

**Manchester City Council
Report for Information**

Report to: Economy Scrutiny Committee - 22 July 2021

Subject: Victoria North (Formerly Northern Gateway) Initiative – Progress Update Report

Report of: Director of Inclusive Economy and Interim Director of Housing & Residential Growth

Summary

The report provides an update on progress being made in delivering the Victoria North initiative (formerly known as Northern Gateway); which is seeking to transform 155 hectares of land at the northern edge of the City Centre through the residential led regeneration of the Lower Irk Valley, New Cross and Collyhurst neighbourhoods.

To achieve the objectives of the initiative the City Council is operating in a Joint Venture (JV) partnership with Far East Consortium International Limited (FEC), together with a range of third-party developers (including Registered Providers), Government Agencies and statutory bodies.

Recommendations

Economy Scrutiny Committee members are requested to note and comment on the report and attached presentation which summarise progress made to date and provide a forward look on future activity to deliver the aspirations set out in the Strategic Regeneration Framework for the area, which was approved by the Council's Executive in February 2019.

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

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

The Northern Gateway (now Victoria North) Strategic Regeneration Framework established clear low-carbon principles in recognition that future development within the area will need to respond to the City Council's zero-carbon target and will be expected to move towards this aspiration through the active utilisation and deployment of leading building technologies.

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

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

Contact Officers:

Name: Angela Harrington
Position: Director of Inclusive Economy
Telephone: 0161 234 3171
E-mail: angela.harrington@manchester.gov.uk

Name: Alan Caddick
Position: Interim Director of Housing and Residential Growth
Telephone: 0161 234 4811
E-mail: alan.caddick@manchester.gov.uk

Name: Ian Slater
Position: Head of Residential Growth
Telephone: 0161 234 4582
E-mail: i.slater@manchester.gov.uk

Background documents (available for public inspection):

The following documents disclose important facts on which the report is based and have been relied upon in preparing the report. Copies of the background documents are available up to 4 years after the date of the meeting. If you would like a copy please contact one of the contact officers above.

- Northern Gateway: Progress Update & Delivery Arrangements for Collyhurst Phase 1, Executive 17 February 2021
- Northern Gateway Strategic Business Plan and First Phase Development Area, Economy Scrutiny Committee 6 February 2020, Executive 12 February 2020
- Strategic Acquisitions in the Northern Gateway: Resources and Governance Scrutiny Committee 18 June 2019, Executive 26 June 2019
- Northern Gateway: Implementation and Delivery, Executive, 13 February 2019
- Northern Gateway Strategic Regeneration Framework, Executive, 13 February 2019

1.0 Introduction

- 1.1 The Victoria North (formerly known as Northern Gateway) area comprises approximately 155 hectares of under-utilised land extending in an arc from Victoria Station on the northern edge of the city centre and following the Lower Irk Valley and the key arterial route of Rochdale Road until Queen's Road. The area is dominated by significant tracts of brownfield land and marginal economic uses close to the City Centre; and the relatively low density and poorly laid out Collyhurst Council estate, which had been subject to a £252m PFI redevelopment proposal terminated by the Coalition Government in 2010.
- 1.2 The area provides the opportunity to deliver residential led regeneration at scale: capable of making the single greatest contribution to Greater Manchester's housing targets and the City's Residential Growth Strategy over the next 15 – 20 years.
- 1.3 To help realise this objective the City Council undertook an international marketing exercise in 2016, seeking to identify a development / investor partner with the necessary expertise and financial capacity to work alongside the Council to utilise its existing land interests; tackle the issues of fragmentary land ownership by assembling land from third parties not capable of bringing forward coherent development proposals; and bring forward development proposals of scale that would allow for place-making, delivery of social and community infrastructure and meet the Council's emerging objectives in relation to the delivery of affordable housing and low / zero carbon neighbourhoods.
- 1.4 This marketing process led to the March 2017 meeting of the Executive approving the establishment of a Joint Venture (JV) Partnership with Far East Consortium International Limited (FEC). Subsequent to this the JV partners have established an Operational Company (OpCo) owned on a 50:50 basis to provide the strategic direction and oversight to the partnership; with the City Council being represented on the Board of OpCo at a Senior Member and Officer Level. OpCo oversees and direct the activity of a Special Purpose Vehicle ("InvestCo"), which is wholly owned by FEC as the developer / investor partner. InvestCo has set up a Development Management Company (DevCo) to bring forward specific residential – led development projects.
- 1.5 In March 2021 the initiative was formally rebranded as Victoria North, to differentiate it from other regeneration projects utilising the term Northern Gateway in their title and more firmly root it to its geography on the northern edge of the city centre.

