

**Manchester City Council
Report for Information**

Report to: Resources and Governance Scrutiny Committee – 6 September 2022

Subject: Annual Property Report 2022

Report of: Deputy Chief Executive and City Treasurer, Director of Strategic Development

Summary

This report provides an update on property activity since the last Annual Property Report to Resources and Governance Scrutiny Committee in May 2021.

Recommendations

The Committee is recommended to note and comment on progress to date as set out in the report.

Wards Affected: All

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

The Council's property and land assets are a significant area of focus in efforts to achieve the zero-carbon target for the city. In terms of the Council's direct carbon emissions, in 2021/22 the Council's operational buildings accounted for around 75% of the total emissions. Emissions from energy use in Council buildings in the last quarter (Q4) of 2021/22 are 22% lower than Q4 in the previous year, and 33% lower than in Q4 2019/20. Reductions have been driven by the installation of energy efficiency measures and renewable energy generation capacity, and further affected by the decarbonisation of the national grid and the changes to building use caused by the Covid-19 pandemic. This report includes an update on the Zero Carbon Estate Programme, a specific investment programme focussing on building retrofit and energy generation to increase the scale and pace of carbon reduction activity on the estate.

Manchester Strategy outcomes	Summary of how this report aligns to the OMS/Contribution to the Strategy
A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities	The property teams provide professional services and leadership to drive effective place making and facilitate the economic growth of the City, by creating the necessary conditions needed to promote strong growth in commercial, residential, retail and leisure related development, stimulating new employment, new homes and broadening the City Council's tax base.
A highly skilled city: world class and home grown talent sustaining the city's economic success	The property teams play a key role in leveraging economic growth from the Council's land and property assets, including enabling commercial developments that drive growth in high-skill sectors such as the digital, cyber, creative content, cultural, advanced manufacturing and professional service sectors.
A progressive and equitable city: making a positive contribution by unlocking the potential of our communities	The property teams work proactively with businesses, residents and partners to ensure developments contribute positively to place making and meet local needs to deliver neighbourhoods people want to live in. This includes supporting developments that promote the right mix of good quality and affordable housing for Manchester residents.
A liveable and low carbon city: a destination of choice to live, visit, work	The property teams play a key role in supporting Manchester's commitment to be a zero carbon City by 2038 by reducing the Council's direct CO2 emissions through continued rationalisation of the operational building estate and improving energy efficiency in council owned buildings.
A connected city: world class infrastructure and connectivity to drive growth	The property teams work across the Council and with partners to ensure that development activity both drives and reflects the connectivity and infrastructure that underpin sustainable economic growth.

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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.

Updated Annual Property Report 2020/2021, Resources and Governance Scrutiny Committee – 25 May 2021

1.0 Introduction

- 1.1 Manchester City Council maintains a diverse portfolio of properties, including assets held to support the delivery of Council Services (the Operational Estate), assets that are let to tenants to provide an income to the Council (the Investment Estate), and assets held to support development in the city. The Council also owns schools assets and retained housing stock, however these later two parts of the estate are not included in the scope of this report.
- 1.2 This report covers the work of the Estates and Facilities Service (Corporate Core, responsible for the Operational Estate) and the Development Team (Growth and Development Directorate, responsible for the Investment Estate and assets held for development) since the last Annual Property Report in May 2021. It is broken down into three main sections: Development of the Strategic Asset Management Plan (Section 2); Development Team and Investment Estate (Section 3); Operational Estate (Section 4).

2.0 Development of the Strategic Asset Management Plan (SAMP)

- 2.1 The Strategic Asset Management Plan (SAMP) is a document that will set out the key priorities for the Council's property and land asset base and its approach to the management of it over a 5 year period.
- 2.2 Developing a strategic approach to asset management was considered necessary to create a framework around which simpler, more transparent governance would underpin robust decision making in relation to the Council's assets base, informed through better and more comprehensive data and information.
- 2.3 It will bring together the Council's strategic direction and its key stakeholders to create guidelines for the optimisation of the asset base, along with protocols to provide assurance that the information base, that is key to the performance management of any property asset, is enhanced.
- 2.4 A key component of the SAMP is an asset evaluation toolkit which will guide assessment of the Council's assets by way of generating a Benefit Cost Ratio. This is through an options analysis which will consider social, financial and delivery-focussed outcomes to arrive at the optimal use of the asset. This will allow a consistent and transparent evidence base to support decision making, on a prioritised basis across the Council's portfolio of assets.
- 2.5 The SAMP will also collate existing policies that are considered relevant and augment this through a process of reviewing and adopting Best Practice in relation to asset management across the sector, where applicable. It will set out a revised data and information protocol, fully integrated and supported by changes to CPAD (the Council's property management system) infrastructure to provide the structure for a more comprehensive data set across the entire estate. There will be a project to extract, collate, verify and codify this data from the variety of existing records and locations it is currently held in, the

deliverables and timeline for this project will be contained within the SAMP routemap.

- 2.6 The evaluation tool has been tested using a variety of asset types and categories to refine the process and the matrix to support the BCR analysis. We are currently running a series of surplus operational assets through the process to ensure this works for assets where heritage, specialist uses and significant development constraints exist. The SAMP is currently in a draft format and officers are working to finalise this for approval within the next 6-8 weeks.
- 2.7 The SAMP principles, and the evaluation toolkit are being used to support ongoing asset decision making, particularly in relation to the deployment of surplus assets with outcomes to be reported through the Estates and Asset Board.

3.0 Development Team and Investment Estate Update

- 3.1 The reporting period April 2021 – March 2022, was impacted by the effects of the Covid-19 pandemic, but not dominated by it as the previous 12 months were. There was a return to more regular office-based working, but the emergence of hybrid working provides a revised frame of reference on how the city works, both in terms of the office environment, and what people want from their homes. In terms of the investment estate, the ring-fenced period for tenant protection for rent arrears came to an end, and officers are working through implementing rental payment policy on a case-by-case basis with tenants who were unable to pay rent through the Covid period.
- 3.2 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.
- 3.3 The Development Team is also responsible for generating capital income for the Council through disposal of land and buildings. This involves the identification of appropriate assets, undertaking pre-sale activity and negotiating commercial terms, as well as driving transactions through to completion to targets. The reporting period was challenging in this respect, particularly from a funding perspective, where increasingly risk adverse debt markets seek further risk mitigation measures, especially when funding development.

3.4 District Centres including Wythenshawe

The impact of continued lockdowns, restrictions to travel and use of public transport meant that Manchester's district centres had an increasingly critical role to play in the functioning of the city throughout the pandemic. In a post pandemic world this renewed focus on the form and function of our district

centres provides an opportunity to ensure they remain relevant to the needs of the residents moving forward.

The emergence of the Levelling Up fund, Shared Prosperity Fund and other initiatives has been a focus for the Development Team. We have worked with colleagues across the Council on our 2 Round 1 levelling up bids, Withington and Culture in the City.

Officers have also led on the creation of a multi-disciplinary team to renew the vision for Wythenshawe Town Centre, with a view to submission of a comprehensive Levelling Up round 2 bid. To support this bid officers have negotiated commercial terms for the acquisition of the St Modwen interest in the shopping centre and secured investment into existing surplus assets within the periphery of the town centre. Discussions have also continued with colleagues from Manchester Foundation Trust, Bruntwood and TfGM in relation to the investment at Wythenshawe Hospital.

