

Manchester City Council Report for Resolution

Report to: Resources and Governance Scrutiny Committee -
8 November 2018

Subject: Annual Property Report

Report of: Strategic Director (Development)

Summary

The following report covers Property activity from April 2017 until March 2018. It reviews activity in Development and Investment; the Heritage Estate and the Operational Estate. In line with the request of the Neighbourhoods Scrutiny Committee in October 2015, the report also provides information about the strategy and initiatives to bring Heritage buildings back in to use.

Recommendations

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

Wards Affected: All

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Background documents (available for public inspection): None

1. INTRODUCTION

1.1 This report covers the work of the property service between April 2017 and March 2018. It is broken down into three main sections to reflect the broad areas of property activity as follows:

- Development and Investment
- Heritage Estate
- Operational Estate

2. DEVELOPMENT & INVESTMENT

Development Overview

- 2.1 The period between April 2017 and March 2018 has seen the Development team deal with an unprecedented amount of development activity throughout the City as buoyant market conditions have resulted in demand for all types of space, particularly for residential and commercial uses. We have continued to support the Council's objectives for residential and employment growth as well as supporting sporting, cultural and leisure initiatives, redevelopment and regeneration of district centres and working with colleagues in other Directorates on safeguarding and developing the Council's heritage assets, developing schools and rationalisation of Council property.
- 2.2 The Development team is also responsible for generating income for the Council, both revenue in respect of rental income from the Investment Estate and from sale of land assets through capital receipts. Council funding through Government grants and its ability to borrow are likely to be constrained over the next few years. Consequently, the money generated by capital receipts will have an important role to play in helping to fund the capital programme and the rental income produced from the Investment estate, particularly from the Airport leases, will help to support services in other areas of the Council. Sound commercial judgement, together with a wider understanding of the Council's wider objectives is required to ensure that decisions on land and property achieve the best outcomes and deliver best value for the Council. We are well placed to provide this role, particularly where we are involved in the outset of negotiations or policy formulation.
- 2.3 The Development Team continues to provide viability advice for the Council on planning applications and also on the feasibility of development generally. This work area has grown as a result of the number of developers promoting schemes with no affordable housing content or without contributions towards urban realm or other public works. The level of requests for viability assessments has been unprecedented over the past year and looks set to continue.
- 2.4 The following paragraphs summarise the main achievements and areas of activity over the 12 month period April 2017 to March 2018.

3. COMMERCIAL AND EMPLOYMENT

Digital Assets

- 3.1 The Development Team has been instrumental in the delivery and operation of the Digital Assets which include The Sharp Project, Space Studios Manchester and One Central Park. Manchester Creative Digital Assets Ltd (MCDA) was set up as a company, wholly owned by MCC, in 2017 tasked with managing, operating and setting the strategic direction of the Digital Assets. Our role is primarily one of supporting MCDA in providing development advice, supporting on lettings and tenancies, providing property management advice and providing senior officer support on the delivery of new developments and the continued growth of the Digital Assets.
- 3.2 The acquisition of One Central Park (OCP) was completed in June 2014 as part of a further initiative to expand on the success of The SHARP Project and to grow the digital and creative content sector. Through improved property management, we have been instrumental in turning the operational building from a loss making facility to generating a healthy revenue surplus. We have also managed the preparation of a feasibility study considering options for a comprehensive refurbishment in order to remodel the building into a space suitable of accommodating growing companies from the digital and creative content sectors.
- 3.3 In June 2017, the City Council's Executive approved a £8.97m capital budget for the delivery a refurbishment, to be delivered on an investment basis. Alongside MCDA we have overseen the development of the plans and business case for the refurbishment and led on procurement of the professional team and main contractor, working closely with Capital Programmes to deliver the project. We also successfully vacated the majority of the building by April 2018, whilst also negotiating and managing an internal relocation of an existing tenant, 3D virtual imaging company EON Reality UK during the main works. The refurbishment commenced in the spring of this year and is due to complete in May 2019, with the first key date of relocating EON Reality into their new premises being delivered on schedule in September. We continue to perform a Development Management role, managing budgets and supporting MCDA in developing a leasing and letting strategy. Negotiations have commenced with a company looking to grow from 4,000 sq ft at The Sharp Project to 10,000 sq ft at OCP.
- 3.4 The success of The SHARP Project helped to establish the case for the Space Studios Manchester in West Gorton, the first phase of which has been operational since October 2014. The project involved the refurbishment of the former Fujitsu data centre to provide Manchester with high quality TV and film production stages to serve the domestic and international market. The £10.4m costs for Phase 1 were supported by grants from the European Regional Development Fund (ERDF) and Homes England (formerly the HCA). Phase 1 delivered 120,000 sq ft of production stages, support space and workshops with hi-speed connectivity and have been used by a range of clients including the BBC, Sky, ITV, Channel 4, Sony Big Talk and Tiger

Aspect as examples. A £14m expansion of Space Studios completed on time and within budget on 21st December 2018.

- 3.5 Phase 2 has delivered a new 30,000 sq ft stage, 6,396 sq ft of production support space, 10,000 sq ft flexible workshop space and 40,000 sq ft of small business units for supply chain businesses. We successfully negotiated the commercial terms and delivered the fit out works for two anchor tenants, Panavision and Provision (an ITV company) as part of the main scheme. All other marketed business units were also occupied on, or shortly after, project completion by other well established industry companies including Media Dog, Elstree Light and Power and Aqua Rosa. Big Talk productions also commenced filming ITV's 'Cold Feet' in the new stage in January 2018. Space Studio's recently secured their biggest production letting to date, due to commence in the new stage from October 2018. Space Studios was awarded the Regeneration award at the RICS North West Awards 2018 and has progressed into the national RICS Awards to take place in November.
- 3.6 The Development Team has also managed the large scale demolition of the former Fujitsu Tower and associated buildings, leaving a secure development ready site for the potential Phase of additional growth of Space Studios.

Manchester Airport & Enterprise Zone

- 3.7 Manchester Airport continues to develop internationally and is a major economic driver to the Region. The Manchester Transformation Project (MTP) is well under way with the enlargement of Terminal 2 on site. MTP will see a significant remodelling of the Airport to accommodate ever increasing passenger numbers. The first new pier is expected to be operational around April 2019. It is anticipated that the transformation project will create around 1,500 jobs. The performance of the Airport links directly to the annual rent income MCC receives, which is expected to reach over £10m per annum in the very near future. In addition the development team coordinate the landowners approvals process on behalf of the GM Districts, ensuring the works and associated construction methodologies are in accordance with the project objectives.
- 3.8 Airport City – with the development agreements in place, Airport City Manchester Ltd are progressing development both at Airport City North and Global Logistics (GL) (formerly Airport City South) although activity at Global Logistics is now being principally led by Stoford Developments on behalf of Soul Plane who acquired the majority of the GL lease, 45 acres of land, from MAG in 2017.
- Airport City North comprises 44 hectares of land to the north of the Airport terminals that will deliver a mixed use development of offices, hotels, advanced manufacturing and other ancillary uses. There has been significant activity over the last 18 months to secure development of 4 hotels on sites closest to the terminals known as the Blue Land. In addition to the hotel development, ACML are about to progress a speculative office and MSCP scheme on the North side of the M56 link

road adjacent to the landing point of the proposed new footbridge, linking Airport City North to the main Airport campus. Most significantly however is the recent announcement of a new campus for **The Hut Group** comprising **up to 500,000 sq. ft** over 3 phases of development. The recent announcement of the deal confirmed that an estimated 8,000 high quality jobs will be located at their new HQ in what is a significant boost to Airport City North. This anchor letting will also be supported by a number of multi-let office buildings connected to the transport interchange by a new £6m foot and cycle bridge. There will be also be a significant number of job opportunities created in the hospitality sector due to the new hotel district, with over 2,400 new hotel beds delivered during the project

