

**Manchester City Council
Report for Resolution**

Report to: Executive – 16 March 2022

Subject: Lease to RFL for new Beswick Hub facility

Report of: Strategic Director (Growth & Development)

Summary

This report seeks approval for a new lease to RFL (Governing Body) Ltd of the former Beswick shops site and a small portion of the adjacent playing fields (an application to the Secretary of State will be submitted for consent to dispose of school playing fields under the provisions of s77 of the School and Frameworks Act 1988 – this is currently being progressed). The proposed lease is for a term of 125 years at a premium of £1.00 which is less than the best consideration that can reasonably be obtained.

Recommendations

The Executive is recommended to:

1. Approve the proposals as set out in section 3 of this report.
 2. Authorise the Strategic Director (Growth & Development) to finalise the terms of the transactions as set out in this report.
 3. Authorise the City Solicitor to enter into and complete all documents and agreements necessary to give effect to the recommendations.
-

Wards Affected – Ancoats and Beswick

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

The proposed RFL development will bring forward a new hub facility comprising a new training pitch and pavilion with a capacity of c. 900 whilst providing changing rooms, offices, hospitality/meeting rooms etc. The environmental impact of the scheme has been considered during both construction and operation.

The selected preferred contractor is a founder member of the Considerate Constructors Scheme. In their tender submission, they committed to minimising Environmental Impact and Neighbourhood disruption of construction work through various measures including a comprehensive Project Sustainability Plan, 100% renewable electricity supplies for site works, effective waste management and minimisation with minimum 98% diversion from landfill and a traffic management plan.

The proposed RFL development will bring forward a new hub facility comprising a new training pitch and pavilion with a capacity of c. 900 whilst providing changing rooms, offices, hospitality/meeting rooms etc. The environmental impact of the scheme has been considered during both construction and operation.

The selected preferred contractor is a founder member of the Considerate Constructors Scheme. In their tender submission, they committed to minimising Environmental Impact and Neighbourhood disruption of construction work through various measures including a comprehensive Project Sustainability Plan, 100% renewable electricity supplies for site works, effective waste management and minimisation with minimum 98% diversion from landfill and a traffic management plan.

The building has been designed with energy conservation as a key performance indicator to achieve RIBA 2025 Performance Standards in relation to its fabric performance and to respond to MCC Core Strategy Policy EN 4 (reducing CO2 Emissions), EN 6 (Target Framework for CO2 Reductions from Low or Zero Carbon Energy Supplies). Thus, the best possible passive design measures are achievable prior to integrating active systems and low and zero carbon technologies which include:

- Incorporating an enhanced building fabric performance design using low U-Values to reduce the reliance on comfort cooling.
- Incorporating passive heating and cooling through careful fenestration detailing. Window G values have been optimised based on orientation and overheating requirements. External shading designed to reduce unwanted solar gain.
- Incorporating suitable low zero carbon technologies including modular Air Source Heat Pumps and demand controlled MVHR ventilation.
- Non reliance on fossil fuels (Gas) to serve the buildings energy systems and catering appliances.

Together these measures will improve on the Building Regulations Part L notional building by 21% and produce 18% reduction against baseline model total CO2 emissions.

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 redevelopment of the site for a valuable sporting/community facility will make a significant contribution to supporting a diverse and distinctive economy. The RFL has a commitment to maximise opportunities to participation in every aspect of rugby league including players of every age, gender, ability and need; officials and club volunteers, and spectators. The development is being undertaken in an area that has higher levels of deprivation and lower levels of educational achievement than both other areas of Manchester and nationally. This development will help to address this imbalance.

<p>A highly skilled city: world class and home-grown talent sustaining the city's economic success</p>	<p>The proposal is to develop an Our league Life National Hub at the Grey Mare Lane site in Beswick. The hub will be the focus for formal and informal education, skills and training services within a Rugby League wrapper. The centre will be set up with formal but flexible and adaptable learning spaces equipped to deliver to the highest standards. As well as being a key training facility, the centre's core focus is to deliver formal and informal education, skills and training services to the community therefore creating home-grown talent that will sustain the city's economic success.</p>
<p>A progressive and equitable city: making a positive contribution by unlocking the potential of our communities</p>	<p>Delivering Benefits and Social Value to the community is at the heart of the RFL's Our League Life Project. The Our League Life National Community Hub is an opportunity for the RFL to utilise its strength in Northern communities – which suffer from skills and employments gaps with the rest of England – to enable further social mobility. The hub will do this by providing specialist training and learning in digital, sport, health and wellbeing skills for young people across Greater Manchester. The OLL Hub will also serve as the training centre for the men's and women's National teams.</p>
<p>A liveable and low carbon city: a destination of choice to live, visit, work</p>	<p>The environmental impact of the scheme has been considered during both construction and operation. The building has been designed with energy conservation as a key performance indicator to achieve RIBA 2025 Performance Standards in relation to its fabric performance and to respond to MCC Core Strategy Policy EN 4 (reducing CO2 Emissions), EN 6 (Target Framework for CO2 Reductions from Low or Zero Carbon Energy Supplies).</p>

