

## **Manchester City Council Report for Resolution**

**Report to:** The Executive – 13 December 2023

**Subject:** Victoria North Development Area Business Plan 2: Dantzic Street Plots

**Report of:** Strategic Director (Growth and Development)

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### **Summary**

The report provides a high-level summary of the second Development Area Business Plan for the Victoria North programme, which is being taken forward by the City Council operating in a Joint Venture Partnership with Far East Consortium (FEC).

The Business Plan relates to the delivery of 1,551 new homes on a number of development plots on land immediately adjacent to Dantzic Street in the New Town neighbourhood of Cheetham Ward. This follows on from the recent refresh of the Joint Venture's Strategic Business Plan, as originally approved by the Executive in February 2020, and the Initial Development Area Business Plan for the first 988 homes, which was reported at the same meeting.

The report also updates the Executive on the current position with regards to the Housing Infrastructure Fund (HIF) grant allocation of £51.6m that has been provided to the City Council by Homes England for the delivery of core infrastructure works which will unlock a development platform for up to 5,500 homes in the New Town and Red Bank neighbourhoods in Cheetham Ward. Details are provided on the updated programme and delivery arrangements relating to HIF, including the intention to enter into a Deed of Variation to the original Grant Determination Agreement with Homes England, which reflects necessary adjustments to the original scope of works and timetable agreed.

### **Recommendations**

The Executive is recommended to:

1. Note the summarised content of the second Development Area Business Plan which will focus on the delivery of 1,551 homes at Dantzic Street and delegate authority to the Chief Executive in consultation with the Deputy Leader and the Executive Member for Housing & Development to approve the detailed Development Area Business Plan in conjunction with FEC.
2. Delegate authority to the Strategic Director (Growth and Development) and the Deputy Chief Executive and City Treasurer to finalise terms for the disposal of the Council's land interests within the Development Area Business Plan and to agree any adjustments to the Joint Venture partnership documentation that helps secure the Council's objectives and facilitates the delivery of the Development Area Business Plan.

3. Note the historically complex nature of land interests acquired by FEC and that a separate report on the agenda sets out a proposal to use Compulsory Purchase Powers to ensure the delivery of the Development Area Business Plan.
4. Note that Council Officers are currently negotiating with Homes England to secure some adjustments to the approved Housing Infrastructure Fund grant funded programme which will facilitate delivery of the Development Area Business Plan and delegate authority to the Strategic Director (Growth and Development) and Deputy Chief Executive and City Treasurer to finalise the terms of a Deed of Variation to the existing Grant Determination Agreement to reflect agreed adjustments.
5. Authorise the City Solicitor to enter into and complete all necessary documents to give effect to the recommendations set out in this report.

**Wards Affected:** Cheetham

<p><b>Environmental Impact Assessment</b> - the impact of the issues addressed in this report on achieving the zero-carbon target for the city</p>	<p>The Northern Gateway (now Victoria North) Strategic Regeneration Framework established clear low-carbon principles in recognition that future development within the area will need to respond to the City Council’s zero-carbon target and will be expected to move towards this aspiration through the active utilisation and deployment of leading building technologies.</p> <p>The planning of Victoria North has been actively developed to facilitate the radical change in the current patterns of energy generation, distribution and use. New developments will incorporate a range of sustainability measures including SuDS, biodiversity net gain, reuse of brownfield land, improvements to green and blue infrastructure, and active travel.</p>
<p><b>Equality, Diversity and Inclusion</b> - the impact of the issues addressed in this report in meeting our Public Sector Equality Duty and broader equality commitments</p>	<p>An inclusive, accessible, and diverse engagement process has been developed to inform the Master Planning process for future development.</p> <p>The future development of the Victoria North neighbourhoods is capable of providing significant new residential space and associated commercial</p>