- Global Logistics, is a logistics hub on a 34 hectare parcel of land adjacent to Junction 6 of the M56 motorway to the south of the airport terminals and apron. The scheme will significantly enhance the Airport's existing freight business through enhanced cargo handling areas and additional airside access. GL is continuing to expand with the arrival of a new Amazon fulfilment centre and a speculative logistics facility that is attracting significant interest from Airport related occupiers. Recently, MCC agreed to a variation to the lease to permit the development of a new petrol filling station and associated retail on a plot adjacent to the main entrance fronting the A538 Wilmslow Road. The development at Global Logistics has seen the creation of 1,955 permanent jobs which rises to 3,000 at seasonal peaks. This includes warehouse and logistics job roles with DHL and Amazon.

City Centre

3.9 Demand from investors and occupiers, particularly in the residential, office and leisure sectors continues to be very strong has seen a number of major City Centre schemes involving Council assets progress significantly. These include:

- Spinningfields: The development of the iconic No 1. Spinningfields tower completed and is now almost fully let. The sale of the Council's freehold reversion completed with a £12.9M capital receipt accruing to the Council.
- First Street: Southside Regeneration, the developer, is close to completing Building 8 a 200,000 sq ft office scheme in the First Street Central development. This was delayed due to the collapse of Carrillion, however the developer and Council have collaborated to vary agreements to support the continuation of the building with a new contractor. We are in discussion with the developer to bring forward new speculative office buildings following the success in pre-letting Building 8. Discussions are progressing with the developer to unlock the delivery of the 640 residential unit planning approval for 2 phases of PRS development on the First Street South Area. The Development Team has concluded variations to the commercial leases to facilitate institutional investment into these important developments.

- Jacksons Row/Bootle Street - St Michaels: The scheme has now secured planning consent for a very different scheme than St Michaels that initially proposed. The Development Team has worked alongside planning and regeneration colleagues to promote a scheme that delivers the highest quality in one of the most sensitive locations in the City Centre, whilst supporting the Council's growth agendas and remaining commercial viable.
- St. John's: This scheme involves the redevelopment of the former Granada studios complex as a major mixed use scheme that will transform this area and spatially connect Spinningfields, Castlefield and the Museum of Science and Industry. A key aspect of the scheme is the Factory – an iconic arts and cultural centre. The last 12 months have seen significant activity and a number of milestones achieved to support the delivery of this scheme. The commercial arrangements around development and project management have been strengthened and the complex land arrangements required to construct this stand-alone development within a new neighbourhood have been concluded. This has seen the Development Team lead negotiations to secure c2 acres of prime development land on which to develop Factory along with the rights and reservations to be able to construct and operate the facility. As an indication of the complexity of this set of transactions, there were over 20 linked deeds and contracts required to secure the necessary interests to deliver the scheme. This involved the Council, Salford City Council, 3 separate Allied London companies, ITV, Network Rail, SIP Car Parks, investors, funders and statutory undertakers.
- Heron House – Refurbishment of this building is now on site and is targeted for completion in Autumn 2019. It is one of several buildings under refurbishment or redevelopment in the Brazennose Street / Lincoln Square area, which will result in a natural extension of Spinningfields towards the Civic heart of the City. The scheme now includes the relocation and refurbishment of the Registrar's accommodation and the extensive fit-out of two floors of the building totalling approximately 43,000 sq ft of lettable space for a major public sector occupier.
- Mayfield Regeneration Area: A major development comprising +1M sq ft of commercial space, over 1,300 new homes, hotel beds and a 7 acre City Park is proposed for this strategic site on land to the south east of Piccadilly train station. The commercial deal and land transfers have completed, with the JV company bringing forward meanwhile uses and a new development framework are being progressed. We are providing commercial advice from the Council's position in relation to the delivery structure for the commercial and residential development.
- Circle Square: We have completed the land consolidation exercise with the developer, a Joint Venture between Bruntwood and Select, to support the delivery of Phase 1A and 1B of the development proposals, which will deliver two services apartment buildings, two office buildings and two residential apartment blocks, along with high quality public realm and

public green space. We continue to work collaboratively with the developer to work through constraint removal to accelerate the delivery of the commercial floorspace and public realm investment at the new estate. Work has commenced on the Multistorey Car Park and Hotel building earlier this year.

Other Commercial Development

- Siemens: We have concluded the commercial arrangements for the development agreement for c100 new homes and c160,000 sq ft of commercial space on site and work is well out of the ground on the first phase of the commercial development, triggering the second phase of development and a second tranche of capital receipt.
- Central Park: 39 acres of undeveloped land was acquired from the Homes & Communities Agency (HCA) in March. Following a detailed review, work is progressing on how to develop out the site for B1, digital media and high value manufacturing uses. This process will include a revised master plan and the rebranding of the Business Park. Terms have been agreed with the owner of the Holiday Inn on Oldham Road to develop a hotel and ancillary uses on what is known as the Gateway site because of its location fronting Oldham Road, close to the entrance of the Park.
- Little Greene Paint Company: The completion of a 7,000msq headquarters building for this locally based company took place this year on land that was sold to the Company by the team. The company's new headquarters are located at the junction of Ashton Old Road and Pottery Lane and is a high quality and flagship building for his prominent site. The Company are delighted with their new premises and the assistance that the Development Team were able to bring in helping them to relocate from their previously cramped premises in Openshaw. The Company employs 43 people currently with plans to expand employment and turnover by 60% in the next 3 years

4. HOUSING

- 4.1 The Development team play a crucial role in working with Strategic Housing, Planning and other partners to deliver the Council's objectives for Housing and this will continue as the need to deliver more quality homes in the City becomes more important. Since the Manchester Residential Growth targets were approved in March 2015 there has been an increase in the level of housebuilding taking place in the City.
- 4.2 Over the past year the team has continued to lead or support the development of family homes throughout the City and facilitated several apartment-led schemes within the City Centre and edge of City locations, including progressing the land transactions with the Co-op and Far Eastern Consortium (FEC) to support Angel Meadows development, which will deliver over 500 residential apartments, which is a catalyst site to the wider Northern Gateway project. Outside the City Centre we have facilitated the development of

housing on Council owned sites at West Gorton (61 units), Toxteth Street, where a further 100 new homes have been completed and at Moston, where Redrow are due to complete the final phase of housing. We have also supported the Matrix Homes initiative with 5 sites agreed for the Housing Investment Fund (HIF) 2 programme. The Joint Venture arrangements with Greater Manchester Pension Fund (GMPF) have been finalised, and procurement of a development partner has been progressed to preferred bidder stage. Next steps are detailed schemes to be worked-up through a Pre-Contract Services Agreement with a view to submission of planning mid-2019 and start on site 2020. The scheme will deliver c350 new homes, with an aspiration to deliver 20% affordable housing provision across the five sites. Discussions in respect of the detail of affordable homes are progressing with the potential to provide innovative mechanisms to support the Council's affordability requirements. The Development Team has negotiated and promoted a number of other housing schemes, often working with Registered Housing Providers and colleagues in Strategic Housing to deliver affordable housing.