Update - In the last month a bid has been submitted to DLUHC in respect of Wythenshawe Town Centre for £20M grant from Levelling Up Round 2 to support a series of place-based interventions within the Town Centre including renewed public realm, the creation of a cultural hub, a food and produce market, a new enterprise centre and co-working space.

Alongside this revised plans for interventions at Gorton to build on the investment in the planned new District Hub are being developed. A renewed approach to delivery of a place-based investment at Moston is being prepared which will utilise receipts accrued from historic housing land sales within Moston.

Officers are working closely with colleagues in Neighbourhoods on a strategy to implement the principles of the intervention in Withington District Centre building on the principles set out in the Levelling UP Round 1 Bid.

There are a number of opportunities in Levenshulme to leverage investment through the use of various Council assets within and around the District Centre, officers are working across directorates and with the private sector to bring forward a number of these.

3.5 **Commercial Development**

3.6 *Creative and Digital Asset Base*

Manchester Creative Digital Assets Ltd: The Development Team plays an important role in the delivery and operation of the Digital Assets which include The Sharp Project, Space Studios Manchester and Arbeta. Manchester Creative Digital Assets Ltd (MCDA) was set up as a company in 2017, a wholly owned company by MCC, 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 support on

the delivery of new developments and the continued growth of the Digital Assets.

Arbeta – In 2021/22 the Development Team have continued to support and advise on key lettings, including the completion of c11,000 sq ft to Mission Labs and commencing negotiations with gaming company Playtech for c11,000 sq ft, with an option to a further c5,000 sq ft. Plug and play offices are also regularly let to production companies looking for short term space which utilises vacant space and brings in income.

Space Studios Manchester - the Development Team have worked with MCDA to oversee the design of a third phase of Space Studios up to RIBA Stage 3 and securing Planning consent in March 2022 for an additional 75,000 sq ft consisting of two stages, workshops and offices on the former Fujitsu Tower site. In 2022/23 options will be considered for the delivery of Phase 3.

MCDA assets continue to perform well. The Sharp Project is more than 90% let, with a small turnover of tenants and any vacant office space being easily and quickly re-let with the use of flexible easy in, easy out agreement. Arbeta is around 50% let to permanent tenants (March 2022) with vacant offices being used for production offices and more lettings in the pipeline.

The Development Team continue to support Screen Manchester in their work to support productions looking to film on location in Manchester, often utilising Manchester City Council owned land and property where filming licences are required.

3.7 *Central Retail Park*

Use of the site as a Covid-19 testing centre, site compound for adjacent developments continued as income producing meanwhile uses. In terms of the wider redevelopment proposals, discussions have continued in respect of a large scale requirement for employment use across what would comprise a campus style development. These discussions have not yet come to fruition but there was positive progress over the year.

3.8 *Airport and Airport City*

Manchester Airport continues to develop internationally and is a major economic driver to the Region. The Manchester Transformation Project (MTP) is progressing at pace with expansion of Terminal 2 and remodelling plans for the other terminals in place.

With passenger numbers returning to pre-pandemic levels towards the end of 21/22, the Airport has seen a significant increase in turnover performance that feeds into the rent received by MCC and the GM Districts. Although the rental position during the height of the pandemic was to an extent protected by the 12.5% collar and cap provision in the lease, the return to normal business will ensure the rental position for the coming years will be stabilised, together with the improvement to MCC and the GM District's shareholder stake.

At 1st April 2021, there were two rent reviews of Airport leases due. The first is in respect of the 'Property Element' of the main Airport lease referenced above. The rent review is still outstanding as the impact of the pandemic on property lettings that are used to calculate the change in the rent, was such that there was very little relevant comparable evidence available. Discussions are on-going with the Airport to agree a rental figure from 1st April 2021, although there is a consensus that a nil increase is likely, largely due to the impact of lockdowns and travel restrictions. The second rent review is in respect of the MCC wholly owned leases of the car park areas to the East of the main terminal area. This was agreed at nil increase, again due to the impact of the pandemic on airport business and loss of revenue from the car parks being largely closed at the time of the rent review. The lease contains an upwards only provision that protected the Council's position from what would have been likely to be a rental reduction.

Activity at Airport City has increased towards the end of 21/22 with a number of new hotels being brought forward at Airport City North. Despite the lack of development activity on the remainder of Airport City North, discussions with the Hut Group are on-going in respect of their proposed new headquarters building and planned ancillary development in subsequent phases. The Airport are engaged with other potential occupiers on other plots, with interest received from the 'Life Sciences' sector.

Airport City South, now known as Global Logistics, is largely complete with occupiers including, Amazon, DHL and the Hut Group who have a significant presence. The Airport are currently assessing a potential expansion of Global Logistics to include land to the South, which is currently falls within the Places for Everyone Plan.

3.9 *Siemens (Didsbury Technology Park)*

At Didsbury Technology Park, MCC has proactively ensured that the Phase 2 land will be developed by Bruntwood into commercial office space (82,000 sq ft) at the forefront of sustainable technologies. The completed scheme will comprise a fully zero carbon workspace building – both embedded in the construction and operationally.

Bruntwood are targeting a 5.5 star NABERS rating and BREEAM 'Excellent'. Upon completion, the building will be one of the most sustainable workplaces in the UK - and the lowest carbon new build workspace - with a targeted 94% of operational energy requirements generated on site. The property, to be known as The Ev0 Building, will be marketed toward tech businesses with a particular focus on those associated with sustainability, net zero carbon, and the low carbon economy.

3.10 *Central Park, Grimshaw Lane and Lord North Street sites*

Heads of terms were agreed with Canmoor Manchester Limited for the disposal of land at Grimshaw Lane, at market value, to enable the

development an 11 acre site for a scheme delivering 460,000 sq ft of light industrial space in east Manchester. The negotiations included the purchase and leaseback of land already owned by Canmoor along with the disposal of Council owned land on a 250 year lease. In addition, successful negotiations were concluded with Homes England regarding the value of overage, which was funded by the developer.

Update: the transaction was completed in July 2022.

Lord North Street – The Development Team have overseen the restricted tender process for the disposal of 6.6 Acres of employment land at Lord North Street. The tender is being carried out over two stages, with two adjoining landowners submitting successful Stage 1 bids which was assessed on quality, experience and the ability of each to deliver their concept schemes for employment use. Stage 2 bids, consisting of the commercial offer and social value offer are to be considered in 2022/23, with negotiations for the disposal to progress with the preferred bidder. A successful scheme could deliver c160,000 sq ft of employment space in a predominantly industrial area.

Central Park - This is one of the Council's major employment sites. It was developed originally by NWDA in partnership with the Council and NEM with the Council acquiring the whole site from the HCA in 2016. Central Park currently accommodates a number of B1 occupiers, including Fujitsu, Arbeta, a number of smaller occupiers at Madison Place and is also the location for GMP's divisional and regional headquarters. The site has excellent infrastructure and it is considered that the remaining 16 ha (39 acres) of undeveloped land offers an excellent opportunity to provide employment space to meet market demand and support growth sectors within the City. The Development Team undertook market research in 2020, conducting discussions with agents and developers with regards the market for employment space and the development potential going forward at Central Park. Consultants, Avison Young, were subsequently appointed to undertake a gap analysis to analyse competing locations, potential uses and employment sectors the business park could accommodate and how best this can be delivered. The site is receiving interest from a variety of developers and the Development Team intends to bring the vacant sites forward to the market in 2022/23.