2.0 Progress Update

- 2.1 The following sections of this report provide updates on key activities and workstreams that have been or are being undertaken to deliver the City Council's objectives through this initiative.

3.0 Establishment of a Masterplan / Strategic Regeneration Framework

- 3.1 Following an extensive public consultation exercise undertaken during the autumn of 2018, the March 2019 meeting of Executive approved a final version of a Strategic Regeneration Framework (SRF) covering the area. The SRF provides a vision, together with an illustrative spatial masterplan, alongside a clear set of objectives and design and development principles with the aim of delivering a series of seven vibrant, sustainable and integrated residential neighbourhoods within the extended City Centre of Manchester. It is anticipated that these seven neighbourhoods have the capacity to accommodate approximately 15,000 new homes over a 15 to 20 - year period. Following its approval, the SRF now forms a material consideration as part of the local authority planning process.
- 3.2 The SRF is a strategic document that not only guides and co-ordinates the activities of the JV but also forms part of the conversations with third party landowners and developers. It enables the Council to have more structured conversations around the provision and location of green and blue infrastructure and public realm; transport access including walking, cycling and public transport provision; and the provision of social and community infrastructure (health, education, retail etc.) with local stakeholders and service providers, as well as statutory and non-statutory bodies including government and its agencies.

4.0 Approval of the Joint Venture Strategic Business Plan

- 4.1 It is a requirement of the Victoria North Joint Venture Agreement for the Development Manager (FEC) to produce a Strategic Business Plan, incorporating a Financial Model, for the approval by Northern Gateway Operation Limited (OpCo) and by the respective Shareholders of OpCo i.e. FEC and the Council. The purpose of the Strategic Business Plan is to set the strategic context for the operation of the initiative, based upon an overarching Financial Model and to set the parameters for the subsequent Development Area Business Plans, which will be brought forward setting out delivery proposals for each phase of development, on the expectation that each development phase will comprise c1,000 homes or above. The Strategic Business Plan is to be updated annually to ensure that it takes account of any changes in national and local policy, market sentiment or wider economic implications and is to be used as a mechanism to monitor the progress of delivery.
- 4.2 The February 2020 meeting of the Executive approved the JV's Strategic Business Plan, together with an Initial Development Area Business Plan based upon the provision of new homes within the neighbourhoods of Collyhurst, New Cross and New Town.

5.0 Delivering the Initial Development Area Business Plan

- 5.1 Scrutiny Committee Members may recall that the Initial Development Area Business Plan comprised development activities in New Cross, New Town

and Collyhurst neighbourhoods, as follows: -

- **New Cross Central, New Cross** neighbourhood: **80 homes** in total comprising 9 town houses and 70 apartments on a development plot bounded by Addington Street and Marshall Street. Planning consent for this scheme was granted in January 2020 and construction has started on site.
- **Victoria Riverside, New Town** neighbourhood: **634 homes** in total comprising 10 town houses and 624 apartments on a site bounded by Dantzig Street, Gould Street and Bromley Street. Planning consent was granted in January 2021 and a package of enabling works is now being undertaken on site, in advance of main works commencing later in this calendar year.
- **Collyhurst Phase 1**, in **Collyhurst Village** and **South Collyhurst** neighbourhoods: **274 homes** in total comprising 92 apartments and 182 houses.