4.3 During 2018/19 it is anticipated that development will take place on the following sites supported or led by the development team

- Former Stagecoach Site – Construction of 258 new homes will commence shortly over three phases of development. Phase 1 will comprise of 54 family houses for market sale and shared ownership. Phase 2 will provide 72 affordable Extra Care units to be delivered in partnership with Mosscafe St.Vincents Housing Trust (a Registered Provider). Phase 3 will be a health hub with supported accommodation incorporated. Leases for parts of phase 1 and phase 2 have now been drawn down with an imminent start on site.
- Infill Sites, Phase 1 – We have been providing property and development support on the disposal and development of a number of infill sites to facilitate family housing across the City. Phase 1 involves the disposal of six sites near to Queen's Road, Cheetham Hill to Rowlinson Construction Ltd to develop out 48 homes including 28 affordable homes. Construction commenced in March 2018 with a phased completion date of the affordable units being April 2019 and the private sale units following by December 2019.
- Northern Gateway – Covering an area of over 300 acres, and lying roughly between Oldham and Rochdale Road, delivery of new housing through a number of new distinct urban neighbourhoods is fundamental to delivering the City's residential growth agenda ambitions and meeting the demand for housing. The Council and its JV partner, FEC, are progressing business plans for initial phase developments. This will see delivery of new infrastructure, public realm, residential and commercial developments in an area where the Council has extensive land interests, and the Development Team plays a key role with FEC and other partners in order to unlock development potential. The current focus of activity is around land assembly and disposal, urban planning, data gathering and supporting

business relocation.

- Princess Road / Barnhill Street – the site of the former Repsol filling Station and the Barnhill Nursery is being developed by Galliford Try on behalf of One Manchester to provide 104 apartments in a block fronting Princess Road known as The Clockworks.
- St Georges, Hulme – Phased development of the Chester Road frontage adjacent to St Georges Church. The Council are the freeholders of the former, partially derelict industrial units which require lease re-gears to allow for the development of apartments for market sale. The first phase of 156 units commenced in 2017 and the second and third phase delivering 109 and 138 units will commence this year. The fourth phase which will include some previously undeveloped land, is in negotiation and will deliver a further 285 units. A smaller sixth phase is also planned. In addition to premium payments, the Council will receive an annual ground rent.
- Ben Street - The Ben Street project comprised the acquisition and substantial refurbishment of 62 vacant and some case seriously dilapidated properties, in the Clayton area. One Manchester were selected as the partner to lease, market and manage these new homes for Market Rent. The first two phases of 45 homes have already been successfully handed over. They have been very popular with the community and are already substantially let to new families. The face-lifts and streetscape scheme have dramatically improved the aesthetics of the area and there has been an overwhelming positive response to the work undertaken. The last phase of properties will see the remaining 17 houses handed over to One Manchester around the beginning of December. This will then shift the focus to bringing forward the Ilk & Alpine Street development site forward for circa 66 new affordable homes for sale.

- 4.4 Following the approval of the Eastlands Regeneration Framework in December 2017 the Development Team have supported One Manchester as part of its masterplanning exercise for the proposed housing renewal scheme in Beswick which will seek to regenerate Beswick and provide an increased number and better quality development of affordable housing, including the re-provision of all existing social housing tenants. The development would also include high quality public realm and community facilities. The scheme will be funded and delivered by One Manchester.

5. DISTRICT & TOWN CENTRES

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

- Harpurhey District Centre: Continuing to work with Habro, the long leaseholder, to improve and diversify the range and quality of uses within the Centre. Agreement has been reached to transfer the market from the Council to Habro who are intending to appoint an experienced market operator to run the facility and invest in a number of improvements to its physical fabric and improve the offer. Also working with Habro to ensure that any development on adjoining sites is appropriate, of high quality and supports the sustainability of the district centre.
- Wythenshawe Town Centre: The regeneration and redevelopment of Wythenshawe Town Centre will be a major project for the Council over the next few years. With a 70,000 population catchment, the current Centre will not meet the needs or aspirations of the existing and growing population as it stands. The Centre's proximity to the Airport and the employment opportunities that will be generated by its continued expansion, provide an important economic driver that will help to secure investment in the Centre and support the development of residential uses as well as improved retail, leisure and commercial uses. Initial discussions have been held with both St. Modwen and Wythenshawe Community Housing Group and a process will be established to guide development in the Centre, with full engagement of local members, businesses and residents in the process

6. LEISURE, SPORT AND EDUCATION

Schools

- 6.1 The Development Team provides property input to the completion of new schools which includes the acquisition of land to accommodate new schools or school expansions, and negotiating the leases for both Academies and Free Schools. This has included the Communications Academy in Harpurhey, the Creative and Media Academy in Charlestown, the East Manchester Academy in Beswick, Newall Green High School, Wythenshawe and Chorlton High School at Hough End, Chorlton Park. A lease has recently been granted to The Secretary of State for land at Rayburn Way, Cheetham Hill to facilitate the development of an Edens Girls Academy and Edens Boys Academy which will accommodate up to 1600 pupils.-RHC.
- 6.2 As part of the ongoing Education Basic Needs Projects, assistance will be provided to facilitate the extension to the Cheetham CE Community Academy at Cheetham Hill and the proposed Academy at Daisy Mill in Longsight.

Etihad Campus

- 6.3 Extensive support has been provided to colleagues in Leisure on a number of sports related projects, the main one being:
- In December 2017, Manchester Metropolitan University announced its intention to relocate its academic sports provision to the Etihad Campus from Crewe and Alsager, bringing approximately 3,100 students and 160

staff to the Campus in time for the 2021-22 Academic Year. The Development Team has led on discussions with them to identify the preferred location for the academic building and will negotiate disposal terms. The department will work closely with other internal departments including Leisure Services as well as City Football Group as Joint Venture partners on the Campus to deliver a high quality sport and education offer, in accordance with the Eastlands Regeneration Framework – approved by Executive in December 2017.