	<p>space and community infrastructure, creating jobs and opportunities open for all residents. As set out in the SRF, the site would be made highly permeable, connecting neighbouring streets and communities with high quality and fully accessible open spaces and public realm. Any future phases of development proposals would be considered through future planning applications with full public consultations. It is considered at this stage that the proposals do not impact any protected or disadvantaged groups.</p>
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<b>Our Manchester Strategy outcomes</b>	<b>Contribution to the Strategy</b>
A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities	The Victoria North initiative will expand the City Centre in a northern direction establishing sustainable mixed-use neighbourhoods including new jobs and employment opportunities.
A highly skilled city: world class and home grown talent sustaining the city's economic success	The Victoria North initiative will provide direct employment opportunities and also meet the demand for housing from residents who wish to live close to the skilled employment opportunities located in and around the Regional Centre.
A progressive and equitable city: making a positive contribution by unlocking the potential of our communities	Development of the Victoria North area offers the potential to deliver on the objectives of the Manchester Housing Strategy and meet the growing demand for high quality new housing in the city.
A liveable and low carbon city: a destination of choice to live, visit, work	The Victoria North development opportunities will support the delivery of new residential developments using state of the art technologies and low carbon construction methods.
A connected city: world class infrastructure and connectivity to drive growth	The master-planning of new neighbourhoods within Victoria North will include traffic and transport planning, ensuring that various modes of transport (car, bus, rail, Metrolink, cycling, and walking) are provided for. Active travel and public transport routes will be prioritised as the dominant means for residents to travel to the City Centre and connect to adjacent neighbourhoods and the wider conurbation.

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

- Equal Opportunities Policy
- Risk Management
- Legal Considerations

### **Financial Consequences – Revenue**

None

### **Financial Consequences – Capital**

None directly at this stage. The Executive has previously approved an increase to the Capital Budget to reflect the £51.6m HIF grant award. The update set out in this report reflect amendments to the scope of works and timing of expenditure that have been negotiated with Homes England.

The Council has land ownership within the DABP2 area, which will be disposed of in accordance with the existing legal agreements with FEC. Any land receipts generated will be ring-fenced to the Victoria North initiative in line with the Capital Budget Strategy agreed for the programme.

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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.

### **Council Reports**

- Victoria North – Strategic Business Plan Refresh, Economy & Regeneration Scrutiny Committee, 16 October 2023
- Northern Gateway Progress Update Report, Economy Scrutiny Committee, 22 July 2021
- Northern Gateway: Progress Update & Delivery Arrangements for Collyhurst Phase 1, Executive 17 February 2021
- Northern Gateway: Progress Update and Housing Infrastructure Fund, Executive, 29 July 2020
- Northern Gateway Strategic Business Plan and First Phase Development Area, Economy Scrutiny Committee 6 February 2020, Executive 12 February 2020
- Northern Gateway: Implementation and Delivery, Executive, 13 February 2019
- Northern Gateway Strategic Regeneration Framework, Executive, 13 February 2019