<p>A connected city: world class infrastructure and connectivity to drive growth</p>	<p>The site is highly accessible by sustainable modes of transport. The surrounding area exhibits good levels of pedestrian and cycling infrastructure, and there are a number of public transport opportunities within acceptable walking distance of the site.</p> <p>An interim Travel Plan has been produced on behalf of the RFL which is intended to encourage people to choose alternative transport modes over single occupancy car use and, where possible, reduce the need to travel at all. The plan includes a range of measures designed to achieve this goal.</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

The grant of a long lease to the RFL will avoid any ongoing security costs associated with the site (once the existing buildings are demolished) in the event of no immediate disposal. The site is currently non-income producing and so there is no loss of revenue to MCC at the present time.

Financial Consequences – Capital

The grant of a long lease to the RFL offers an opportunity for major third-party capital investment in the site. The Our League Life proposal comprises of c. £7m of inward investment for the area that will create jobs, support regeneration as well as support educational outcomes for both the community and TEMA.

The unrestricted market value of the site has been assessed at £95K. The restrictive user and community use benefits captured within the lease will restrict the value to £1.

Contact Officers:

Name: Lee Watts
Position: Development Surveyor
Telephone: 07788 978717
E-mail: lee.watts@manchester.gov.uk

Name: David Norbury
Position: Development Manager
Telephone: 07733 125597
E-mail: David.norbury@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.

- Land ownership plan
- Grey Mare Lane Masterplan Report to the Strategic Director for Growth and Development on 17/11/21.

1.0 Introduction

- 1.1 Approval is sought from the Executive for the grant of a 125-year lease of the site to RFL (Governing Body) Ltd. The proposed lease is for a term of 125 years at a premium of £1.00 which is less than the best consideration that can reasonably be obtained and consequently may require consent under s123 of the Local Government Act 1972. The undervalue is attributable to the restrictions contained within the proposed lease and the community use obligations on the tenant.

2.0 Background

- 2.1 In 2012, a Strategic Plan was established as part of the Eastland's Regeneration Framework ('ERF') to bring forward the comprehensive development of Grey Mare Lane in Beswick, East Manchester. This led to the acquisition of a number of sites and capital investment into further education facilities, a health and performance institute (Manchester Institute of Health and Performance - 'MIHP'), a new East Manchester Leisure Centre facility and an improved retail offer for the Beswick community.
- 2.2 As part of the regeneration works, Manchester City Council (MCC) invested £250k to build a rugby pitch (as a meanwhile use), adjacent to The East Manchester Academy (TEMA), until such time as MCC had determined how best to develop the long-term use for the site. This was agreed on the basis that any future development would be advantageous to TEMA and support physical education and sport within the school and local community.
- 2.3 In early 2018, through a collaboration with City Football Group (CFG), MCC was successful in attracting the Rugby Football League (RFL) headquarters to the Etihad Campus. Capital approval for this project has been secured and works have commenced to deliver the RfL accommodation. As well as being based on the Etihad Campus for their new office headquarters, the RFL are further committed to developing a new Beswick Hub facility known as 'Our League Life', in collaboration with MCC, which will bring forward a new training pitch and pavilion in Beswick, to be utilised by RFL teams at varying levels (from the national team to local clubs), alongside the promotion of education courses and community use. There is a significant social value impact from the RFL education and sporting programmes alongside the economic impact in establishing such facility in Beswick. Much of this will be delivered through building positive local relationships with other key community groups and stakeholders. To enable this, MCC are proposing to dispose of land to RFL who will development the new facility.
- 2.4 The existing pitch at TEMA will remain as is (with addition of flood lighting). There will be a Pavilion building where the former Beswick shop units are now, with a capacity of c. 900 whilst providing changing rooms, offices, hospitality/meeting rooms etc. The Our League Life proposal comprises of c. £7m of inward investment for the area that will create jobs, support regeneration as well as support educational outcomes for both the community and TEMA. There is a significant social value impact from the RFL education

and sporting programmes alongside the economic impact in establishing such a facility in Beswick.