3.11 **City Centre Development**

3.12 *St Michaels*

Following the agreement to split the development into 2 phases, the developer, Jackson's Row Developments Limited (JRDL), agreed terms with KKR, a major international investment fund, for a Joint Venture Company to deliver phase 1 comprising a commercial development to provide Grade A office accommodation, ground floor retail and F&B, a rooftop bar/restaurant and the creation of the Abercrombie Square public realm space. The Phase 1 lease was entered into in December 2021 with development commencing on site in early 2022.

Discussions are ongoing with JRDL on the delivery of Phase 2, a 42storey tower comprising the city's first branded 5 star hotel, to be operated by Starwood Marriott, under their "W" brand, and serviced residential apartments and additional office and retail/F&B space. JRDL have recently exchanged contracts with Salboy as their JV partner for the delivery of phase 2 and we are working closely with them to satisfy the outstanding conditions to allow the phase 2 lease to be drawn down with a start on sit anticipated in early 2023.

3.13 *Mayfield*

During 2021/22, U+I, the development partner for the Mayfield Development, were taken over by LandSec and this has seen a renewed vigour to progress the first phase of development.

Grant funding had previously been secured to deliver Mayfield Park and this has progressed over the past 12 months with construction now being completed and the park is scheduled to open to the public in September 2022.

We have been working closely with LandSec and our public sector partners, TfGM and LCR, on the commercial agreement for the delivery of phase 1 which will comprise a 581 space multi storey car park, 2 office developments of c75,000 square feet (The Poulton – to be delivered speculatively) and c243,000 square feet (The Republic) as phase 1a and 2 residential blocks as phase 1b. It is anticipated that the car park and The Poulton will be completed and ready for occupation by the end of 2024, with all required enabling works, including works to the London Road junction, also having been completed.

3.14 *First Street and Southern Gateway*

The former Salvation Army site at Wilmot Street, which is earmarked for future development, is being used by Manchester Central Convention Centre under a three year agreement following the reduction in capacity of the service area at the Convention Centre due to the Viadux development being under construction. The use allows vehicles to park whilst waiting for a slot to load/unload for events so the Centre can remain operational.

In the St Georges area, De Trafford's Manchester Gardens continues to progress with completions on the first three phases this year following delays on phases 1 and 2. Negotiations on the fourth and fifth phases are being progressed. Logik Developments hope to commence development on their scheme later this year.

3.15 *St Johns and Water Street*

The redevelopment of the Upper and Lower Campfields markets has progressed and negotiations are continuing with Allie London. Heads of Terms for long leases for the creation of managed workspace have been agreed and we are going through the legal process to complete the Agreement for Lease.

Levelling Up Fund grant of £17.5m has been secured towards the repair and refurbishment works and a soft strip of Upper Campfields has been completed. The Grant Agreement is being progressed alongside the Agreement for Lease to allied London.

Lower Campfields is still let to the Manchester Museum of Science and Industry although a conditional surrender has been agreed to allow the lease to be granted to Allied London and the Museum has completed the decant of the exhibits that were in place.

3.16 *Bridge Street and Parsonage Gardens*

Proposals for the development of Albert Bridge House and the adjacent Council owned surface car park on Bridge Street have been progressed by the new owners of Albert Bridge House, Oval Developments. Discussions have been commenced for the disposal of the Council's interest and designs are at the stage that more meaningful discussions on the detail of a proposal can be progressed. It is anticipated these discussion will be concluded over the next few months with a planning application submitted before the end of 2023.

Terms have been provisionally agreed with Investec for the disposal of a long leasehold interest in the King Street South car park, to the rear of the former Kendalls store and progress is being made to complete the legal documentation to allow this scheme to progress.

Bruntwood have obtained planning consent for the redevelopment of Alberton House adjacent to Albert Bridge House and the team has been involved in the viability assessment as part of the planning/Section 106 process to ensure the Council obtains maximum contributions.

These three developments, together with emerging proposals from Property Alliance Group for Reedham House are anticipated to be brought forward almost simultaneously and will make a real impact on the area and see early implementation of the St Marys Parsonage Strategic Regeneration Framework.

3.17 *Circle Square and Corridor*

Phase 1 and Phase 2 development was completed including the provision of site wide public realm and infrastructure. The final building in the initial tranche of development, No 3 Circle Square, a 220K sq ft building commenced on site scheduled for a 2023 completion. The team will continue to work alongside the developers in relation to the second tranche of development across the site, being the former National Computing Centre building fronting on to Oxford Road.

3.18 *Renaissance*

Negotiations have been concluded with Property Alliance Group (PAG) for the sale of long leasehold interests across the site to enable the refurbishment of

the hotel and development of new office accommodation and a residential block. Development is progressing well and the hotel is scheduled to open in early 2023.

There have been some amendments to the original planning consent with further proposed and the Development team has ensured that these changes have been managed in accordance with the terms of the Agreement for Lease.

3.19 *Heron House*

The last remaining refurbished office space has now been let to The Home Office who have taken circa 19,000 sq.ft on the first and second floors at an annual rent of £26.50 per square foot.

In addition to this circa 11,000 sq.ft of office space on the second floor has been leased to a consortium led by Barclays Bank for the creation of the Manchester Digital Security and Innovation Hub (DISH).

Manchester City Council was awarded £5m grant by Greater Manchester Combined Authority to deliver a Digital Security Innovation Hub. The Digital Security Innovation Hub will be located on the second floor of Heron House, the same building as GCHQ and its new Manchester operation. Funding for this project will include the Category B refurbishment of 10,909 sq ft of space on the second floor of Heron House, Albert Square and ongoing operational costs for the Hub. The grant investment is intended to support both the costs of setting up the Hub (estimated at £2m) and contribute towards its proposed 13-year lease term operation. The remaining £3m will be released on an annual basis on achievement of agreed KPIs/OKRs.

The Hub is a key initiative to support Manchester's ambition to be a top five European digital location. This facility aims to stimulate economic growth and also help make Manchester a trusted and secure place to live, study and work. The overall aim is for the hub to be the focal point and centre of excellence for the city's growing cyber and digital security sector.

The Hub will be a direct collaboration between academia, public sector, industry, start-ups, and SMEs to develop ideas and solutions with real-world application and enhance public and private cyber resilience and digital security. This collaboration should ultimately lead to the development of new capability and technologies which both public sector and industry partners require in order to maintain and enhance their cyber security. There should be a focus on nurturing entrepreneurs and talent within this field to secure the next generation of innovators, critical to economic recovery and future growth. The Hub will incorporate cyber-related activity in its broadest sense, helping to future-proof the city. It will bring together key partners and collaborations already underway in the growing local cyber-ecosystem, encompassing a broad range of related disciplines such as artificial intelligence (AI), machine learning, data science, behavioral science. The city's growing expertise in

areas such as MedTech, EdTech and immersive technologies present further opportunities for collaboration.

The Hub will facilitate several activities:

- A secure place where academia, private sector, voluntary, community organisations, public sector and their partners are supported to network, share ideas, identify issues / threats and responses around digital security, with a view to collaborating with those who implement responses to limit such threats.
- A focal point for the cyber and digital security sector in GM, enabling collaboration and commercialisation of new products and services.
- A base for entrepreneurs, start-ups and SMEs which is optimised for collaboration, with a secure accelerator hub and sustainable programme to help develop and scale new businesses.
- A programme of supported training and events covering sector trends and topical issues, where ideas and activities around digital security can be developed.
- A focal point to promote, develop, and diversify the digital security sector skills and talent pipeline.

