

**Manchester City Council  
Report for Resolution**

**Report to:** Executive – 28 July 2021

**Subject:** Elizabeth Yarwood Court, Kincardine Road, Brunswick – Part A

**Report of:** Head of Development and Head of Housing Services

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**Summary**

Elizabeth Yarwood Court (EYC) is a former sheltered housing scheme that ceased to be operational in June 2021. The site is located between Kincardine Road and Upper Brook Street adjacent to the former Citroen Car Showroom which sits within the Oxford Road Corridor Strategic Spatial Framework (SSF) and is referenced as a key site within the Oxford Road Corridor Strategic Regeneration Framework Guidance (SRFG) and which has also since closed and is currently used as a commercial car park.

EYC is currently included in a site for residential development, in the Brunswick Housing Private Finance Initiative (PFI) contract and was scheduled for development once the site is vacated. Given the adjacency to emerging proposals for a comprehensive mixed-use scheme fronting Upper Brook Street, it is considered appropriate to withdraw the site from the PFI and reposition development in line with the wider Upper Brook Street proposals. The SRFG sets out that the EYC site could be suitable for replacement with new, for sale dwellings as part of a mixed-use scheme.

The withdrawal from the PFI will result in a compensation event to the PFI contractor and this report is seeking authority to serve the requisite contractual notices to withdraw the site, pay the compensation and promote the site for redevelopment in line with the emerging redevelopment proposals as set out in the SRFG.

**Recommendations**

The Executive is recommended to:-

1. Approve in principle the withdrawal of the site including Elizabeth Yarwood Court from the Brunswick PFI contract.
2. Delegate authority to the Deputy Chief Executive & City Treasurer and Head of Housing Services in consultation with the Deputy Leader for Finance and Executive Member for Housing and Employment to negotiate and conclude the financial terms of the compensation event.
3. Note the proposed temporary use of the site by Homelessness as outlined in the report.
4. Delegate authority to the Chief Executive in consultation with the Leader and Deputy Leader for Finance to agree the disposal strategy and market the site for disposal.
5. Delegate authority to the Chief Executive in consultation with the Leader and Deputy Leader for Finance to finalise the terms for the disposal of the land.

- 6. Delegate authority to the City Solicitor to conclude all documentation to give effect to the above recommendations.

**Wards Affected:** Ardwick

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

The withdrawal of the site from the PFI contract and its inclusion within a comprehensive mixed-use development in line with the principles of the Upper Brook Street area of the SRFG will promote the opportunity to engage new technologies and investment in green infrastructure as part of a wider development proposition. The Council will seek to use its land interest in the wider site to influence the contribution to the city’s zero carbon ambitions.

Our Manchester Strategy outcomes	Contribution to the strategy
A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities	As an integral part of the Corridor SRFG, the Upper Brook Street area will contribute to the delivery of the outputs outlined within that adopted framework. The Oxford Road Corridor generates over £3.6 billion GVA per annum. The area has almost 80,000 jobs, over half of which are within knowledge-intensive sectors, including health, education and professional, scientific and technical sectors
A highly skilled city: world class and home grown talent sustaining the city’s economic success	The creation of a range of new employment opportunities and enhanced connections to the local business community and the city’s key knowledge institutions that create a high calibre talent pool will assist in retaining talent from a critical mass of activity, to strengthen the economy, supporting the recovery.
A progressive and equitable city: making a positive contribution by unlocking the potential of our communities	Oxford Road Corridor partners have worked, and continue to work, on the development of skills to ensure the city can meet its potential.  Partners continue to focus on ‘Increasing Oxford Road Corridor’s contribution to Economic and Social Inclusion’ as an objective of the Strategic Vision to 2025. Enhanced connections to surrounding communities are prioritised, to help spread the benefits of regeneration investment

<p>A liveable and low carbon city: a destination of choice to live, visit, work</p>	<p>The site is located in the Oxford Road Corridor, a neighbourhood of choice that contains a wealth of cultural, leisure and educational assets.</p> <p>The Oxford Road Corridor is also the home to a leading research and teaching hospital campus which serves the wider region.</p> <p>Incorporating the site within the comprehensive proposals for redevelopment in line with the Upper Brook Street block will provide a more cogent development and enhance opportunities to utilise technologies to support low carbon objectives.</p>
<p>A connected city: world class infrastructure and connectivity to drive growth</p>	<p>The SRFG for the area considers connections and routes between surrounding wards; improving wayfinding; and enhancing key transport routes to be important.</p>

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

- Equal Opportunities Policy
- Risk Management
- Legal Considerations

### **Financial Consequences – Revenue**

EYC is currently empty and the holding costs are met by (The HRA or PFI Contractor) as part of the proposals EYC will be used by the homeless service to support hospital discharge. This will generate rental income that will be used to fund ongoing costs of managing the property.