5.2 It is anticipated that all of the **988 new homes** above will be delivered no later than 2025.

5.3 As proposals for Collyhurst Phase 1 include Council investment and relate to an established residential neighbourhood further details are set out in Section 6.0 below.

6.0 Collyhurst Phase 1

6.1 Since the withdrawal of £252m PFI credits by the coalition government in 2010, the Council has sought alternative avenues to bring about the long-term sustainable regeneration of the Collyhurst neighbourhood. The SRF sets out an aspiration to increase density in Collyhurst, delivering more family housing and promoting the longer-term sustainability of local amenity and retail. In order to achieve the increased density, it is essential to create diversity of housing provision, whilst at the same time ensuring that the existing community is integral to the regeneration of the area. As a result, a key driver for success is to ensure that existing Collyhurst residents affected by the proposals are able to access new homes provided.

6.2 The Collyhurst Phase 1 scheme is a first step to achieving the vision of the SRF, but ultimately, the regeneration of the whole neighbourhood will be a long-term initiative over a number of phases. This first phase is extremely important in setting a benchmark in terms of delivery of high quality modern, energy efficient Council homes as part of a new mixed tenure neighbourhood.

Proposed Development

6.3 The sites selected for delivery of new homes are located in both Collyhurst Village (Harpurhey Ward) and South Collyhurst (Miles Platting and Newton Heath Ward), with development of new homes focussed on vacant land fronting Rochdale Road in Collyhurst Village and on Whitley Road/Winscombe Drive in South Collyhurst.

- 6.4 The development has been the subject of extensive community consultation with local residents to establish the key principles to help shape Phase 1, as well as future phases. The approach to consultation was designed to provide meaningful opportunities for the local community and key stakeholders to engage with and contribute to the development proposals. Due to the Covid19 pandemic and the Government restrictions that were in place, the consultation approach was amended appropriately.
- 6.5 The proposal is to deliver 274 new residential properties in Collyhurst as a first phase of the Joint Ventures delivery strategy for this part of Victoria North. Of the 244 new homes in Collyhurst Village (Harpurhey ward), 100 will be new Council homes with the remaining 144 properties being developed for open market sale. A further 30 Council homes are to be developed in South Collyhurst (Miles Platting & Newton Heath ward). The Council Homes will consist of:

	Houses			Apartments			Duplex apartments	
	3 bed	4 bed	5 bed	1 bed	2 bed	3 bed	2 bed	3 bed
Collyhurst Village	16	7	1	18	40	2	12	4
South Collyhurst	14				11		1	4

- 6.6 The 144 open market sale properties being developed by FEC in phase 1 are solely within Collyhurst Village and comprise 56 two-bedroom houses, 72 three-bedroom houses and 16 four-bedroom houses. The masterplan for Collyhurst Village has been developed with the intention of mixing the tenures across the four development plots, whilst at the same time consolidating the tenures into terraced blocks in order to facilitate property management.
- 6.7 In accordance with the vision set out in the SRF the two apartment blocks in Collyhurst Village are located along Rochdale Road creating a strong main road frontage and maximising the opportunity to create appropriate density and massing. The overall density of Phase 1 establishes a new benchmark for this area, which again is an important component of the vision established in the SRF; the intent being to increase family housing and a population of sufficient density to support local services and amenities and promote long term sustainability.
- 6.8 In addition, the scheme will also deliver the first phase of the new Collyhurst Village Park as set out in the approved Gateway SRF (which will replace the poorly sited and poorly used existing park and free up this land for development). In order to deliver this, it will be necessary to demolish 29 residential units (22 Council and 7 Private/RTB) and 1 commercial unit within Collyhurst Village. Therefore, a key outcome of the scheme is the timely delivery of re-provision homes to facilitate a single move, relocating affected residents into the new properties within the development and to provide alternative retail premises to enable the current operator to continue the offer in the area. By doing this, those residents directly affected by the first phase of development will have an opportunity to benefit from one of the new homes and will not be required to move out of the area.