3.20 Housing Development and Major Regeneration Projects

3.21 Project 500

The development of a series of smaller surplus sites by partners within the MHPP for affordable housing has progressed significantly. Site allocations and broad commercial terms are in advanced stages with most RPs involved in the process. The disparate nature of the sites and their development constraints has created some delay to going unconditional on the scheme, but officers are looking to take a report to executive shortly to seek approval to the scheme.

3.22 Victoria North

The Joint Venture with FEC to deliver comprehensive neighbourhood level regeneration through the delivery of 15000 new homes and associated commercial, social and infrastructure development has seen significant progress on a number of fronts. The development team has worked with the project team to get to site on the housing infrastructure fund interventions, with a programme of acquisitions, works licences and access arrangements required to support this scheme. Negotiations continue with FEC on Collyhurst development and a series of high density developments towards the City Centre aspect of the scheme.

Officers are working alongside FEC in relation to the wider land assembly and planning strategies to support the delivery of a deliverable development platform to enable the Business Plan area to be brought forward.

3.23 Eastern Gateway

The team worked alongside the Eastern Gateway project team to negotiate a grant funding agreement with Homes England for significant public realm, site assembly and the Ancoats Mobility Hub. A virtual project team was established to drive this opportunity, create and submit a viable business case through HE to DLUHC to support the planned interventions alongside a series of strategies (land assembly, planning, grant recycling) to give government confidence the scheme was deliverable.

Update – the grant agreement has now been signed (c£30M).

A specific project with that was securing vacant possession of the Poland Street Industrial Estate to support the Ancoats Mobility Hub scheme. The team identified a relocation strategy for Adult Services' Aid and Adaptations service from the Industrial Estate to a Council owned facility to provide vacant possession to enable for the delivery of the Ancoats Mobility Hub in line with the project time constraints associated with the wider Back of Ancoats scheme.

Update – works were completed for the relocation facility in July 2022 and the Council has vacant possession of the site.

Downley Drive, Ancoats & Beswick – Heads of terms were agreed with Great Places Housing Association for the disposal of land to enable the delivery of 68 mixed-tenure, low carbon, affordable housing units.

Update – negotiations were successfully concluded in July 2022 with construction works due to commence shortly afterwards.

3.24 Leisure, Sport and Education

3.25 *Etihad Campus*

Working closely with the Sport and Leisure team, a lease was negotiated with the NHS to enable the use of the North Car Park as a Covid-19 testing centre with the rent received being ringfenced to support future outcomes across the Etihad Campus.

Officers worked alongside the professional team from City Football Group and OVG to negotiate and approve the terms for the redevelopment of part of the Collar Site at the campus for the Co-op Live Arena. This involved advising the MCC directors on the board of Eastlands Development Company Limited in relation to the land deal, negotiating terms for the use by the Arena on event days of the car parking facilities across the campus, as well as progressing new campus-wide management estate and event management arrangements

to support the operation of the campus once the new world class events arena has opened.

3.26 *RFL / House of Sport*

The development of the new head office for Rugby Football League Ltd commenced on site, which will deliver office accommodation for 80 FTEs. The office is located at the National Squash Centre, Etihad Campus, where an adjacent project is ongoing to deliver a new House of Sport which will enable Mcr Active to co-locate with a number of regional and national sports governing bodies.

Update – *the RFL office works have been completed with RFL taking occupation in August 2022.*

3.27 *Hyde Road School*

Following the acquisition of the former Showcase Cinema site, the construction of the new Hyde Road School is in advanced stages with completion due in October 2022.

3.28 Capital Receipts

3.29 The Council sold interests in land and building over the financial year 21/22 in the sum of £6.9M. This was below the target for the year (£9M). This variance was primarily a result of not concluding transactions within the time period rather than a reduction in the amount received for assets.

3.30 A number of assets were sold within this period to support the Council's affordable housing objectives. Where the Council disposes of land at less than best price to registered providers to deliver affordable homes, Executive approval is sought to the transaction in accordance with the Council's constitution.

3.31 The Council's capital receipts target for 2022/23 is £9.2M which has had regard to the carry over from FY 21/22 as well as slippage of some schemes from 22/23 to 23/24.

3.32 Investment Estate

3.33 The Council's Investment Estate comprises a wide variety of assets, from reversionary freeholds subject to long industrial leases, actively managed industrial, office and retail units, such as Heron House, Royal Mills and King Street shops to more miscellaneous property such as the residential freehold estate.

3.34 The income billed over 2021/22 was £13.19M and £10.21M was collected. The outstanding debt can be categorised as £1.28M short term aged debtors and £1.7M over 60 days.

The impact of covid on the investment estate debt is being worked through and officers from the development team, alongside colleagues in corporate estate, finance, legal and it's outsourced partners at Jacobs are starting to implement the process of a case-by-case review of debt and the strategy associated with clearing and repayment of these debt, which may include some significant write-down on a sectoral basis.

There are also a number of historic issues with this estate arising from the construction of some of the legal arrangements the Council holds. These include Cathedral Street and Arndale where there is a long running service charge dispute with M&S and Wythenshawe Shopping Centre, where lack of clear and timely information from the tenant causes delay and dispute in determining the rental.

3.35 Jacobs Contract

- 3.36 The Council outsourced a series of property functions via an outsourcing contract to Jacobs in 2008. Jacobs subsequently won the retender for these services and continue to be the Council's provider of property management services, asset valuations, landlord and tenant services. This contract expires in March 2023, with an option to extend up to a further 2yrs.

The contract value is in the region of £1.13M pa inclusive of a £528K bulk property management services contract.

Performance is managed by way of a series of KPIs set out in the contract. These primarily relate to the rental management, void rates, landlord and tenant issues. An annual statement is required in relation to the delivery of social value under the contract.

Update - The contract requires a clear 6 months notice period to extend and an extension notice for a period of 6 months to the end of September 2023 has been served. During the next 6 months the decision will be made as to whether to extend further, retender the services contract or inhouse the service.

3.37 Asset Valuations

- 3.38 The Development Team co-ordinates the provision of financial reporting valuations for the Council's entire land and property portfolio. This includes the operational, non-operational, HRA, surplus and development assets, as well as commercial assets where there is a land and property element. The majority of these valuations are undertaken by the Council's outsourced provider, Jacobs, by a cohort of RICS registered valuers. In addition to this specialist valuers are appointed to provide valuations of non-standard assets, such as roadside, petrol filling stations and plant and machinery.

- 3.39 There has been a renewed scrutiny in respect of the financial reporting of assets and asset values following a series of ongoing public interest reports in relation to (in particular) local authority assets. The 2020/21 asset valuation

was completed, but a series of detailed questions and queries were raised by the Council's external auditors and their experts in respect of a number of assets.

- 3.40 This was resolved, albeit on a protracted timescale with a number of highly technical issues taking a long time to resolve. We are currently undergoing a similar exercise for 21/22 accounts with an added complication of a small number of assets yet to be valued to enable the Council to close its accounts. Officers are working closely with our colleagues in the treasury team to close out these issues and also ensure lessons learned and a more robust approach will be adopted for future years.