2.5 The new development will bring extensive community benefits. The RLF business plan includes various targets (when fully operational) as follows:

- 660 L2 & L3 coaches gaining coaching qualifications in order to enhance the standard of coaching throughout the game
- 152 L2 & L3 16-18 learners gaining qualifications (across 2 cohorts)
- 66 Diploma in Sporting Excellence Students (across 2 cohorts)
- A community club playing out of the facility running two age groups would equate to around 100 players training once or twice per week and playing once every couple of weeks across the season
- Festival use aimed at expanding the RL footprint in Manchester across 6 weekends would equate to around 2,000 users
- Celebration use by the local community (room capacity 200 people)
- Use by TEMA – hours TBC through access agreement

3.0 The Proposed Lease

3.1 Final draft heads of terms of have been provisionally agreed with RFL on the basis of a long ground lease with development obligations. Officers are in ongoing discussion to define the exact detail of site boundaries and contribution to the wider estate service charges, which may be subject to change through the planning and detailed design process.

3.2 In summary, the lease is for a term of 125 years at a peppercorn rent and at a lease premium of £1.00. The use is restricted to training, education, skills development, training and hosting / playing of sports. The grant of the lease is subject to various conditions which will be documented by way of an agreement for lease. There will be development milestones within the lease, with the Council reserving the ability to forfeit in certain circumstances relating to non-performance.

3.3 Through the leasing arrangements the Council will secure community use, and the RFL will be required to exchange an access agreement with the neighbouring school (Education and Leadership Trust), to provide some free use of the facilities.

4.0 Valuation Issues

4.1 The site has been independently valued by a suitably qualified national consultancy at a Market Value of £95,000. This value assumes the unrestricted disposal of the property on the open market.

4.2 The RFL business plan for bringing the development forward is based upon a premium payment of £1.00. The restrictive nature of the lease, coupled with the obligation to provide community use over time, impacts the market value of the lease. It is the opinion of the Head of Development that the value of the lease to be granted is fairly represented by £1.

5.0 Contributing to a Zero-Carbon City

- 5.1 The proposed RFL development will bring forward a new hub facility comprising a new training pitch and pavilion with a capacity of c. 900 whilst providing changing rooms, offices, hospitality/meeting rooms etc. The environmental impact of the scheme has been considered during both construction and operation.
- 5.2 The selected preferred contractor is a founder member of the Considerate Constructors Scheme. In their tender submission, they committed to minimising Environmental Impact and Neighbourhood disruption of construction work through various measures including a comprehensive Project Sustainability Plan, 100% renewable electricity supplies for site works, effective waste management and minimisation with minimum 98% diversion from landfill and a traffic management plan.
- 5.3 The building has been designed with energy conservation as a key performance indicator to achieve RIBA 2025 Performance Standards in relation to its fabric performance and to respond to MCC Core Strategy Policy EN 4 (reducing CO2 Emissions), EN 6 (Target Framework for CO2 Reductions from Low or Zero Carbon Energy Supplies). Thus, the best possible passive design measures are achievable prior to integrating active systems and low and zero carbon technologies which include:
- Incorporating an enhanced building fabric performance design using low U-Values to reduce the reliance on comfort cooling.
 - Incorporating passive heating and cooling through careful fenestration detailing. Window G values have been optimised based on orientation and overheating requirements. External shading designed to reduce unwanted solar gain.
 - Incorporating suitable low zero carbon technologies including modular Air Source Heat Pumps and demand controlled MVHR ventilation.
 - Non reliance on fossil fuels (Gas) to serve the buildings energy systems and catering appliances.
- 5.4 Together these measures will improve on the Building Regulations Part L notional building by 21% and produce 18% reduction against baseline model total CO2 emissions.

6.0 Contributing to the Our Manchester Strategy

(a) A thriving and sustainable city

- 6.1 The redevelopment of the site for a valuable sporting/community facility will make a significant contribution to supporting a diverse and distinctive economy. The RFL has a commitment to maximise opportunities to participation in every aspect of rugby league including players of every age, gender, ability and need; officials and club volunteers, and spectators. The development is being undertaken in an area that has higher levels of deprivation and lower levels of educational achievement than both other areas

of Manchester and nationally. This development will help to address this imbalance.