Delivery Arrangements

- 6.9 FEC will manage the procurement of both the social and private sector homes as one scheme offering the advantage of speed in terms of delivery of an overall mixed tenure neighbourhood, rather than delivering the two tenure developments sequentially. This will also enable this scheme to make a significant contribution to the council's economic recovery strategy as it involves bringing forward 274 new build properties as one scheme thereby creating more development activity in a shorter timescale.
- 6.10 FEC will act as the Development Manager for the scheme on the basis that the Joint Venture Legal Agreement contains exclusivity provisions and they are leading on procurement of both design and construction in order that the Council can benefit from cohesive development and economies of scale through procurement as a single scheme.
- 6.11 Each party (FEC and the Council) will bear the cost of the actual construction of their respective properties with design fees and infrastructure costs being apportioned between the parties on the basis of the Gross Internal Floor Area of both the Council homes and the Open Market Sale houses.
- 6.12 Through competitive tendering processes, FEC appointed a Manchester based architect, (Buttress) a technical team and a consultation team in order to design the scheme and engage with the local community. The main contractor is being appointed through a competitive process using the Innovation Chain North (ICN) Framework and FEC are currently working with a preferred tenderer under a Pre-Contract Services Agreement (PCSA) to refine the design and cost plan. It is expected that contracts will be finalised and that construction will start on site in November 2021 with the first new homes being ready in March 23.
- 6.13 Through the procurement process, the preferred tenderer has committed to deliver social value, in accordance with the ICN Framework and the pledge they made when tendering for inclusion on the Framework. Although the development contract has not been procured by MCC, through agreement with FEC we will be able to influence and direct the focus/priority of the social value delivered. In this regard, the specific outcomes will be informed by ongoing work that the Council and FEC are engaged in for the wider Victoria North initiative, along with colleagues in the Health sector who are promoting the proposed redevelopment of North Manchester General Hospital. This ongoing piece of work will maximise and co-ordinate the local benefit from these major development projects. It is also worth noting that in respect of the Collyhurst scheme, the social value delivered will be based on the value of the whole contract and not just the Council's share of the development.

Contribution to target of zero carbon by 2038.

- 6.14 The scheme has been designed to deliver high sustainability credentials based on a 'fabric first' approach incorporating Passivhaus principles. To contribute towards the Councils target of zero carbon by 2038, energy supply to the properties will be 100% electric.

- 6.15 Integral to creating a carbon neutral neighbourhood is the landscape design which provides both local amenity and delivers environmental benefits. Green streets will characterise the new neighbourhood and the planting scheme will include for Sustainable Urban Drainage Systems (SuDS) planting and rain gardens linked to the proposed Collyhurst Park where additional water storage capacity will be provided.
- 6.16 Design Principles Used to Deliver Climate Change Objectives include:
- Optimised sustainable low carbon design parameters (U-values, air permeability, thermal bridges).
 - “Standard Charge” electric vehicle car charging connections will be provided to 100% of the proposed houses and 10% of the apartment parking spaces.
 - Efficient Mechanical Ventilation with Heat Recovery (MVHR) systems are being proposed to each dwelling to provide a continuous source of filtered fresh air and maintain a healthy indoor environment.
 - Waste minimisation will be targeted throughout the construction and occupational phase.
 - Prioritising reusing existing materials and locally sourced materials for construction to reduce waste and transportation to landfill in addition and promote a low embodied carbon development.
 - Cycle storage provided for houses and apartments.
 - Collyhurst Village will also feature a separate strategic SUDS infrastructure within the proposed new park
 - Maximising Use of Renewables
 - Site wide PV array implemented onto the roofs of the apartment blocks. This contribution has provided a 1.6% reduction in CO2 following an extensive fabric first low carbon sustainable design.
 - In line with the 5 year operational energy plan for Greater Manchester all energy used on site by prospective residents will initially be provided by a 100% renewable energy supplier