4.0 Operational Estate and Facilities Update

- 4.1 The operational estate comprises of the properties used by the Council to deliver services. The Corporate Estate and Facilities Service is responsible for the operational estate strategy, property advice to services, and acts as the Council's corporate landlord. The service is responsible for the management, repair and maintenance of the Council's operational estate and the delivery of Facilities Management services including maintaining statutory compliance, cleaning, security, and both planned and reactive maintenance.
- 4.2 The Council's operational estate portfolio consists of approximately 350 assets across the city, with a total gross internal area of around 344,000 square metres. These range from large offices, national sporting venues such as the Velodrome, and key heritage sites such as Wythenshawe Hall, through to community facilities like libraries, leisure centres, and small pavilions in parks. The Estates Team responsibilities include all operational buildings, unlet land and certain properties of a public nature which are owned by the Council but occupied by other bodies (e.g., the Bridgewater Hall). The Operational Estate excludes schools and housing. The Facilities Management 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.

4.3 Operational Estate Update

- 4.4 The Estates and Facilities Service continues to manage a significant case load, dealing with a wide range of enquiries, projects and initiatives to support Members, community groups, internal Council services and corporate requirements. The updates below provide a flavour of activity delivered since the last Annual Property Report.
- 4.5 The service has continued to drive the development of the new Gorton Hub. This new building in the heart of Gorton will see Primary Care, the Integrated Health and Care Neighbourhood Team, Job Centre Plus, Gorton Library, the Manchester Adult Education Service and One Manchester co-locate in a new integrated public service building. The scheme is overseen by a Partnership Board, which includes all the public services that will occupy the building.

- 4.6 Intensive work from all partners has continued across all workstreams to ensure the building and services are prepared for the opening, including a new Integration Workstream that has focussed on how the services within the Hub will work together to best support the local community. During the last year the building has been under construction and is due to complete in October 2022.
- 4.7 The service is leading the plans for the refurbishment of Hammerstone Road Depot, which will ensure that Hammerstone Road becomes the Council's primary depot. The refurbishment of the site includes replacement of the roof, new mechanical and electrical installations, and the creation of new accommodation in the main shed. The scheme will also remove all the life expired portakabins on site, involve demolition of the poor quality Coca-Cola building, as well as ensuring that the hard standing across the site is fit for purpose. The scheme will enable the rationalisation of the depot estate, with teams moving over from Hooper Street to the newly refurbished Hammerstone Road facility.
- 4.8 The impact of the pandemic has caused a delay to the project, with an initial hold period followed by a period of review with the stakeholders and redesign work. However, the project is now well into the final design stages, with a logistics plan in place to support the operation of the depot during refurbishment. Decant of the main Locomotive Shed is complete, and Biffa, the MCC waste management contractor, is now operating from their new temporary accommodation on the site. Enabling works, including demolition activities, have been taking place throughout the year and start on site for the main works is expected to commence following finalisation of the main contract in October 2022.
- 4.9 The Estates and Facilities Service continue to work closely with both Manchester Health and Care Commissioning (MHCC) and the Manchester Local Care Organisation (MLCO) partnerships to deliver medium- and longer-term estate capacity for their HQ functions. During the pandemic the team worked with MHCC to review their plans for reconfiguration across both Parkway 1 and 3. This included a radical rethink of the purpose of the office for work, and three separate work zones were created to allow collaborative working, individual working and meeting space. They were able to exit Parkway 1 entirely and consolidate all staff into a single site at Parkway 3, reducing their financial commitments and freeing space for other parts of the health system.
- 4.10 Capacity was created in the Town Hall Extension (THX) through the Estates element of the Our Ways of Working programme, and the MLCO HQ functions relocated from Bridgewater House to a dedicated wing on level 4 of the THX. This co-location with the THX based Adults Social Care teams continues to support H&SC integration.
- 4.11 Longer term (post 2024) plans are ongoing to create an integrated H&SC HQ base for the Manchester based parts of the recently formed ICS within the THX. This will facilitate more joined up working across the system and will be planned to coincide with the Old Town Hall reopening.

- 4.12 Rationalisation of our estate is ongoing. Following the successful exit of Universal Square in March 2021 (saving c£210k p.a.), Bridgewater House and Peter House were vacated this financial year reducing pressure on the TH Decant budget by c£1.184m between March 2022 and October 2024. To achieve this we took opportunities created through the Ways of Working programme, in addition to the planned capacity at Alexandra House, enabling Highways, the MLCO and Unite and Unison to be moved into the Town Hall Extension. The Adults MASH, the contact centre element of the MASH and Contact Manchester teams moved across to Alexandra House. This brought all teams under the Customer Service and Transaction organisation together. There was also capacity to move the 'control room' function of Adults established during the pandemic to Alex House. Other rationalisation activity includes relocating the Central Neighbourhoods team into Alexandra House, allowing GLL to use the entire building at Denmark Road; relocating Northwards out of their rented accommodation at their former HQ, Hexagon Tower (saving c£370k p.a.). The housing teams were accommodated in the Town Hall Extension and the Housing Offices in North Manchester.
- 4.13 Ongoing estate rationalisation and optimisation will continue to support the Medium-Term Financial Plan, both in terms of disposing of surplus assets and generating income from surplus capacity within operational buildings. Rationalisation of surplus assets, informed through the SAMP (described in Section 2) will support savings in carbon emissions and running costs, especially in light of the current utilities market, and ICT infrastructure costs.
- 4.14 The Estate Team have continued to support to the VCSE sector through the Community Asset Transfer programme. The team have completed one asset transfer, of Barrington Street Luncheon Club to The Beacon Centre CIO in November last year. The building will become a community hub to deliver health and wellbeing activities, to run a Community Grocery, luncheon club for the elderly, a social cafe and a breakfast club for children, as well as spaces for community hiring.
- 4.15 There are also several other community asset transfers that are currently progressing through the legal process for completion, which include: 115 Briscoe Lane to Yes Manchester CIC, who offer a range of services, including employment opportunities, training, business advice, money advice and voluntary experience to local residents throughout North Manchester; Cheetham Youth Action (AKA Welcome Centre) to be let to the Wai Yen Society, to provide a range of services such as welfare advice, adult education, case outreach, work club provisions, wellbeing activities, volunteering opportunities to Manchester residents; Didsbury Park Sure Start Centre occupied by Didsbury Good Neighbours for the provision of services ranging from older people activities, health and wellbeing events, family and children's provisions to baby massage sessions; Gorton Community Centre occupied by Healthy Me Healthy Communities, a Manchester based social enterprise offering services such as a community grocery, foodbank, cooking and wellbeing workshops, accredited learning and volunteering programme; the former Greenbrow Road Nursery occupied by the Tree of Life group who

offer services including furniture and clothing reuse services, a health and wellbeing programme, café, foodbank, pre-employment support and volunteering scheme; Hulme Community Garden Centre where the group have recently built an eco-building on the site and expanded their café area.