- In February 2018, Rugby Football League ('RFL') agreed to move its 150 office staff to the Campus from Leeds and Salford Quays by Autumn 2021, in line with the Rugby World Cup, to be staged in England. The Development Team was heavily involved with the submission of the bid to RFL along with Leisure Services and City Football Group. The department will lead on the delivery of a new facility for RFL along with other National and Regional Governing Bodies already located in Manchester. It is also expected that the development will attract additional organisations either to relocate in full or to use for agile working.
- The two schemes will be delivered together with all parties identifying the importance of a world class sports Higher Education Institution located close to sporting organisations who may benefit both from research and development opportunities as well as having a high class graduate pool to attract future talent from.

7. CAPITAL RECEIPTS

- 7.1 Capital receipts will be an important element of the Council's capital programme over the next few years as borrowing becomes more restrictive. Market conditions are currently buoyant and it is important that sales are progressed if the Council is to receive the best value for its assets that can be used to support other spending commitments, in addition to driving growth and support the place making agenda.
- 7.2 A total of £28.4m of capital receipts were received in the year 2017/18 from the disposal of Council land and property.

8. STRATEGIC ACQUISITIONS

- 8.1 Responsibility for managing a programme of strategic acquisitions also rests with the Development Team and a number of important acquisitions have been completed this year in support of major regeneration and development schemes. These include:
- The acquisition of the former Sonoco factory in Clayton. The premises have been demolished and a 6 acre site fronting the Ashton Canal and adjoining other extensive Council landholdings at Eccleshall Street will be available for housing. The area lies within one of the Council's affordability zones and this acquisition will help to support the development of housing in this area, which is located between two

metrolink stops and is less than 3 miles from the City Centre.

- The acquisition of Central Retail Park, a 10.5 acre site secured for a landmark new development opportunity building on the Council's investment in the Eastern Gateway.
- There have also been a number of acquisitions immediately adjacent to the Etihad Campus to support longer term proposals for mixed use development in this part of the City, including Commsec and Datesand sites to support the proposed sports innovation campus.
- The team also successfully concluded the acquisition of the Ancoats Freehold and commercial estate from the HCA, providing the Council with a stewardship position on the estate management along with commercial accommodation to support the Council's investment estate.

9. INVESTMENT ESTATE

- 9.1 The Investment estate generates income for the Council through the sale or lease of land and property to generate capital receipts and secondly in maintaining the Council's investment estate to generate income. Income from the Council's investment estate continues to provide a valuable source of revenue for the Council, particularly from its property interests in the Airport. Requests from lessees to acquire freeholds or peppercorn leaseholds in exchange for capital receipts are generally resisted with income producing ground leases being the preferred option.
- 9.2 The rents received from the Investment estate, together with a number of other income streams such as rents from market stalls and some housing rents are currently collected through a rent accounting system that has been in place since 1999. It is outdated and cannot be properly supported by the Council's ICT service. Following a review of the options available for its replacement a business case has now been agreed for a rent accounting system to be developed using capabilities within CPAD that will be integrated into the existing SAP and Winshuttle applications for a modest costs. The new system will be more automated, improve transparency and provide for payment by direct debits. It will allow much better debt management and allow for more time to be spent on financial management rather than inputting of data. It is hoped that the new system will be in place by summer 2019.
- 9.3 The investment estate generated a gross income of £18.1m last year with increases in income from the Airport and Manchester Central, providing a counterbalance to reductions in income from the Arndale Centre. The net income figure is around £17m, once repayment of loans, rent and rates on empty buildings, service charge costs and repairs and maintenance are taken into account.
- 9.4 Income from the Arndale Centre has seen the largest drops in recent years with income in 2017-18 at £270,564, down from £1.7m in 2013. The main reason for the reduction in income is due to the disproportionate impact that

empty rates liability has on the Council's share of income. In essence a small increase in vacant space has a disproportionate impact on the Council's income from this asset. Over the past year a number of units in Halle Square have been vacated to facilitate the Halle Place scheme and this has increased the Council's empty rates liability, although once these units are taken out of rating during the works, these costs will cease until the scheme is available for letting. There has also been an increase in the amount of void space in Arndale Tower. However, taking the Centre as a whole, the amount of vacant space in the retail space is low and the owners, Intu and M & G have a clear long term strategy to re position and refresh this prime asset and the impact on the City will be positive, notwithstanding that projects such as Halle Place are likely to have a negative impact on the income generated by the Centre for the Council whilst they are being implemented.

- 9.5 Income from the Council's ground lease at Wythenshawe Town Centre has also seen a decrease over the past few years. Prior to 2015, the Council's income was around £450k but this dropped to £187k in 2015/16 due to a significant increase in service charge costs.
- 9.6 The income from the Council's ground lease commercial estate and managed properties is generally very stable and shows a small but regular increase. Income from our advertising interests may decrease in the future however as some of the sites containing the large digital displays are likely to be developed. This may however be balanced as income on retained sites increases. The Council's income from telecommunications masts, which is currently around £133k pa, is however likely to see a more sustained fall as there is a new code for determining the rights of operators to erect equipment on land and property, which also severely restricts the value that landlords can demand for this use.
- 9.7 Voids from the investment estate are generally at a very low level and in the year 2017/18 stood at less than 1% and management costs are low as most of the assets comprise of ground leases. The major negative impact on income during 2017-18 was the Council's lease on the sixth floor of no 1 Piccadilly, where the Council had 3.75 years left on its lease. A surrender was agreed with the landlord of this property with a surrender premium of £524k agreed. The final payment of £262,228 was paid in March 2017 and the Council has been relieved of the ongoing liability of £1.493 million in respect of the remaining term of the lease.
- 9.8 The holding costs of surplus property and land that is identified for redevelopment is also a major cost pressure on the budget and one that has been increasing in recent years as we have acquired more property and are dealing with an ongoing rise in fly tipping and unauthorised uses on our property. During 2017-18, the gross holding costs of properties that are held for regeneration or development purposes was £562,424, with a net figure of £352,853 once temporary income is taken into account. These costs have shown a steady increase over the past few years, largely due to development activity but all expenditure is carefully scrutinised to ensure value for money, sites or buildings are disposed of as soon as is possible and when acquiring

property, capital funding is sought to cover holding costs.

10. JACOBS CONTRACT

- 10.1 The management of the Council's non-operational (investment) estate and transactional work such as rent-reviews, lease renewals and some disposals are dealt with by Jacobs who are the Council's outsourced property management contractor. The original contract entered into in 2008, came to the end of its term and it was agreed that it should be re-tendered. This process has now been completed and the new contract was signed in April this year. The contract contains a number of KPIs in respect of performance on property transactions, rent reviews and management of the estate. For the first time, Jacobs will be required to supply an annual statement as to how they have met the social value benefits set out in their tender. There will also be opportunities for the contractor to take on a more direct role in the management and maintenance of Investment properties and for additional professional support to be made available to the Council as required

11. ASSET VALUATIONS

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

12. HERITAGE ESTATE

- 12.1 Manchester City Council and its partners hold a substantial stock of heritage assets which help to create the distinctive character of our neighbourhoods and contribute to the Our Manchester Strategy. These historic assets have the potential to contribute towards creating a sense of place and identity to the City's communities, increasing the attractiveness of our urban areas through an energised cultural and leisure offer and to delivering our vision of Manchester as a world class city with a culturally rich offer, where residents of all backgrounds can live well.
- 12.2 These venues will play a significant role in the Council's residential growth strategy through the creation of neighbourhoods of choice, and in many cases offer significant potential to increase access and to generate revenue income to contribute towards meeting their ongoing running costs.
- 12.3 Our aim continues to be to provide strategic and practical advice and support to both the management and future use of our historic assets, including