Funding

- 6.17 The March 2021 meeting of Executive approved an overall budget for the Council’s share of the Phase 1 costs of £31.2m. This budget will cover the costs of new build properties; associated public realm; the relocation of existing tenants; the acquisition and relocation costs of existing owner occupiers and commercial premises (£29.8m); and the construction of phase 1 of a new community park (£1.4m). To minimise the call on the Council’s own resources a bid for Government funding is being progressed through Home England’s Shared Ownership and Affordable Housing Programme (SOAHP).
- 6.18 In lieu of the bid being successful, it has been agreed by Executive that the grant amount will be underwritten by the Housing Revenue Account / Housing Capital Receipts. There is of course a risk that should the grant bid be unsuccessful, the HRA would have a reduced capacity for other investment priorities, such as the maintenance of existing properties and zero carbon works, and this would need to be considered as part of the HRA’s long term business plan.

Current Position

6.19 Significant progress has been made on bringing forward the scheme.-

- A Planning application for early enabling work in Collyhurst Village was approved in February 2021 and the works are currently on site in order to enable a speedy commencement of the main contract.
- The planning application for the main works in Collyhurst Village was submitted in February and was approved in June 2021. Meanwhile, a separate planning application has been submitted for the South Collyhurst element of the scheme with a decision anticipated in August 21.
- Heads of Term have been agreed with FEC for the delivery of 130 new Council homes and the two parties' legal teams are now working towards the finalisation of relevant legal agreements to give effect to these.
- A budget line of £31.2m has been established in the Capital programme, with the Checkpoint Process underway in order to gain full Capex approval.

Collyhurst Phase 1 - Key Next Steps

6.20 Now that a contractor has been selected, there is significant work that needs to be done over the coming months to maintain progress-

- Completion of relevant legal agreements with FEC to ensure that FEC can enter into the Building Contract with Lovell Partnerships at the end of the PCSA stage to enable a start on site in the autumn of 2021.
- Submission of SOAHP bid to Homes England to secure funding to minimise the call on the Councils resources
- Continued liaison with the local residents directly affected by the scheme and commencement of process to acquire third party interests, inclusive of former RTB/private properties.
- Engagement with the community to refine the design for the new Community Park.

Future Development Activity in Collyhurst

6.21 Since the termination of the anticipated PFI programme in 2010, Council officers have maintained ongoing dialogue with officials from Central Government in relation to the regeneration of Collyhurst. While there have been some positive outcomes from this dialogue such as the provision of Decent Homes Backlog funding to help improve some existing stock and demolish the obsolete maisonette blocks, it is clear that Government funding programmes operating over recent years are not suitable to tackle the nature and scale of the challenge in Collyhurst and that a specific deal is required to ensure that a pipeline of funding is available over the coming 10-15 years. Work is underway to seek to influence the direction of the anticipated Comprehensive Spending Review and the settlement of future funding programmes for Homes England and to set out what the funding requirements would be to facilitate regeneration in a manner that ensures existing residents, both Council and private, are able to remain in the neighbourhood and directly benefit. Progress to this end will be reported to future meetings of this Scrutiny Committee.

7.0 Unlocking the Development Potential of the Redbank Neighbourhood – Housing Infrastructure Fund

- 7.1 The report to Executive that accompanied the Strategic Business Plan in February 2020 referenced the significant up-front investment required to deal with “abnormal” development constraints and the legacy of previous industrial uses within the Victoria North area.
- 7.2 In response to these issues the JV made a funding submission to the Government’s Housing Infrastructure Fund (HIF) Forward Fund programme in March 2019, which had been set up specifically to meet these challenges. This funding bid was focused on the Redbank neighbourhood within the Lower Irk Valley, which has the capacity to accommodate in excess of 5,500 new homes over the next 15 to 20 years. The Redbank neighbourhood is immediately adjacent to the City Centre and provides an ideal opportunity for development momentum surrounding NOMA, Angel Meadow and Victoria Station, to move northwards. However, it has been a long neglected location and has significant development constraints, with redundant and operational rail infrastructure, the presence of a steeply sided river valley with associated flood risks, limited infrastructure and land that has been contaminated by previous industrial uses.
- 7.3 The Government announced in its March 2020 Budget that this submission was one of those to be approved and after a further period of due diligence and contractual negotiations the City Council entered into a Grant Determination Agreement (GDA) with Homes England, who have responsibility for administering the HIF programme, in November 2020 for £51.6m of grant funding.