## 1.0 Introduction

- 1.1 Victoria North (formerly known as Northern Gateway) comprises approximately 155 hectares of brownfield and under-utilised land extending in a north-eastern arc from Victoria Station on the edge of the city centre as far north of Queen's Road.
- 1.2 The area provides the opportunity to deliver residential-led regeneration at scale, with ambitions for 15,000 new homes providing the single greatest contribution to Greater Manchester's housing targets and those of the City's Housing Strategy, over the next 10 – 15 years.
- 1.3 The regeneration initiative is being driven and coordinated via a 50/50 Joint Venture (JV) partnership between the Council and Far East Consortium (FEC), which was formally established in 2017.
- 1.4 Since this point, JV progress has been made as follows:
  - Autumn of 2018 – An extensive public consultation exercise was undertaken on the development of a Master Plan in the form of a new Strategic Regeneration Framework (SRF) for the area.
  - February 2019 – The Executive formally approved the SRF that emerged through this process, designed to guide and co-ordinate the regeneration of 7 new or revitalised neighbourhoods.
  - February 2020 - The Executive approved the Strategic Business Plan for Victoria North, which established the parameters and approach that would be taken to deliver the shared ambition of the JV.
  - February 2020 – at the same meeting the Executive agreed the content of the JV's Initial Development Area Business Plan based upon the provision of 988 new homes within the neighbourhoods of Collyhurst (274), New Cross (80) and New Town (634). Authority was delegated to the Chief Executive in consultation with the Leader, Deputy Leader and the Executive Member for Finance and HR to approve the detailed Initial Development Area Business Plan.
  - July 2020 – The Executive approved the details of the £51.6m Housing Infrastructure Fund grant that the JV had successfully bid for and delegated authority to senior officers to finalise terms with Homes England to secure this resource, which is being invested in a series of core infrastructure works, which will help unlock up to 5,500 new homes in the Red Bank and New Town neighbourhoods over the next 10 – 15 years.
  - March 2021 – the Executive approved the details and budget for the delivery of Collyhurst Phase 1, which will deliver 130 new Council homes within the overall scheme of 274 new homes.
- 1.5 The Economy and Regeneration Scrutiny Committee meeting of October 2023 endorsed the JV's refreshed Strategic Business Plan, which provided an update on progress and re-committed the focus on neighbourhood led regeneration in New Town, Red Bank and Collyhurst.

1.6 Following the refresh of the Strategic Business Plan, FEC have now brought forward the next formal Development Area Business Plan in line with the governance arrangements established at the outset of the partnership.

## **2.0 Development Area 2 Business Plan**

2.1 The Development Area 2 Business Plan (DABP2) is focussed on the lower New Town neighbourhood of the Victoria North Strategic Regeneration Framework area. New Town is located in the Lower Irk Valley and is part of Cheetham Ward.

2.2 The entire Development Area site extends to circa 7 acres and is bounded by Dantzic Street, Dalton Street and the Trans-Pennine Rail / Metrolink Viaduct. The Development Area is immediately adjacent to the Victoria Riverside development scheme being delivered by FEC as part of the Initial Development Area Business Plan (634 apartments and town houses, including 128 homes for Affordable Shared Ownership / Rent to Buy).

2.3 The Development Area is made up of brownfield land that bears the legacy of previous industrial uses from the Victorian period – including a foundry, a rubber works and a tripe works. Post industrial decline resulted in the Development Area being characterised by fragmented land ownership and under- utilised and semi derelict land.

### **Land Assembly**

2.4 Other than a small parcel of land for which the Council has freehold ownership, FEC have acquired the freehold or long-leasehold ownership of the majority of land that the Development Area will utilise. This has been made possible through negotiation with landowners where they have been identified.

2.5 There are a number of parcels of land, however, that are either unregistered, with no known legal owner, or where FEC have only been able to register “possessory title” meaning that there is insufficient documentation to register absolute title. Without contact information available for the unregistered parcels of land, FEC have been unable to identify or contact owners to acquire the land through negotiation. This presents a risk to the delivery of the scheme covered by the DABP2 and the proposed approach to mitigate against this risk forms the basis of the next section of this report. A separate report setting out the case for a Compulsory Purchase Order is included elsewhere on the Executive agenda.

### **Planning Status**

2.6 FEC submitted a Detailed Planning Application for the Development Area which was considered at the Council’s Planning and Highways Committee on 31<sup>st</sup> August 2023. The application comprised: -

- 1,551 apartments across 6 buildings ranging in height from 6 to 37 storeys, providing a mix of 1 (41%), 2 (54%) and 3 (5%) bed apartments;

- Ground floor flexible commercial units (use class E);
- A stand-alone clubhouse building providing residential amenity and commercial space;
- Associated car parking, cycle and refuse storage, landscaping, and public realm.