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

- 12.4 The Heritage Asset Strategy is in the process of being formally adopted and then available as a public document. It is intended to identify the broad challenges and opportunities facing heritage assets in our ownership and set a broad direction for their future management. The Council also recognises its huge industrial heritage and that we have a number of buildings that are not listed but intrinsic to the history and culture of Manchester. To ensure we do not lose sight of our industrial heritage we will create a separate approach with planners and partner organisations, by consideration of these buildings as non-designated heritage assets.
- 12.5 The Heritage Assets Priorities (HAP) Board, chaired by the Head of Corporate Estate meets bi-annually and considers the HAP schedule. The heritage buildings on the schedule are agreed by the board, and progress being made on them being brought back into a sustainable use is reviewed and monitored. The schedule is also shared at regular meetings with HE and HLF which helps to ensure that our priorities are aligned. The top priorities on the schedule are Manchester Town Hall, Heaton Hall, Wythenshawe Hall, Manchester Art Gallery and Clayton Hall.
- 12.6 From the 2016/17 financial year, a dedicated budget has been set aside within the Estates Assets Management Programme to facilitate investment in our heritage assets. There remain significant competing pressures on the overall budget and prioritisation of spend is ultimately determined by the HAP Board.
- 12.7 In recognition that some projects delivered by the small works technical team requires heritage expertise, a commission has been approved that allows the draw down of Heritage Architect consultancy on a project by project basis quickly and easily.
- 12.8 The detail below sets out some highlights in relation to work that has taken place on a selection of our heritage assets.

Manchester Town Hall

- 12.9 Manchester Town Hall is Grade 1 listed and is undergoing a 5 year renovation project costing £328m. The project has entered RIBA Stage 3 (Developed Design) and is on time and on budget. Completion of RIBA Stage 2 was a huge achievement aided by positive consultation with heritage organisations, including Historic England and the Victorian Society. The design team led by Purcell has given great consideration to how the building can be made more

accessible to the people of Manchester. The access sub-group has praised the proposals for the accessible entrances, the vertical elevations and the treatment of Albert Square. A Curatorial Manager has arranged for the safe removal, transportation and storage of the portable heritage assets, that includes busts, paintings and furniture. To progress works to the Great Hall, an organ advisor has been appointed to advise the Design Team on the safe removal of the Cavaille Coll organ during the works programme.

Heaton Park & Hall

- 12.10 Heaton Hall and Orangery is a Grade 1 listed Georgian manor house, and has been the subject of a comprehensive programme of ongoing repair works over the past 6 years, supported by significant partnership funding from Historic England. Over the past 12 months, delivery of the phase 4 of the repair programme has been completed, which as seen all external windows repaired or replaced and the external elevations of the Hall painted. The public response to the works has been very positive. A soft market testing exercise was carried out with a view to attracting a company to operate events and weddings in the Hall but feedback from potential operators identified the need to upgrade rooms in the Hall if they were to be utilised as part of the offer. An M&E survey was subsequently undertaken in the Hall and Orangery which has established that most of the existing installations require complete replacement. Decoration of any of the rooms in the Hall is not feasible until the M & E installations are upgraded. These works will take time to develop, fund and implement and consequently it has been decided to seek a company who is willing to operate a catering and events venue just in the Orangery. However the Hall continues to be used for tours and performances on an occasional basis and the Friends run tours of the building at a weekend on a monthly basis.

Wythenshawe Hall and Park

- 12.11 The Hall is a Grade 2* listed half-timbered manor house. Following the fire in March 2016, a programme of phased work is underway. Phases 1 and 2, covered by insurance is for emergency stabilisation works and internal repairs. Any heritage betterment or enhancement work is funded by the Council. Phase 3 (in design) is for maintenance works and funded by the Council. Good relationships exist with the insurance company, the contractors Conlons Construction, Historic England, and stakeholders groups, such as the Friends of Wythenshawe Hall. The latter have ambitious plans to bring the Hall back into use post restoration. Nathan Lee, Head of HLF North West visited the Hall and has indicated that HLF would welcome an expression of interest application from the Friends. The Parks team continue with work with the Friends and the other stakeholder groups to align plans with the Strategic Framework for the Park which will strengthen any bid to HLF.

Clayton Hall and Park

- 12.12 Clayton Hall is a Grade 2* listed Tudor Hall and is one of the few remaining timber-framed hall-houses sitting within a 'moated' site within the north-west

region, and has important local, regional and national social, economic and cultural links. Working with the Trustees of Clayton Hall Living History Museum, their supporters and Friends, as well as the Park staff, a programme of works has now been completed bringing the oldest part of the building into use, enhancing visitor facilities, the offer and accessibility.

Platt Hall

- 12.13 Platt Hall is a Georgian house situated within Platt Fields Park and is Grade 2* listed. It operated as the Gallery of Costume but is currently closed for repair work to the roof following damage caused by repeated lead thefts. The project is due to commence early autumn and is expected to complete by the end of 2018. Security will be improved through fencing off the rear of building and the installation of an upgraded CCTV system.

Other Heritage Buildings

- 12.14 There are a number of other heritage buildings, where there is ongoing work with a variety of partners to ensure the future viability of these important assets.
- Upper and Lower Campfield Markets are former covered market buildings and are Grade 2 listed. Plans are approved to extend the St John's SRF to include them. Proposals have been received and are being considered from Allied London who have set out their vision for their redevelopment and refurbishment.
 - Varna Street is a grade 2 listed former primary school, and one of the few remaining Manchester Board schools but has been vacant since it ceased to be used as a school. It has been leased for an initial 5 years to Rogue Artists, following the scheme to refurbish their former home at Crusader Mill. Rogue is a community interest company and the largest independent studio in the North West with over 85 artists working in 57,000 square feet. They provide artists with accessible workspace and also assist in helping artists to secure commissions. Rogue secured funding from Arts Council England to carry out repair works to make the space fit for purpose. They are developing a sustainable business plan and will explore further funding options to improve and develop the building, while preserving its architectural integrity. The re-use of Varna Street by Rogue has removed a significant financial liability from the Council and provided a real foothold for creative industries in East Manchester.
 - Victoria Baths is a former Edwardian swimming baths and Grade 2* listed. The Council entered a Trust Ownership agreement with the Victoria Baths Trust in 2000. There are currently 15 Trustees, 9 members of staff and over 100 active volunteers working on the project. The long term vision is to fully restore the building, bringing public leisure facilities back into use. In the meantime it operates as a heritage visitor attraction and events venue with almost 40,000 visitors each

year. They continue to fund-raise and have applied to HLF for development funding but were unsuccessful. They plan to submit a strengthened bid to HLF in 2019.