Progress to Date

- 7.4 HIF investment is being utilised to deliver: -
- Flood mitigation measures with the intention being to remove land adjacent to the River Irk from Flood Zone 2 and facilitate residential and ancillary commercial development
 - Land Remediation – predominantly focused on the former Network Rail Carriage Sidings site
 - Land assembly and new highways access to facilitate the development of landlocked sites
 - The provision of utilities – focused on new electricity supply and reinforcements to potable water and drainage networks
 - Improved Green and Blue Infrastructure, with the main element being the delivery of a new City River Park and improvements to St Catherine’s Woods
 - The provision of new pedestrian and cycle routes to promote active travel to the City Centre and adjoining neighbourhoods.
- 7.5 Since entering into contract with Homes England, activity has focused on the procurement of relevant professional and contracting teams. These

procurement exercises have now been concluded with the following appointments having been made: -

- Main Design & Build contractor – BAM Nuttall
- Lead Designer - Arup (working with BAM)
- Flood Mitigation works contractor – Volkerstevin
- Landscape Architect – Planit IE
- Project Delivery Consultant - Turner and Townsend
- Design Support Consultant – Pell Frischmann
- Planning Consultant – Avison Young

7.6 The City Council has also entered into a Service Level Agreement with the Environment Agency to provide technical support across the programme but also with specific reference to the design and implementation of flood mitigation measures relating to the River Irk.

7.7 As the GDA with Homes England places obligations upon the City Council in relation to the delivery of housing outputs, a Supplementary Legal Agreement¹ is being established with FEC, to flow down these obligations to the main delivery agent for development activity.

Next Steps

7.8 The professional team listed above are mobilising to ensure delivery of relevant works within the eligible period for HIF expenditure – i.e. by March 2024. Detailed site investigations and surveys have commenced and a series of planning applications will be submitted for consideration in advance of works being implemented.

7.9 Public consultation exercises will commence in the autumn of 2021 to inform the design of and planning applications for the proposed City River Park and other associated Green and Blue infrastructure.

8.0 Delivering Affordable Housing

8.1 The JV is seeking to deliver 20% affordable housing in a range of tenures throughout its period of operation (including but not limited to social rent, affordable rent, shared ownership) throughout the period of its operation.

8.2 To date, projects within the Initial Development Area Business Plan have planning consents in place or planning applications awaiting determination as set out below:

¹ Supplementary to the legal agreements entered into at the point that the Joint Venture was established.

Scheme Name	Total Homes	Affordable Homes	%
New Cross Central, New Cross	80 ²	0	0
Victoria Riverside, New Town	634	32	5%
Collyhurst Phase 1	274	130	47%
Total	988	162	16%

8.3 To help deliver affordable housing FEC have appointed a panel of Registered Providers (RPs) for the Redbank and New Town neighbourhoods, comprising:

- Trafford Housing Trust
- Great Places Housing Association
- The Guinness Partnership

8.4 Negotiations are ongoing with one of these RPs relating to the Victoria Riverside scheme to determine whether the level of affordable housing provision can be increased beyond that currently indicated. A report will be provided to a future meeting of this Committee updating Members on the outcome of this negotiation and confirming the exact level of affordable housing being provided in the Initial Development Area schemes.

9.0 Commercial Loan – Strategic Land Acquisition

9.1 There are some areas within the Victoria North area, most notably within the Lower Irk Valley, where the JV partners need to make strategic land acquisitions to facilitate comprehensive development activity.

9.2 Given the upfront costs associated with acquiring sites for future development, the JV partners explored opportunities for a co-investment arrangement and the June 2019 meeting of the Executive approved a proposal to establish a Facility Agreement for a commercial loan to FEC to support strategic land acquisitions in Victoria North. The Facility Agreement for a maximum loan of £11m has been finalised and FEC have drawn down an initial £3m tranche of the loan to help finance land assembly costs.