The financial settlement as a result of triggering the compensation event for withdrawing the site from the PFI is in the process of being finalised with the PFI contractor and once agreed this will be an additional cost to the housing revenue account.

### **Financial Consequences – Capital**

The EYC is an HRA asset and once the site is withdrawn from the PFI contract, it will need to be transferred to the General Fund (GF), and the HRA compensated appropriately. The level of compensation will be based on land valuation and it is anticipated that the compensation payable will be sufficient to offset compensation payable to the PFI contractor from the HRA. The GF costs of transferring the site will be subject to a separate capital approval.

The onward sale of the site for redevelopment will provide a capital receipt to offset

the costs of acquisition.

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**Background documents (available for public inspection):**

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

Oxford Road Corridor Strategic Regeneration Framework Guidance – September 2019

Oxford Road Corridor Strategic Spatial Framework – March 2018

## **1.0 Introduction**

- 1.1 The Elizabeth Yarwood Court sheltered housing scheme is located between Kincardine Road and Upper Brook Street adjacent to the former Citroen Car Showroom which is closed and is currently used as a commercial car park. It sits on the site of the proposed Phase "AL" of the Brunswick PFI scheme. This phase will consist of 25 new homes for sale which are due to start on site in May 2022 and complete April 2023.
- 1.2 The new replacement 60 apartment Extra Care building was completed in March 2021 and residents from Elizabeth Yarwood Court have now moved into this new scheme. Elizabeth Yarwood Court now stands empty and under the PFI contract, would be demolished by the contractor to enable the new homes to be built on the site.
- 1.3 The Corridor SRFG identify the Upper Brook Street site as providing an opportunity to deliver a mixed-use scheme of scale to support the wider Corridor objectives. The inclusion of the Elizabeth Yarwood Court site within the comprehensive development site will facilitate a much more appropriate redevelopment proposal to come forward in due course.

## **2.0 Background**

- 2.1 The Executive of the Council adopted the Corridor SSF and Corridor SRFG at its meetings of 7 March 2018 and 11 September 2019 respectively. Following this, officers have been in discussion with the adjoining landowner of the former Citroen Garage site that is immediately adjacent to the Elizabeth Yarwood Court site, with a proposal to prepare a development framework that would promote a commercially –led, mixed use scheme fronting onto Upper Brook Street, in line with the principles of the SRFG. At this point the development framework is still at the concept stage and consequently, discussions with them remain at a high level.
- 2.2 To extract the development site from the PFI contract would result in a compensation event under the PFI contract. The cost to the Council of triggering this would be negotiated with the PFI Contractor. If the recommendations from this report are approved, officers would enter into a formal contract Change Notice to remove the phase from the PFI contract and final approval would be sought from the Capital Strategy Board once the final detailed terms of the contract were agreed in principle.
- 2.3 The cost of the compensation payment would need to be funded through the HRA in the first instance and then the site would be transferred to the General Fund, at an appropriate value subject to capital approvals process. The costs of the transfer will be subject to a separate capital approval, once they are fully assessed. It is anticipated that the City Council would be able to recoup any initial outlay from a disposal of the site to support the overarching redevelopment.

There would be a period of 18 to 24 months before the framework for the Upper Brook Street sites could be finalised and consulted upon and

development brought forward for consideration by the Council. The Homelessness Service propose to use the vacant Elizabeth Yarwood Court sheltered accommodation building to support hospital discharge for vulnerable residents up to the point when the site could be considered for redevelopment. At present this service is operated at Dalbeattie Street, Moston but the building has to be handed back to Mosscafe St Vincents in summer 2021 for use by the Learning Disability service. Interim use of the Elizabeth Yarwood Court building will generate additional rental income for the Council as well as council tax. Productive and well managed use of the building will address any local community concerns of a large site being unoccupied and potentially subject to anti-social behaviour, vandalism, and dereliction over the next two years.

- 2.4 Relevant Executive Members and Ardwick ward members have been consulted on this proposal and have given their support.