- The Craft and Design Centre is based in the former Smithfield Market buildings, in the Northern Quarter. It is a not for profit social enterprise and an independent venue for craft and design businesses in the North West. The centre has developed a capital project proposal to resolve maintenance issues, extend the life of the building for its current use and make it fully accessible. The Council is supporting the centre both in terms of grant funding and by reviewing and commenting on funding bids to ACE and HLF. Initial applications they made in 2016 and 2017 were not successful. Their plans are currently being revised following feedback on their applications, and they plan to submit a bid for a reduced scheme.

12.15 The Council is committed to working with third sector organisations who are developing the use of our Heritage Assets.

- Manchester Heritage Buildings Network was a partnership project between the Council, HLF, HE and the Architectural Heritage Fund, facilitated by MACC that ran from March 2016 until June 2017. The project developed through recognition by partners of the important role that non for profit community based groups play in developing the use of heritage buildings, and to provide them with the right tools to help them to achieve their aims. Following a series of workshops the groups were encouraged to join the Heritage Trust Network and form a North West Regional Heritage Trust. This has been achieved and groups can continue to network and access information in the form of an online toolkit.
- The HLF will begin a new 5 year strategic funding framework in 2019. This will set out how funding will be allocated to Heritage projects. The amount of grant funding available will be reduced and grant giving will be simplified. They are planning new strategic funding to support innovation and new ways of working. Applications under the new Framework will be open from January 2019. Manchester groups will need to develop sustainable business plans and ensure they have secured sufficient match funding to improve their chances of receiving HLF funding.

13. OPERATIONAL ESTATE

Corporate Landlord Overview

13.1 The Corporate Estate and Facilities service is responsible for the future strategy, management, repair and maintenance of the Council's operational and non-investment estate and the delivery of Facilities Management services including maintaining statutory compliance, cleaning, catering, security, planned preventative maintenance and reactive repairs and maintenance.

- 13.2 The Estates team responsibilities include all operational buildings (excluding schools), unlet land and buildings and certain properties of a public nature which are occupied by other bodies (e.g. the Bridgewater Hall).
- 13.3 The Facilities team responsibilities cover all of the Estates Team portfolio. Additionally, they deliver services to schools and other facilities that are not part of the Corporate Landlord model; for example, repairs and maintenance for schools, markets and Children and Families buildings that fall outside of the Corporate Landlord remit.
- 13.4 The Corporate Estate and Facilities service are collectively responsible for the operational estate's Carbon Reduction Programme, which seeks to reduce the carbon emissions from operational property assets and support a sustainable Council, both environmentally and financially, through various initiatives aimed at reducing the emissions from buildings.
- 13.5 The service area is governed by the Estates Board, and this Board structure is now a mature and well established governance arrangement. The Estates Board is a sub-group of SMT and is chaired by the Deputy Chief Executive (Growth & Neighbourhoods).
- 13.6 The Board ensures:
- Effective asset management for corporate estates assets
 - Adherence to financial regulations and the corporate constitution
 - Timely delivery of estates transformation activities to support operational service delivery
 - A cohesive approach to estates and facilities activities within MCC
 - Effective communications with the wider organisation in respect of estates utilisation and rationalisation
- 13.7 An Asset Management Steering Group continues to meet to manage the day to day progress, spend and reporting for the annual programme and progress is reported to the Estates Board.
- 13.8 The Estates Board reports into the Executive Member Estates Board which is comprised of the Executive Member Leads for Property and Finance. This Board is the decision maker in respect of estates and facilities matters.
- 13.9 Work with Finance colleagues has been progressed and budgets have been re-aligned to reflect spend in the appropriate areas. Monthly budget monitoring meetings are held with the Finance team to monitor spend against budget profile.
- 13.10 Both the Estates and Facilities teams actively engage with their customer base to ensure effective service delivery that meets the needs of building users. They also support other departments in changes to their property requirements and estates/facilities related activity.

Facilities Management

- 13.11 The Facilities Management (FM) team have continued to further develop the efficiency of the MCC FM helpdesk and have now created links to the MCC security provider (G4S) to enable them to manage security requests in a 'live' situation. This development has reduced sub-contractor waiting times in relation to response to customer requests and created a transparent, auditable platform on which to contract manage this key supplier.
- 13.12 Increased volumes of over 30,000 service requests (all types) have been received through the FM helpdesk during 2017/18, with an improved success rate on previous year of 97.4% against a target of 90% for request completion within the appropriate priority level.
- 13.13 The previously mentioned large volume of legacy high risk remedial works, identified when the PPM was centralised and transferred into FM, have now been fully removed along with the residual medium risk requests. The FM service have now delivered a significant reduction in the area of building management risk for MCC across the operational estate.
- 13.14 The ongoing local and national profile of security along with the many public order incidents that have occurred and been successfully managed across the Town Hall Complex during the past twelve months has resulted in considerable workload for the FM team. These have been dealt with through a partnership approach led by FM staff along with local GMP, counter terrorism officers and the MCC security provider in a highly professional manner under extremely difficult circumstances.
- 13.15 The FM savings targets for 2017/18 were again achieved and an additional saving of c200k delivered to mitigate pressures forecast for 2018/19 brought about by Member and procurement delays in the retendering of both the MWL and G4S.
- 13.16 FM have provided considerable ongoing support and guidance to the Town Hall project team and have created a cross department group to advise and guide the design teams on a range of FM outputs that are critical to the ongoing success of this scheme.

The Operational Estate activity: 2017/18 Asset Management Programme delivery

- 13.17 Stock Condition data continues to be used to define priorities and works within the operational estate.
- 13.18 During the 2017/18 reporting period the Estates team has delivered the following:
- 2017/18 – 42 projects completed;
 - 22 projects completed;

- 20 were in progress and delivered over the year end (into the 2017/18 financial year);
- The spend for 2017/18 programme delivery equates to £9.98m; and
- Reasons for slippage from the 2017/18 year into the 2018/19 year largely centre on a programme or roof repairs/re-roofing and delays in getting started due to inclement weather.

13.19 In addition to the above the Estates AMP scheme have been involved in the delivery of the works to repair Wythenshawe Hall after the fire. Working with colleagues in Capital Programmes, Finance and Parks the team have been aligning Estates AMP funding activity to ensure works complimentary to the insurance works are undertaken in such a way to ensure the Council gets the best and most cost effective outcome.

13.20 During the 2017/18 financial year work has also commenced on reviewing properties that were not included in the operational estate, but potentially should have been. This includes building in Markets and some major landlord liabilities (Space, Sharp and Once Central Park) and it is the intention to move the end of life repairs and maintenance into the Corporate Landlord model for maintenance and FM provision in line with other operational assets and landlord liabilities.

13.21 Further work has also progressed on understanding the costs for undertaking stock condition surveys for the remaining operational estate, including asset identified to move into the Estates AMP regime (described above) with a view to having whole life costs for the entire property portfolio.