9.3 The Facility Agreement operates on commercial terms and with a maximum loan-to-value rate of 50%. FEC will pay back loan tranches at the point at which they secure development finance for specific development plots or in line with the longstop dates set for each loan transaction. The Council's position is further secured via taking a first charge on the land assembled and via a parent company guarantee provided by FEC. The loan is funded as part of the £25m allocated to Victoria North activity as part of the Council's 2017-2022 Capital Strategy. The provision of the loan has enabled the JV to assemble key development sites that have long been 'locked up' and a barrier to achieving the SRF objectives. The loan enables the Council's capital commitment to Victoria North 'go further' as it will be recovered (with interest)

² Due to viability constraints FEC have entered into a Section 106 agreement to make a contribution of £220,000 towards off-site Affordable Housing. This is equivalent to 2%.

and can be recycled back into other Victoria North workstreams in future years.

10.0 Victoria North & North Manchester Health Campus – Social Value Framework

- 10.1 Committee Members may recall that the Executive meeting of March 2021 approved a Strategic Regeneration Framework for the North Manchester Health Campus, to guide and co-ordinate the proposed redevelopment of the North Manchester General Hospital site.
- 10.2 The ambitious Outline Business Case for these proposals is currently under consideration by the Department of Health and has been identified as a “front runner” within the national New Hospitals Programme.
- 10.3 Subject to the confirmation of funding, the Health Campus project combined with the Victoria North programme, could provide the catalyst for the wider regeneration of North Manchester and the City Council, working alongside colleagues in the public, private and voluntary sectors has been developing an Inclusive Economy Framework for North Manchester.
- 10.4 The Framework articulates the key priorities; opportunities; and the outcomes to which activities related to the Victoria North and North Manchester Health Campus programmes could contribute towards. These outcomes, co-produced through consultation and engagement with a wide range of stakeholders, align with the broader strategic aims of the city, for which detailed strategies have been implemented (for example the Our Manchester Inclusive Economy Strategy; Our Manchester Strategy; Manchester Population Health Plan etc.). The outcomes, aligned to a clear set of priorities under each key strand, are intended to support the tailoring of social value activities that could be delivered through/supported by the respective transformation programmes. The Framework is designed as a tool to be shared with partners/stakeholders to help shape social value activity so that it can be tailored to deliver maximum local benefit.
- 10.5 Over the next 12 months this Framework will continue to be embedded in North Manchester development activity and promoted with our partners and procured contractors. A robust process of monitoring and reporting will be implemented so that outcomes can be tracked and reported consistently across the North Manchester programmes. Whilst much of the actual social value activity will be managed and owned by the council’s key partners, including FEC, MFT and GMMH, and their appointed construction contractors, there is an over-arching coordination role that should be overseen by MCC. This is currently being overseen by the North Manchester Regeneration and Economic Benefits Steering Group, chaired by the Director of Inclusive Economy and supported by the Victoria North Strategy and Coordination Lead and the NMGH Social Value Lead.
- 10.6 The procurement exercises being undertaken for the HIF programme and for the delivery of Collyhurst Phase 1 have included Social Value criteria and Key

Performance Indicators are in the process of being agreed with appointed contractors. Details of these KPIs and progress being achieved will be reported to future meetings of this Committee.

11.0 Social and Community Infrastructure

11.1 Victoria North sets out ambitious aspirations for the delivery of new and revitalised neighbourhoods. With 15,000 new homes planned, the local population is estimated to grow from circa 3,500 to between 35,000 – 40,000 within the Victoria North redline boundary over a 20 year programme. While the programme may be residential led, strategies to ensure the provision of appropriate social and community infrastructure to service a growing population – such as amenity space, health and education facilities, public transport, retail and leisure – are also required.