### **3.0 Disposal Approach**

- 3.1 Once the site has been removed from the PFI contract, the Director of City Centre Growth and Infrastructure (CCGI) will lead on the process for including the site for development in line with the relevant policies in the Oxford Road Corridor SSF and SRFG. Discussions are already taking place with the Director of CCGI, Planning and adjacent landowners to ensure that the plans for the adjacent sites at Upper Brook Street are in accordance with the agreed frameworks and Council expectations. Once EYC has been acquired, these conversations will continue on the basis of establishing the feasibility of bringing forward a joint development of both sites. Previous high-level discussions have taken place with the adjacent owners, which indicate a strong interest to pursue a joint scheme. There are a number of mechanisms that could be used to bring this forward, whereby the Council are able to retain full control over the scheme and the timescales for completion, so as to avoid the prospect of both sites remaining undeveloped for any significant period. These could include a leasehold disposal of our site with development conditions, a sale and leaseback, where the freehold of the adjacent site is transferred to the Council and a long lease where the whole is granted to the developer or a joint venture arrangement.
- 3.2 Should discussions with the owners of the adjacent site not progress, the Council would be able to bring forward development of this site in isolation. Consideration will be required for the disposal strategy, whether that be a market tender process where bids for the site are evaluated against criteria that cover the Council's policy objectives on issues such as social value, low carbon etc. or whether we look to identify a development partner based on specific requirements for the scheme and who is best suited to deliver on those.
- 3.3 Initial research carried out indicates that the disposal value of the site for a range of uses comfortably exceeds the cost of the PFI contract alteration. Savills property consultants have been commissioned to undertake a more detailed assessment of land values for a range of uses that fall within the SRFG policy.

- 3.4 In terms of existing guidance, Elizabeth Yarwood Court is designated as part of the Upper Brook Street site in the Oxford Road Corridor Strategic Regeneration Framework Guidance. However, both frameworks seek to support and promote appropriate development of available land in order to support future economic growth in line with the Oxford Road Corridor Strategic Vision to 2025.
- 3.5 The Upper Brook Street site (of which EYC forms part) is central to this and is identified within the Oxford Road Corridor Strategic Spatial Framework as being a 'Future Development Opportunity' with scope for increased density for new, for sale dwellings as part of a mixed-use scheme. Given the lack of development land available in the area, there is a need to protect key sites for the delivery of commercial space in accordance with the land use hierarchy identified in the SSF and SRFG in order to realise wider economic objectives.
- 3.6 The SSRF details that the primary focus of the UBS site will be flexible, large floorplate buildings that are capable of accommodating commercial or educational uses; with an element of mixed use, flexible floorspace (which could include residential) and will certainly include retail and leisure uses as well as a broader community offer.
- 3.7 The SSRF includes a Massing and Landmark Opportunity plan which suggests the EYC site could support development of up to six to eight storeys.

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

- 4.1 The withdrawal of the site from the PFI contract and inclusion within a comprehensive mixed-use development in line with the principles of the Upper Brook Street area of the Corridor SSRF will provide the opportunity to engage new technologies and investment in green infrastructure as part of a wider development proposition. The Council will seek to use its land interest in the wider site to influence the contribution to the City's zero carbon ambitions.

#### **5.0 Contributing to the Our Manchester Strategy**

##### **(a) A thriving and sustainable city**

- 5.1 As an integral part of the Corridor SRFG, the Upper Brook Street area will contribute to the delivery of the outputs outlined within that adopted framework. The Oxford Road Corridor generates over £3.6 billion GVA per annum. The area has almost 80,000 jobs, over half of which are within knowledge-intensive sectors, including health, education and professional, scientific and technical sectors.

##### **(b) A highly skilled city**

- 5.2 The creation of a range of new employment opportunities and enhanced connections to the local business community and the city's key knowledge institutions that create a high calibre talent pool will assist in retaining talent

from a critical mass of activity, to strengthen the economy, supporting the recovery.

### **(c) A progressive and equitable city**

- 5.3 Oxford Road Corridor partners have worked, and continue to work, on the development of skills to ensure the city can meet its potential.
- 5.4 Partners continue to focus on 'Increasing Oxford Road Corridor's contribution to Economic and Social Inclusion' as an objective of the Strategic Vision to 2025. Enhanced connections to surrounding communities are prioritised, to help spread the benefits of regeneration investment

### **(d) A liveable and low carbon city**

- 5.5 The site is located in the Oxford Road Corridor, a neighbourhood of choice that contains a wealth of cultural, leisure and educational assets.
- 5.6 The Oxford Road Corridor is also the home to a leading research and teaching hospital campus which serves the wider region.
- 5.7 Incorporating the site within the comprehensive proposals for redevelopment in line with the Upper Brook Street block will provide a more cogent development and enhance opportunities to utilise technologies to support low carbon objectives.

### **(e) A connected city**

- 5.8 The SRFG for the area considers connections and routes between surrounding wards; improving wayfinding; and enhancing key linkages to transport hubs at Oxford Road and Piccadilly stations.

## **6.0 Key Policies and Considerations**

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

- 6.1 Any future development will be subject to an Equalities Impact Assessment at the appropriate time.

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

- 6.2 Risk will be managed by the Capital Strategy Approval Process.

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

- 6.3 The PFI contract has been reviewed by the City Solicitor and the proposed variation is acceptable.