Operational and Transformation activity:

13.22 In 2017/18 significant progress was made in a number of Estate related areas.

These include:

- Working with colleagues in Homelessness;
- Working with colleagues in Early Years;
- Re-location of the Registrars service to support refurbishment of Heron House;
- Supporting the Our Town Hall project;
- Progressing the scheme to refurbish Hammerstone Road depot;
- Progressing the scheme to refurbish the former Hulme Library;
- Working with partners in Health and Social Care;
- Working with the DWP and other partners to achieve One Public Estates objectives, including the co-location of the DWP with MAES in the Wythenshawe Forum.
- The Our Manchester Experience

13.23 Homelessness and Estates colleagues have collaborated to bring the former Longford Care Home in Chorlton back into use as a Centre to support newly homes, single and childless couples. The scheme supports people and helps them move on to independent accommodation, employment and training with

tailored support. The work to repurpose involved a 8 week programme in order to ensure that the new facility was open for the winter period.

- 13.24 The Estates Team have also been supporting colleagues in Early Years to re-purpose de-designated Sure Start Centres across the City. This will ensure that the buildings remain in use providing valuable services to the community.
- 13.25 Work has progressed to refurbish the Registrar's Office in Heron House, including a temporary relocation of the service within Heron House. This work has delivered improved accommodation for this important service, including a much improved record storage facility. The new accommodation is more efficient, delivering the requirements of the service in a smaller footprint. The scheme was part of the wider refurbishment of Heron House. Work was completed and the Registrar's Service moved back into Heron House in June 2018.
- 13.26 Ongoing support has been provided to the Old Town Hall project, which has included work on decanting around 500 people from the Town Hall into alternative accommodation. This work has included moving Executive Members and their support, Members and SMT into the Town Hall Extension. The Lord Mayor relocated to Central Library. The decant activity has taken place during the course of the 2017/18 year.
- 13.27 Additionally, the team have been working to re-locate the Coroner's Office from the Town Hall into the offices at the Royal Exchange. The complexities of the Royal Exchange and the need to meet listed building regulations and gain consents has meant this has taken longer than originally planned during Autumn 2017.
- 13.28 The preferred contractor has been identified for the refurbishment of Hammerstone Road Depot which will ensure that Hammerstone Road becomes the Council's main, 'fit for purpose' depot. This scheme will see the rationalisation of the Hooper Street Depot to facilitate the HS2 scheme, with teams moving over to the newly refurbished Hammerstone Road facility.
- 13.29 Work on the project to refurbish the former Hulme Library and create a new Hulme District Office has been progressing throughout 2017/18, with business cases, procurement of a contractor and costs being progressed. Work commenced on site in July 2018 and is scheduled for completion in March 2019. The DWP will be leasing space in the new facility and co-locating with Council teams.
- 13.30 Significant works have progressed in support of the Health and Social Care teams and their new estates requirements. This has involved assessing estates capacity across the city, carrying out a number of feasibility studies, re-space planning accommodation, relocating staff teams and refurbishing part of the ground floor in Harpurhey District Office, negotiating a temporary lease for the headquarters of the Manchester Local Delivery Organisation (MLCO). These activities have included supporting the MLCO in acquiring a 3 year lease of Parkway Green House (floors 1 and 2) from Wythenshawe

Community Housing group to enable the location of a further Integrated Neighbourhood Team.

- 13.31 Integrated Neighbourhood Teams are now working from the following locations:

North:

Harpurhey District Office
Victoria Mill
Cheetham Primary Care Centre

Central:

Gorton South Neighbourhood Office
Moss Side Health Centre

South:

Etrop Court
Withington Community Hospital
Burnage Health Centre
Northenden Health Centre
Chorlton Health Centre

- 13.32 Plans are also in place to develop three new Hubs in Gorton, North Manchester aligned to the North Manchester General Hospital and in Withington/Burnage.
- 13.33 In January 2018 the Estates Service have also become the 'Senior User' for the proposed new Gorton Hub, following One Manchester re-locating their Headquarters office to a building in Hulme. This scheme is a new build proposal in Gorton that will see Primary Care, Integrated Neighbourhood Teams, Mental Health, MCC Libraries, MAES, One Manchester and the DWP co-locate in a new integrated Health and Social Care Hub.
- 13.34 The Estates Team have also played a key role in facilitating and supporting the activity to move the DWP into the Wythenshawe Forum, co-located with MAES. The DWP moved into the newly refurbished premises in March 2018 providing a sustainable solution for all parties (Forum Trust, MAES and the DWP).
- 13.35 The Estates Team supported the conversion of the Castlefield Visitor Centre to host the Our Manchester Experience - an interactive training and development space that will support attendees to explore, understand and adopt the principles and behaviours of Our Manchester.

Operational Estate Carbon Reduction Programme

- 13.36 During 2017/18, work has continued on the Estates Carbon Reduction plan/programme. The programme sets out a range of properties and associated investment options to reduce carbon emissions within our operational estate and increase our sustainability (both in respect of impact on the environment and financially).
- 13.37 A Programme Manager has been appointed to manage the delivery of the projects that form the Estates Carbon Reduction Programme. They have been working on the procurement of an Energy Services Company (ESCo), with the route to market being through Local Partnerships – which is a framework that has been procured via the Crown Commercial Services (a partnership between the government and Local Partnerships) to support Local Authorities in procuring contractors to support delivery of their sustainable/green agenda activities.
- 13.38 The ITT launched on the 1st June and includes a number of the authorities' top carbon emitting buildings within scope for the 1st phase of delivery. The successful ESCo will undertake detailed studies of the buildings and produce Investment Grade Proposals (IGPs) which will detail the costs, and financial and carbon benefits of each of the measures they are proposing.
- 13.39 The programme of work will be undertaken on an Invest to Save basis, but there are a number of contractual issues that will need to be resolved as part of the implementation. In particular where properties are occupied/operated by a third party provider (e.g. Leisure Centres) there will be a need to work closely with colleagues to ensure that the Council can secure a return on its' investment.
- 13.40 A Carbon Reduction Steering Group has been established, which will oversee the practical delivery and implementation of the Carbon Reduction Programme, and has a range of key stakeholders as part of that Group. The Steering Group reports directly into Estates Board.
- 13.41 Current estimates are that there will be an ESCo in place by August 2018. They will initially produce High Level Appraisals (HLA's) that indicate where they believe savings can and should be made, these will be available to review by October 2018. Following approval of the HLA's they will then produce detailed IGPs (containing a savings guarantee) which should be available for the Council to consider by April 2019. Each case will be considered on its own merits and a separate approval will be sought for release of funds.

Civic Quarter Heat Network

- 13.42 During 2017/18 work has progressed on the Civic Quarter Heat Network (CQHN) scheme. The scheme will see the introduction of an Energy Centre located on part of the car park adjacent to Manchester Central.

13.43 The scheme has successfully applied to the Government's Heat Network Investment Project and been awarded £2.87m of funding. The project has appointed the following external professional advisors:

- Browne Jacobson and Lux Nova – Legal advice
- KPMG – Financial advice

13.44 The location of the Energy Centre in the Civic Quarter is a strategically important and sensitive area of the City. In keeping with the sensitive (and historic) location there has been a planning requirement to ensure that any designs for the 'chimney' were high quality and iconic. To achieve this an architectural design competition was held, with internationally renowned practises competing. The winning design was produced by architects Tonkin Liu and as well as being widely acclaimed achieved planning approval in March 2018.

