executive Reports of 28 June 2017 and 7 March 2018; and
  - Satisfactory Planning Permissions.
- 4.3 The Council will enter into a number of land transactions, by way of agreement for lease, for the disposal of land interests that are required to facilitate development within the SRF area. The drawdown of the Council's land will be conditional on obtaining satisfactory planning permission for the relevant scheme and an obligation to enter into agreements to secure the Public Park Land, as enshrined in the Collaboration Agreement. These will be signed off in accordance with the Council's constitution when terms are finalised.
- 4.4 While the Collaboration Agreement will facilitate comprehensive development of the whole site and bring forward public realm at the appropriate point in time it is recognised that some developments are ahead of others and the delivery of the buildings and associated public realm and place-making within the SRF area will now come forward in phases.
- 4.5 In respect of the SRF area development momentum has now clearly built at the northern part of the site. The Great Ancoats Street frontage is the natural catalyst for development across the SRF area, given this builds on the significant quantum of new development and associated place-making delivered through Islington Wharf and other surrounding developments. This is not to the detriment of the City Centre end of the site, at Rammon House, where the original impetus for the SRF came from. This requires a greater level of place-making and a significant forward funding agreement to deliver the proposed scheme. As discussions with the parties have progressed, it has become apparent in the last number of months that the Capital and Centric development at Adair Street is more advanced and likely to come forward to site earlier than others. The landowner has secured a hotel operator and submitted a planning application which was considered and approved at the September Planning & Highways Committee.
- 4.6 In the interests of facilitating development, it is proposed to disaggregate the SRF area to allow development and the associated public realm and place-making to come forward in the northern part of the site independently of the development and associated public realm at the southern end of the site, with an underpinning obligation requiring the whole area to be developed comprehensively secured through the Collaboration Agreement. The land assembly will remain a condition of the Collaboration Agreement, and will not be affected by the phased delivery of the SRF.
- 4.7 The Council and Landowners have had to balance the need to take advantage of development momentum across the SRF site, with the need to ensure an orderly and organic exit of trading businesses. As not all developments will

come forward at the same pace, there will be interim or temporary arrangements covering some public realm and place-making activity to mitigate double expenditure at the Great Ancoats Street frontage. This transitional phase will be kept to a minimum as delivery of the public realm is a key catalyst to secure the full range of regeneration outputs.

- 4.8 In respect of the main public park within the SRF area, situated at the southern part of the site (noting that this is currently within the zone “safeguarded” by HS2 Ltd. for their scheme delivery, meaning that all planning applications need to be referred to HS2 Ltd for approval), there are a number of landowners with varying interests. While it has always been clear that land assembly of this area will be required, given the multiple landowners and their varying respective issues a coordinated acquisition of the whole of the public park area is complex.
- 4.9 It has always been anticipated that the adjacent landowner who is party to the Collaboration Agreement will be responsible for these acquisitions, with the onward, sale to the PSE Management Company also being an obligation within the Collaboration Agreement.
- 4.10 Notwithstanding this intention, given the complexity of ownerships acquisition of the whole of the main public park site may be challenging. Subject to the provision of indemnities and guarantees from the acquiring party, the Council may wish to consider supporting the acquisition of the public realm land by exploring the use of Compulsory Purchase Order (CPO) powers where appropriate to facilitate the development of the main Public Park and regeneration of the wider area. Any proposed CPO will be the subject of a further report to the Executive, which will detail the justification for the exercise of the powers and will seek approval for their exercise in the particular case.
- 4.11 A management company has also been created in order to oversee the design, delivery and maintenance of the public realm which is important to ensure the public realm is owned by the developers, is delivered and is maintained in the long term. Each party is required to make a public realm contribution, calculated on a pro rata basis. It has been agreed that the public realm land will be transferred to the management company who will be responsible for managing the public realm in accordance with an estate management deed.

## **5.0 Conclusions**

- 5.1 The Portugal Street East area is a key element of the Piccadilly Strategic Regeneration Framework, and represents a major strategic opportunity capable of delivering extensive and comprehensive redevelopment, re-modelling and refurbishment of a city centre gateway site, close to a major transport hub.
- 5.2 The individual landowners within the Portugal Street East SRF area will now form a Management Company, ‘Portugal Street East Ltd’, which will oversee the development in accordance with the SRF. A key part of this will be the



design and delivery of the public park, the second area of public realm and the wider landscaping, funded from a dedicated Portugal Street East account paid into by the landowners based on the size of their developments.

5.3 Manchester City Council will be a shareholder of Portugal Street East Limited and will take a lead developer role with strategic responsibility for coordinating the Management Company and its on-going commitments. The formation of a Management Company, with a robust governance structure will ensure genuine ongoing collaborative working towards delivering the masterplan as a whole.

5.4 Recommendations are outlined at the beginning of the report.

## **6.0 Contributing to a Zero-Carbon City**

6.1 All future development proposals within the Portugal Street East area will need to be carefully considered in order to ensure that they help the city meet its zero-carbon target. All construction will be required to meet the highest standards of sustainable development. Given Portugal Street East's highly accessible location within the city centre, adjacent to rail and Metrolink services at Piccadilly Station, a key priority will be to promote sustainable transport modes, minimising the need for car travel.

6.2 The proposals seek to create a new significant piece of public realm at the heart of a residential-led, mixed use development, supporting the creation of a sustainable city centre neighbourhood. This will help incorporate energy efficient technologies to reduce the carbon footprint of the city, and create a neighbourhood that supports its residents through the delivery of high quality public realm and a range of amenities.

## **7.0 Key Policies and Considerations**

### **(a) Equal Opportunities**

7.1 N/A

### **(b) Risk Management**

7.2 Development will be monitored by the City Centre Growth and Regeneration team as planning applications are brought forward to ensure the terms of the landowner's collaboration agreement are adhered to.

### **(c) Legal Considerations**

7.3 The SRF will not form part of the Council's Development Plan but will be a material consideration in the Council's decision making as the Local Planning Authority.

7.4 The Council's legal team will continue to advise and support the team in the delivery of this scheme to ensure compliance with the legislative and

regulatory framework. Where the Council considers exploring the use of Its Compulsory Purchase Order powers this must be justified and in accordance with the statutory framework.