- 4.16 The team continue to work with colleagues in Parks and the Neighbourhood Teams identify properties as well as groups who are suitable for a Community Asset Transfer to better support the local community.
- 4.17 The Estates and Facilities Service is supporting efforts to adopt new ways of working: Through the Our Ways of Working programme, the team focus on inclusion, wellbeing and ease of use in our office spaces within a citywide context of financial and carbon efficiency and connecting staff to our neighbourhoods.
- 4.18 In-person collaboration and connection are critical to building successful teams and achieving positive outcomes. The Estates and Facilities Service have created new shared collaborative workspaces at Longsight District Office, on level 1 of Etrop Court and on the ground floor and level 7 of the Town Hall Extension.
- 4.19 In addition, direct work has been carried out with teams and 12 service areas have had redesigned office space. 1100+ staff now have direct access to broad variety of flexible workspaces. New office layouts for 11 more services areas are currently planned for 2022/23 – over 600 staff – along with more shared spaces including a desk area in the Town Hall Extension allowing for touchdown or focussed working and work with Children’s Services teams at Harpurhey District Office.
- 4.20 Initial feedback from managers and staff on the new office layouts has been broadly positive. A formal feedback process, combined with regular assessments of how offices are being used, is being designed, however by way of example, feedback from a manager at Longsight District Office includes: ““The changes made to the office have been brilliant... when we have had other agencies in people have commented on how smart it looks. Interview Room 1...feels actually welcoming and comfortable when we have families in and takes away some of that power imbalance by being in a relaxed and comfortable environment. People have valued having more flexible places like the break out areas and they get well used... It is good to have a range of options outside the team bay to meet with people and talk.... The wifi and the computer equipment has also been a big positive change...people are really enjoying being able to use different spaces in the office and be more flexible... My impression is that it has improved productivity. When our office got sorted out and done up, it also made staff feel really valued, listened to and I would say more likely to stay with us'”
- 4.21 Alongside these larger initiatives the team have facilitated a number of other priorities for the organisation. This includes work alongside Manchester Adult Education Service and Development colleagues to review future options for Greenheys Adult Learning Centre; the first phase of a significant consolidation

of the Equipment and Adaptations Partnership into a single site at Philips Park Road, enabling the exit of Poland Street for the wider Ancoats Mobility Hub scheme. The second phase will see Tulketh Street and Fulmead also vacated in 2022/23 bringing these teams together at one site; work with the Youth Justice service to acquire a new base in the north of Manchester in Harpurhey, including a light refurbishment to make it fit for purpose.

4.22 The estates team worked with colleagues in libraries and leisure to submit an application to the DLUHC Changing Places fund. This fund was established to support the creation of Changing Places Toilets in existing buildings or facilities and to improve access to leisure facilities for those with severe disabilities. MCC were awarded the full amount requested of £180k on a match funding basis. This will create Changing Places Toilets at six key sites across the City: North City leisure centre and Heaton Park in the North; The People's History Museum and HOME in central; and Wythenshawe Forum and Wythenshawe Park in the south of the city. This will provide critical facilities for those residents in the North and South of the City where the only existing registered facilities in public spaces are at Abraham Moss leisure centre and the airport. People with severe disabilities will have improved access to leisure and library facilities, green open spaces as well as retail and other local amenities. The facilities in the City Centre will improve the accessibility of these two key tourist attractions, and as part of a larger network of city centre CPTs will support access and inclusion to a broader range of Manchester's highly regarded cultural facilities.

4.23 Internally we continue to ensure best value for the Council working with procurement to retender our relocations contract in March 2022 and starting the initial work to retender our furniture supplier contract in January 2023.

4.24 Facilities Management Update

4.25 This year Facilities Management have delivered in the region of 30,000 helpdesk activities, with 97% of reactive repairs completed within agreed timescales. FM continue to ensure building compliance with a comprehensive PPM programme and over 99% of activities completed on schedule.

4.26 As part of the ongoing development of the helpdesk, FM have worked with contractors, large and small, to integrate their business to the helpdesk, which has increased the partners working within the system by 500%. This allows a streamlined approach to sending work requests and gaining real time information updates that benefit the FM team and building users. It also improves financial efficiency, with final year end accounts for these contracts completed in full on the last day of the financial year. FM have started to embed this as a stipulation of service level agreements for any new contracts.

4.27 FM continue to work with partners in Estates and Capital Programmes to help transition construction projects to live operational sites, helping to assist with good operational management that meets building users' expectations of safety, comfort, and secure working environments.

- 4.28 FM support the Zero Carbon Estate Programme as part of the Equans/MCC zero carbon partnership. With capital schemes, FM are helping to identify opportunities, assist contractor deployment and ensure ongoing lifecycle maintenance requirements are effectively managed. FM are developing programmes of maintenance to ensure that component replacements are carbon efficient, helping to meet carbon reduction targets with all available opportunities.
- 4.29 In support of the Zero Carbon Estate Programme FM are working on a smart operations initiative. This includes the development of Microsoft applications that remove previously paper based forms, with the goal of adapting all paper operations into an electronic format. A good example is vehicle inspections, that in the past were recorded manually and required management review for repairs, which has been replaced with the vehicle inspection application. Vehicle users now log the inspections on their mobile device and any repair requirements are automatically emailed to the responsible person, with all records held electronically in real time. FM have rolled this out across many areas and now have applications for key management, locker management, lost property, site visits, site inspections, equipment inspections and safety inspections that log information onto a compliance calendar automatically updating the next inspection due dates.
- 4.30 As part of social value commitments, FM's principal maintenance contractor Equans has provided 755 volunteering hours, 99 hours of school-based support, 76 hours of community support, two energy workshops, five helping hands projects and two charity events. 247 volunteering hours were dedicated along with almost £5000 of materials to help refurbish the Longsight Youth Centre, which supports vulnerable and hard to reach groups. Over £1800 was collected in charity donations that helped to support the local homelessness charity Coffee 4 Craig, which operates every day providing respite from the streets, offering showers, clothing, toiletries, and warm meals.
- 4.31 FM are working on a pilot scheme for smart buildings of the future in partnership with Equans, which is looking at connecting systems and services to cloud-based platforms, allowing automated alarms and remote management of buildings. This work is at an early stage and updates will be available as it progresses.
- 4.32 During the period April 2021 to Jan 2022 FM's principal security contractor Mitie employed 167 officers to successfully deliver 5100 hours of security provision per week across 48 locations. They responded to 2,318 alarm call outs, supported council officers on nine evictions, managed the arrival of four air ambulances to critical incidents and carried out 20,669 visits to inspect premises across the estate.
- 4.33 Working with Mitie over the past year, the service has introduced new processes and service improvements. This includes carrying out a comprehensive review of risk management across the estate to renew all site instructions and refresh officer training to ensure a robust delivery of the council's business continuity processes.

- 4.34 Mitie have completed a programme of electric vehicle rollout, with 100% of the vehicle fleet now electric. They have continued a staff award programme and funded this to the value of £8,000 a year.
- 4.35 This year a project was initiated, the desired outcome to ensure all CCTV (Closed Circuit Television) systems and processes identified within MCC Code of Practice (based upon the Biometric and Surveillance Commissioners 12 Principles) are adhered to. It was agreed that Facilities Management are best positioned to hold management for this function under their Head of Service as the strategic owner. The project will bring all the council CCTV Systems under the management of FM and ensure that the organisation meets the required obligations of systems and process requirements to current best practice and legislation.
- 4.36 Mitie's social value commitment for the year included 623 voluntary hours, these were split across several Manchester charities and priority groups including: Life Share, One Manchester, Royal Manchester Children's Hospice, Community Grocery, Oasis Aspinall School, Manchester Mind, Shelter and Wood Street Mission. Donations of easter eggs, clothing, food, toys, and cash were provided, equating to a total monetary value of approximately £7000. Mitie have also helped with litter collections, removing over 127 bags of litter from our parks.
- 4.37 This year both of FM's principal contractors Equans and Mitie are finalists in the Institute of Workplace and Facilities Management Impact Awards for their social value programmes.