13.45 Work has also progressed on the commercial activity to secure a network of buildings/companies to take energy from the new CQHN, with other activity and considerations being the type of connectivity, exporting/selling surplus energy. The commercial aims for the project meant that the Council is obliged to establish a wholly owned Special Purpose Vehicle (SPV), and the structure of this SPV has been agreed.

13.46 Substantial progress has been made on the commercial agreement between the Council and the preferred delivery partner, Vital Energi of Blackburn. It is expected that the final business case, project agreement and other work streams will be completed in order for the project to commence the construction phase in August 2018.

Community and Voluntary Sector Lettings

13.47 During 2017 / 2018 we have continued to deliver the asset transfer training programme developed with our VCS support partner Macc in 2016/2017 with 17 organisations undergoing the full 5 day training programme.

13.48 2017/2018 has seen us provide more support for "meanwhile" projects, where sites that are currently disused but earmarked for future development are used to host short-term projects that will benefit the local community. This year we have supported projects at South Church Parade, Cringle Park and Platt Fields Park and are currently exploring the feasibility of a major meanwhile project with colleagues from HS2 at a future development site.

13.49 In 2017/2018 we have continued to support existing asset transfers and one of the groups we worked with earlier in the programme were successful with their bid to the Big Lottery for £900k towards the demolition of the existing building and reconstruction of a new three-storey facility.

13.48 We have also provided support to organisations that have occupied council-owned premises for many years but have, for a variety of reasons, struggled to stay afloat in 2017/2018. By providing advice, support, training and in two

cases helping to bring in temporary external management, we have stabilised long-established facilities and protected the services delivered to local communities.

- 13.50 In total we have completed a further 4 asset transfers this year, including the re-opening and extensive redevelopment of the former Northenden Library into a venue for an amateur dramatics society which is set for its first production in September.

14. SYSTEMS & RECORDS

CPAD

- 14.1 CPAD (Council's Property Asset Delivery) is a web-based property information and management system that the Service has been developing to record and manage its land and property assets and undertake property transactions. As previously reported, the system went live in January 2014, and we have now had over four years' experience using the system. The contract with Concerto, the software provider, was extended for a further 5 years from December 2016.
- 14.2 During the last 12 months, the team have continued to focus on and address significant issues and initiatives. All focused on ensuring that the organisation exploits the system to secure efficiencies and holds and maintains comprehensive property information.
- 14.3 CPAD continues to support the delivery of the Corporate Landlord activity. During the 12 month period, work has continued to develop/hold comprehensive property information from the stock condition surveys work. The development includes the creation of an 'App' that will allow the building surveyors to update the system once any property works have been undertaken, ensuring that property information is always up to date. This in turn informs the annual Estates Asset Management programme of activity and 2017/18 was the first year that the programme of work was formulated based on empirical (stock condition) data.
- 14.4 Following the introduction of the FM Helpdesk module and integration with Manchester Working Ltd (MWL) in 2016, the incorporation of the Planned Preventative Maintenance Module and reporting on statutory compliance (aligned with Stock Condition data); benefits have continued to be realised. The online reporting of statutory compliance and comprehensive records on work/activities supports the Council in ensuring a well-managed and recorded statutory compliance; supporting the management of risk across the estate.
- 14.5 Further work between the team and FM colleagues to expand the use of the FM Helpdesk to better manage security requests went live in the summer of 2017 with the launch of the Security Request Helpdesk.

- 14.6 Work completed in late 2017 on the roll out of job classifications for the FM Helpdesk, allowing requests to be directed to the correct person/team, with the correct property. This will allow better reporting of types of the work carried out across the estate.
- 14.7 The CPAD team have supported the FM team to use mobile questionnaires for daily building inspections in the Town Hall Complex. A similar approach is currently being rolled out between Estates and FM for some of the resource centres, as a way of recording weekly building user checks.
- 14.8 The team worked with FM to launch 'Red Box' items on operational sites last summer, which provides easy access to key documents such as Asbestos and Fire Risk reports.
- 14.9 Water monitoring testing is now being carried out by the supplier and the results are then updated directly onto the CPAD system using handheld/mobile devices. Any remedial works identified are being raised within the CPAD system and sent to directly to the contractor.
- 14.10 In order to ensure that there is a planned and cohesive approach to the use and development of the system, an in house CPAD User Group has been established, with membership consisting of all departmental users. The user group has full visibility on the use and development requirements for the system and is developing the governance and protocols for the forward development and use of the system.
- 14.11 The team have worked with FM to make use of a new PPM Compliance Dashboard, giving RAG rated visibility of PPM compliance across the operational estate.
- 14.12 The CPAD team have also:
- worked with Corporate Estates and Facilities Management to develop the Case Management module within CPAD, to manage the workflow around large scale change requests for buildings, e.g. the work associated with re-opening Longford.
 - provided CPAD training to the City Solicitor's Property teams, allowing them to retrieve data and navigate the Case Management module.
 - Worked with colleagues in Public Realm to ensure that all of the major public realm sites are on the system, and any Manchester Working job requests can be raised by the Public Realm team direct to MWL via CPAD.
 - Provided training and ongoing support to Jacobs, to enable them to raise jobs on the FM helpdesk for direct progression to Manchester Working. This ensures that they are working and ordering goods and services in a consistent way and in line with other Council departments.
- 14.13 The CPAD team are continuing to identify opportunities for development of the system across the Estates team and other directorates. They are currently working with Jacobs and the Development team to record inspection data for

the managed investment estate in CPAD, and collect future data via an app on a handheld device.

Records

- 14.14 The team have undertaken a piece of analysis and costing exercise, which resulted in all of the Serial Books (these are the legal transaction and completion statements for property transactions) being scanned and made available electronically, resulting in improved access to records, reducing physical storage and the risk of the paper records deteriorating beyond useful life.
- 14.15 The team continue to update the system with peppercorn leases to ensure that there is a comprehensive electronic record for each lease.
- 14.16 The work has been undertaken alongside the Business as Usual activity of providing information to the organisation in respect of property ownership, transfers and other property transactions. In 17/18 the Records Team have added 655 additional transactions to CPAD, 3310 additional sites; completed 676 site histories; and answered 1542 enquiries.
- 14.17 The team continue to provide services to other departments and members of the public with a range of services/enquiries, including provision of plans, dealing with land registry enquiries and supporting the City Solicitor with the Voluntary Registration Programme and litigation claims against the Council.
- 14.18 Progress to date in respect of the creation of property records is as follows:
- Backlog of Operational estate records have been completed; and
 - Backlog of Investment estate records (rent/income generating assets) has been completed

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

- 14.19 The team have worked with the CPAD team and the Development team to produce detailed categorisation reports for the investment estate, for use by both Jacobs and the Development team. Work continues to ensure that all residential properties and developments are recorded and categorised appropriately.