11.2 Key activities currently being undertaken in relation to social and community infrastructure are as follows: -

- **Proposed new Metrolink stop/interchange at Sandhills:** The JV partners have been working in conjunction with Transport for Greater Manchester (TfGM) to undertake feasibility assessments and establish the Business case for a new Metrolink station in the centre of Victoria North. The proposal features within the Greater Manchester Transport Plan 2040. Officers are currently working to secure the development of a Strategic Outline Business Case for the proposal within the delivery pipeline of Greater Manchester critical infrastructure.
- **Planning for Population Growth – Education:** The closely with the Director of Education's team, are in active dialogue with all of the schools within, and around, the Victoria North area. There are three different education providers with schools in the area, including the RC Diocese; the CofE; and the Local Authority. Population growth and child yield modelling has been carried out and indicative sites for new school provision has been identified in the SRF. Officers are continuing to work with the providers/landowners to identify the optimal approach to accommodating the anticipated increase in demand for school places and will actively explore a range of funding and delivery models.
- **Planning for Population Growth – Health:** The planning of any potential future health facilities within the Victoria North area is being aligned with the emerging work coming out of the NMGH redevelopment programme and the plans for a community health and wellbeing hub as part of the new campus. Work is ongoing with Manchester Health and Care Commissioning (MHCC) to ensure that the planning and funding of health and care services for the people of Manchester takes into account the Victoria North initiative both in terms of planning future requirements but also through integrated investment decisions.
- **Green and Blue Infrastructure:** - The SRF set out proposals for the delivery of linked green spaces within the 7 Victoria North neighbourhoods. These proposals have been the subject of more detailed consideration and the initial phases of delivery of what could be 40+ hectares of green space are being delivered through the Collyhurst Phase 1 and the City River Park

within the HIF programme set out above. These early schemes will include the exploration and identification of options for the future management of new green spaces to ensure that robust models for maintenance and upkeep are established.

- 11.3 More detailed reports will be brought to this and other Scrutiny Committees as and when these workstreams deliver detailed proposals.

12.0 Contributing to a Zero Carbon City

- 12.1 The need to expedite a move to a zero carbon economy including zero carbon development, in line with national and local policy, necessitates an innovative approach to building technologies and energy use. The Victoria North initiative provides an opportunity for the delivery of new homes close to the centre of the Greater Manchester conurbation and major employment locations. The Transport and Movement strategy set out within the SRF is geared around the provision of good quality active travel (i.e. cycling and pedestrian) routes and accessibility to public transport networks, including a proposal for the provision of a new metrolink stop at Sandhills and improvements to key bus routes.
- 12.2 Proposals for development are based around a Fabric First and thermal efficiency approach to minimise heating requirements and with a focus on electricity rather than gas. Details of the low carbon approach being taken to deliver the Collyhurst development are set out in Section 6.0 above. Opportunities for renewable energy sources via the use of ground source and air source heat pumps are being explored as a means of delivering zero carbon in-use low rise housing, together with the use of photo-voltaic cells on roofs. The challenge of delivering zero carbon in high rise development is more acute, due to currently more limited technological fixes.
- 12.3 It should be noted that all development schemes are currently suffering viability challenges given planning requirements for affordable housing, good quality public realm and amenity space and the current rising costs of labour and materials as a result of the economic impact of Brexit and the ongoing pandemic. However, these challenges will need to be overcome and further reports setting out progress to this end will be brought to future meetings of this Committee.

13.0 Concluding Remarks

- 13.1 This report seeks to report progress being made in delivering the Victoria North initiative, an ambitious and wide ranging programme that could act as the catalyst for the wider regeneration of North Manchester.
- 13.2 The initiative is identified as a central plank of the City's post Covid Economic Recovery Plan and over a period of 20 years has an estimated Gross Development Value of £4 billion. However, the initiative is operating within a period of economic uncertainty and an environment of constrained public sector funding both locally and nationally. While the £51.6m of HIF investment from Government is welcome, further work will need to be undertaken at the

regional and national level to ensure that the opportunity provided by the initiative to deliver residential and inclusive economic growth is fully understood and public investment decisions are made accordingly.

- 13.3 Early investment is being prioritised to secure and unlock the development opportunity and commence the delivery of a transformational agenda in areas that have been awaiting change for some considerable time.