4.38 Asset Management Programme Update

- 4.39 Management of the City's operational estate has developed considerably since the rollout of the corporate landlord model in 2015. The core of the model remains an evidence-based approach, supported by accurate and reliable asset records, to plan how the Council prioritises capital investment to meet statutory, operational, environmental and other core corporate objectives.
- 4.40 The Estates Asset Management Programme includes sixty-nine properties currently in scope for design and works during the year. The budget for this is £13m in 2022/23.
- 4.41 Major projects underway this year as part of the Asset Management Programme include: remediation and refurbishment work at Manchester Art Gallery and Queens Park Gallery; renewing end-of-life plant and other building assets at the Regional Athletics and National Squash Centre; replacement air handling units, and renewal of internal fabric and external drainage at the National Football Museum; replacement of the electrical installation and renewal of the lifts at the Sharp Project; roof replacement work at Heaton Park Farm Centre; internal and external fabric improvements at the Denmark Road

Active Lifestyle Centre; tanking work in the service corridor at the Abraham Moss Complex and end-of-life asset replacement at Chorlton Library.

- 4.42 Other examples of medium and smaller scale projects either in design or underway in the current year include works to: The Place at Platt (roof and fabric works), 103 Princess Street (structural works), Fletcher Moss (The Croft), Heathfields (replacement soffits), Longford Centre (electrical works), Newton House Adult Learning (roof works), Burnage Community Centre (fabric work), and the former Levenshulme Library (heating system).
- 4.43 The programme this year also includes working with Health and Safety in reviewing the annual, statutory fire risk and asbestos reports, and developing a programme of works replacing and updating property assets as required. Thirty five properties are included in the first phase of these works.
- 4.44 The Council is the owner of a significant number of heritage properties in Manchester. These properties generally require a higher level of development and planning before any work commences, and works are generally higher due to a requirement for conservation work. Examples on work underway on heritage properties include Heaton Park Horticultural Centre (rebuilding the perimeter wall), Clayton Hall (CCTV improvements), Debdale Park barn (roof replacement) and Victoria Baths (fire alarm improvement).
- 4.45 The budget for AMP this year has been increased to ensure that backlog maintenance across a range of Early Years settings could be addressed. Thirty-five properties managed by Early Years are included in the programme with essential safety works prioritised in twelve properties in 2022/23.
- 4.46 During the year, the Schools Team have moved from Education Services into Estates. The team of two oversee and support maintenance to the sixty schools that remain in scope for asset replacement work. The team have moved into the Estates and facilities Service to benefit from synergies between the Asset Management and Schools Maintenance Programme and to enable the team to benefit and share experience through being closer to Estates and Capital Programmes. Governance of the programme remains through the Education Service. For information, the Schools programme 2022/23 includes work to fifteen properties at a cost of £5.8m
- 4.47 Zero Carbon Estate Programme Update**
- 4.48 The emissions associated with the Council's operational buildings are reported against in the Buildings & Energy section of the Climate Change Action Plan 2020-25 (CCAP 2020-25). The CCAP 2020-25 requires carbon emissions from the Council's buildings to reduce by a minimum of 4,800 tCO₂ per annum by April 2025. For context, the target of 4,800 tCO₂ is approximately equivalent to the combined total annual emissions of the Town Hall Extension, Manchester Aquatic Centre and Manchester Art Gallery combined.
- 4.49 A Zero Carbon Estate Programme has been established to oversee the delivery of a wide range of energy efficiency and low carbon energy

generation measures throughout the estate. A team consisting of a full time Programme Manager and Project Manager has been established within the Estates Team to support client-side project development and delivery. A core delivery team within Capital Programmes has also been established consisting of a Senior Project Manager, Quantity Surveyor and Technical Lead.

- 4.50 The Zero Carbon Estate Programme is being delivered in several different phases. The first phase of works was developed on a spend to save basis and funded with MCC Capital Funding. In total £6.6m of carbon reduction works were identified, with a forecast carbon saving of circa 1,400 tCO₂ per annum and a payback period in the region of 10 years. Delivery of this initial phase of works was delayed slightly by the first COVID-19 lockdown but works are now largely complete.
- 4.51 The programme focused on Leisure Centres, as they are some of our most energy intensive buildings, and eight were upgraded with energy conservation measures as part of the Zero Carbon Estate Programme: Wythenshawe Forum; East Manchester Leisure Centre; Hough End Leisure Centre; Arcadia Sports Centre; Moss Side Leisure Centre; North City Family and Fitness Centre; Belle Vue Sports Centre; and Manchester Tennis and Football Centre. The improvements cover a range of measures such as upgrading to LED lighting, improving lighting controls, upgrading Building Management Systems, and installing variable speed drives, as well as solar panel installations at seven of the sites, and an energy efficient combined heat and power plant at the Wythenshawe Forum. In addition to the leisure estate, the lighting in the Town Hall Extension, our largest building, was upgraded to LED, and new controls installed. The large buildings at the Space Project and Sharp Project are also being improved, the former with a large solar panel installation, the later with solar panels, LED lighting and a new building management system. Throughout this phase of work, 2.5MW of renewable energy generation capacity was installed, and 9,000 LED light fittings were installed.
- 4.52 The second phase of the Zero Carbon Estate Programme is a project called the Unlocking Clean Energy In Greater Manchester (UCEGM) Project. This is a consortium of partners including Energy Systems Catapult and five Greater Manchester local authorities - Manchester, Rochdale, Salford, Stockport, and Wigan. The project has two key parts, first the installation of renewable generation assets partly funded by the European Regional Development Fund grant, and second, the development of new business models to promote self-consumption of energy by the Local Authorities. The aim of these business models is to improve the business case for renewable energy generation projects by improving the value of energy generated, lowering the cost of energy supply and reducing the carbon intensity of electricity in the local area.
- 4.53 Through its participation in this project, the Council successfully attracted over £1.2 million of European Regional Development Fund which is being matched to the Council's capital investment to deliver renewable generation assets. A proposal has recently been submitted to the fund administrator to deliver Solar Car Ports at the National Cycling Centre, if approved this work is anticipated to complete by June 2023.

- 4.54 The third phase of the Zero Carbon Estate Programme was a bid to the Public Sector Decarbonisation Scheme 01 (PSDS). This scheme is run by the Department for Business, Energy and Industrial Strategy (BEIS) and administered by Salix. The PSDS provides capital grant funding for energy efficiency and heat decarbonisation projects in non-domestic public sector buildings.
- 4.55 Working with partners in the Greater Manchester Combined Authority, MCC successfully secured £19.67m of funding from Phase 1 of the PSDS to invest in a range of heat decarbonisation, energy efficiency and generation projects. The funding was approved in March 2021. Projects across 11 buildings completed in June 2022 and are expected to save 1,700 tCO2 per annum. The buildings included in this phase of work are summarised in the table below. Again, Leisure Centres were a key part of the bid as they are some of the council's most energy intensive buildings. The technologies included in this phase of work include Air Source or Ground Source Heat Pumps, solar panels, and battery storage systems.