(b) A highly skilled city

- 6.2 The proposal is to develop an Our league Life National Hub at the Grey Mare Lane site in Beswick. The hub will be the focus for formal and informal education, skills and training services within a Rugby League wrapper. The centre will be set up with formal but flexible and adaptable learning spaces equipped to deliver to the highest standards. As well as being a key training facility, the centre's core focus is to deliver formal and informal education, skills and training services to the community therefore creating home-grown talent that will sustain the city's economic success.

(c) A progressive and equitable city

- 6.3 Delivering Benefits and Social Value to the community is at the heart of the RFL's Our League Life Project. The Our League Life National Community Hub is an opportunity for the RFL to utilise its strength in Northern communities – which suffer from skills and employments gaps with the rest of England – to enable further social mobility. The hub will do this by providing specialist training and learning in digital, sport, health and wellbeing skills for young people across Greater Manchester. The OLL Hub will also serve as the training centre for the men's and women's National teams.

(d) A liveable and low carbon city

- 6.4 The environmental impact of the scheme has been considered during both construction and operation. The building has been designed with energy conservation as a key performance indicator to achieve RIBA 2025 Performance Standards in relation to its fabric performance and to respond to MCC Core Strategy Policy EN 4 (reducing CO2 Emissions), EN 6 (Target Framework for CO2 Reductions from Low or Zero Carbon Energy Supplies).

(e) A connected city

- 6.5 The site is highly accessible by sustainable modes of transport. The surrounding area exhibits good levels of pedestrian and cycling infrastructure, and there are a number of public transport opportunities within acceptable walking distance of the site.
- 6.6 An interim Travel Plan has been produced on behalf of the RFL which is intended to encourage people to choose alternative transport modes over single occupancy car use and, where possible, reduce the need to travel at all. The plan includes a range of measures designed to achieve this goal.

7.0 Key Policies and Considerations

(a) Equal Opportunities

- 7.1 The RFL has a commitment to maximise opportunities to participation in every aspect of rugby league including players of every age, gender, ability and need; officials and club volunteers, and spectators.

(b) Risk Management

- 7.2 The lease to be granted to RFL is for a long period but it will contain a number of covenants and restrictions that mean that the Council will have control over the property's future use etc and a right for the Council to forfeit the lease if the covenants are not observed and performed.

(c) Legal Considerations

- 7.3 Section 123 of the Local Government Act 1972 gives a local authority the power to dispose of land in any manner they wish providing the disposal is at a value that is not less than the best consideration that can reasonably be obtained. Where the intention is to dispose of land at less than the best consideration that can be reasonably obtained the Local Authority must seek the specific Government consent of the Secretary of State to the proposed disposal.

- 7.4 However, by virtue of the Local Government Act 1972: General Disposal Consent (England) 2003, consent is not required where the Local Authority considers that the purpose for which the land is to be disposed of is likely to contribute to the achievement of any one or more of the following objects in respect of the whole or any part of the area, or of all or any persons resident or present in its area:

- i) the promotion or improvement of economic well-being;
- ii) the promotion or improvement of social well-being;
- iii) the promotion or improvement of environmental well-being and the difference between the unrestricted value of the property and consideration for the disposal does not exceed £2,000,000 (two million pounds).

- 7.5 Provided these conditions are met specific consent will not be required for the proposed disposal at an undervalue.

- 7.6 Under the provisions of s77 of the School and Frameworks Act 1988 an application to the Secretary of State will be required for specific consent to dispose of the school playing fields under the terms proposed in this report. Consent must be obtained before any disposal can proceed. There is a risk that the playing fields may need to be reprovided but until the application to the Secretary of State has been determined, this is to be determined. We are, however, seeking to mitigate the loss of the playing fields through the continued use of the rugby pitch by the school by way of an agreement with

RFL, the community benefits the development will bring and proposals by the school to create more efficient play spaces within the site that will be available to the wider community. Should there be any cost attached to potential re-provision this should be covered by the RFL as a development cost and will be covered in the Heads of Terms for the lease which are subject to further approval.

8.0 Concluding Remarks

- 8.1 The proposed disposal at an undervalue is considered to offer good value for the city on the basis that the resulting development will facilitate the delivery of a valuable community facility where the RFL is investing c. £7m. As the site currently stands, the existing shops are a blight on the area whilst attracting ongoing anti-social and environmental issues that pose an immediate risk. Once demolished, and without an alternative long-term occupier in place, the site is likely to remain undeveloped for the foreseeable future without generating any form of revenue or capital receipt for MCC.