PSDS Phase 1 Buildings	Forecast tCO2 Saving PA
Arcadia Leisure Centre	58
East Manchester Leisure Centre	119
Hough End Leisure Centre	80
Moss Side Leisure Centre	55
North City Leisure Centre	182
Space Studios	33
Sharp Project	53
Town Hall Extension	-
Wythenshawe Forum	188
Manchester Aquatic Centre	505
National Cycling Centre	354
Zion Arts Centre	79

- 4.56 In April 2022 the Authority received confirmation it had been successful in its bid for further PSDS funding. The bid was for c£4.47m of grant funding, with MCC match funding of c£1.43m, for a total scheme of c£5.9m. The bid included heat decarbonisation, energy efficiency and low carbon energy generation for eight buildings, including Arbetha (MCDA), National Football Museum, Harpurhey District Office, Denmark Road Active Lifestyles Centre, Claremont Resource Centre, Didsbury Library, Hall Lane Resource Centre, and The Place at Platt Lane (Library). The total carbon saving associated with the bid was 680 tCO2 a year. These projects are in flight and working to a very tight deadline of March 2023 for completion.
- 4.57 The Zero Carbon Estate Programme is a long-term investment and commitment to improve the performance of our buildings. Work is ongoing to develop and commission a pipeline of new projects, examples of which are described below.
- 4.58 A study is already underway exploring the feasibility of installing a roof mounted Solar PV system on the BMX section of the National Cycling

Centre. If feasible, this could see a 600 kWp system installed, saving circa 100 tCO₂ per annum.

- 4.59 A feasibility study has been completed to install LED lighting at the Bridgewater Hall, with an expected carbon saving of around 179 tCO₂ a year. Further proposals are in development to upgrade lighting to LED at Central Library and Etrop Court. Officers are developing a rolling programme of LED light replacements in our smaller buildings, to be delivered by our Facilities Management maintenance provider, Equans.
- 4.60 A programme of work is being developed to expand and improve the use of Building Management Systems across the estate. A building management system (BMS) is a computer-based control system that controls and monitors a building's mechanical and electrical equipment such as ventilation, lighting and power systems. Systems linked to a BMS typically represent 40% of a building's energy usage; if lighting is included, this number approaches to 70%. Therefore, BMS systems are a critical component to managing energy demand.
- 4.61 To date the Zero Carbon Estate Programme has focused largely on the most energy intensive and largest buildings in the estate, to achieve the maximum carbon reduction benefit in the shortest time. So far, in total c.3,100 tCO₂ reduction per annum has been achieved. However, most of the estate (in terms of quantity) is made up of a high volume of smaller buildings in the community. Work is underway with the Council's maintenance contractor, Equans, to commission a programme of energy audits across the whole estate. This data is expected to inform the long-term strategy for investment, the total scale of opportunity and key challenges.
- 4.62 The Zero Carbon Estate Programme is fully embedded into the MCC Climate Change Action Plan 20-25, forming part of the Buildings and Energy workstream. The Programme reports into the Zero Carbon Coordination Group, and activity from the Programme will be a key part of the Climate Change Action Plan Annual Report, due to be presented to the Environment and Climate Change Scrutiny Committee in September.
- 4.63 The programme will continue to work with colleagues and partners to identify and take advantage of any external funding opportunities that may emerge. Experience to date is that very little notice of funding opportunities and eligibility criteria is provided, application windows are very short and deadlines for the delivery of works are hard to achieve. However, these opportunities are seen as particularly important to enable the Authority to accelerate plans to decarbonise heat which accounts for roughly half of all building emissions.
- 4.64 Systems and Records Update (CPAD)**
- 4.65 CPAD is the Council Property Asset Database, the system that holds property data and delivers the FM helpdesk. The contract with Concerto for support and provision of the CPAD system was renewed on 1st January 2022 for 5 years,

with the option to renew annually from years 5 to 10. This provides the security of maintaining an existing system for at least another 5 years, alongside the option to explore other alternatives after that time.

- 4.66 A report on the ownership of assets at a ward level is included on the agenda for the Committee today, and this report sets out how CPAD can support Members with information on asset ownership within their wards, including a demonstration of the system.
- 4.67 The CPAD Team have been focussing on system improvements and data quality in the last 12 months. The new user interface was rolled out successfully and has improved system functionality when remote working on smaller devices. Work is underway to review site categorisations to fit better with current reporting requirements, as well as supporting the Strategic Asset Management Plan. The Team is also working closely with colleagues in Health and Safety to set up built in Fire Risk Assessment and Asbestos modules to better manage how we record and report on this data in the future. The team have implemented 'supplier portals' for Grounds Maintenance and Window Cleaning activity, allowing contractors to be sent and fully manage work orders through the CPAD system.
- 4.68 The team continues to produce site boundary plans for the operational estate and have also been working with Salford City Council to develop their Case Management module, which will allow them to manage all of their property case work through the Concerto system in the same way as MCC do.
- 4.69 The Records Team have been involved with several key projects, providing detailed ownership checks for Wythenshawe Town Centre, and also for two potential housing development projects: Wadeford Close Development Project and This City Phase 2. The team have also provided detailed ownership information for 340 water course sites which have been identified as potential flood risk sites across the city.
- 4.70 The work above 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 21/22, the Records Team added 1068 additional transactions to CPAD, 960 additional sites; completed 5031 site histories; and answered 1266 enquiries. The team continue to provide services to other departments and members of the public with a range of enquiries.
- 4.71 Town Hall Project update**
- 4.72 Corporate Estates and Facilities continue to support the OTH Project with two of its project managers working as part of the core client team. The delivery of the restoration programme is now well advanced, and construction is at its midpoint. The management contractor, Lendlease, continues to experience programme challenges associated with carrying out building work in a Grade I listed national landmark building. As more and more of the Town Hall is uncovered there are discoveries made that require a step change in progress

and rethinks of method and sometimes design. Significant progress has been made in the last twelve month with a number of large-scale construction interventions in the fabric of the building completed. These include five new lift cores, removal of the old kitchen and the creation of space for a new commercial production kitchen immediately next to the Great Hall. Structural works to the lower ground floor are complete in readiness for the mechanical and electrical instillation to begin. Work to fabric and finishes of the building is also in full flow with new plaster going onto walls at a rapid rate progressively moving up the building floor by floor. This is in preparation for the decorations package to start work. Outside the building the scaffold now encompasses the Town Hall in its entirety including over the roof which is soon to be removed.

- 4.73 Progressing alongside the construction programme is the preparation for practical completion and the city being handed back the building. All the stakeholders who will be occupying the Town Hall in the future have been to site and had the opportunity to review the space they will occupy in the last twelve months. There has been ongoing and regular dialogue between the project and future users of the building as part of the 'soft landings' process. Planning is currently taking place to establish the strategy for the building operating model and the likely cost implications of what this will be when the Town Hall moves into business-as-usual state. Manchester has made a considerable investment in this landmark building and plans are taking place to ensure that this is protected. The building when it returns, although may look similar from the outside, will have been totally renewed inside.
- 4.74 A full update on the Our Town Hall Project is due to be presented to the committee in October.

5.0 Recommendations

- 5.1 This report sets out an update on property activity since the last Annual Property Report in May 2021. The work of the property teams makes a critical contribution to delivering the Our Manchester Strategy by driving growth, and directly supports the Corporate Plan by enabling service Directorates to achieve their priorities, ensuring the effective management of the estate to support a well-run Council, and reducing carbon emissions.
- 5.2 The Committee is recommended note and comment on progress to date as set out in the report.