2.7 The application currently has a Mindful to Approve status, subject to the formal agreement of a number of planning conditions and a Section 106 Agreement.

### **Place-making and Public Realm**

2.8 The proposals for the scheme provide the first phase of the concept of “wild urbanism”: a vision of merging nature and city life, bringing the Irk Valley into the city and bringing urban elements into the Valley. The design of the streetscape and residential courtyards embraces this vision through the application of biophilic design principles, reinforcing connections between communities, the built environment and urban nature.

2.9 The scheme will see the introduction of “launch pads” which represent a new street typology that seeks to activate spaces within the public realm through commercial, recreational and/or ecological uses. Dantzic Street will be upgraded as part of the project, giving this key street a strong identity, which uses natural stone paving and high quality street furniture along the active commercial edge. Separated cycle lanes will create a safe active travel corridor and disabled parking bays and loading bays will be systematically located along the street where required.

### **Sustainability**

2.10 The scheme includes 100% cycle parking provision plus an additional 86 spaces for visitors. Given the highly sustainable location, a relatively low level of car parking provision of 10% will be provided (156 spaces) both on and off site with some additional provision for visitors and servicing.

2.11 The buildings have been designed with energy efficiency measures including a ‘fabric first approach’ and high-efficiency, low-carbon and renewable technologies (including Air Source Heat Pumps and Solar Photovoltaics). The proposals include SuDS as well as green and brown roofs. The scheme is proposed to achieve a carbon emission reduction of around 70% over Part L Building Regulations 2010 which is in excess of the 15% improvements required by the council’s planning policy.

### **Affordable Housing**

2.12 Proposals in relation to affordable housing, place-making and sustainability need to be carefully balanced to achieve the objectives of the JV whilst maintaining overall project viability. FEC are committed to delivering affordable homes across all of the neighbourhoods as evidenced by the quantum



currently being delivered through the Initial Development Area Business Plan where 26% of the 988 new homes meet the affordable housing definition.

- 2.13 An affordable housing contribution of 5% has been secured through the formal Planning process. FEC will, however, seek to utilise the existing Registered Provider (RP) panel of Great Places, L&Q, and Guinness Trust, which it previously procured for Victoria Riverside. As with Victoria Riverside where 20% affordable housing is being provided on-site, FEC will work with their appointed panel of RPs to increase affordable housing delivery in excess of the 5% secured at planning. FEC will work with their panel of RPs with the aim to increase affordable housing to deliver a 20% provision outside of the confines of the s106 which will allow access to grant funding from Homes England. It should be noted that Homes England now require that any schemes accessing Affordable Housing Programme funding are the subject of a 999-year development lease. Such requirements will need to be factored into the terms of leases entered into by the City Council relating to this Development Area Business Plan. Further consideration will need to be given to the terms of the Joint Venture Partnership documentation to reflect such requirements and ensure the delivery of the Council's objectives and the second Development Area Business Plan.

### **Progress Reporting**

- 2.14 In their role as Development Manager for the Victoria North Joint Venture, FEC will provide regular progress updates to the JV Board which meets on a quarterly basis. The Council is represented on the Board through the Executive Member for Housing and Development; the Deputy Chief Executive and City Treasurer; and the Strategic Director (Growth and Development).

### **3.0 Housing Infrastructure Fund (HIF)**

- 3.1 In March 2019 the Executive delegated authority to the Deputy Chief Executive and City Treasurer and the Strategic Director (Growth and Development) to finalise and submit an application and detailed Business Case to Government seeking £51.6m of HIF funding for the Northern Gateway initiative to unlock circa 5,500 new homes in the Lower Irk Valley.
- 3.2 The success of this funding bid was announced by Government as part of the March 2020 Budget, and subsequent approval was granted by Executive in July 2020 to enter into a Grant Determination Agreement (GDA) with Homes England. Delegated authority was granted to finalise the terms and complete all of the necessary documentation.
- 3.3 The HIF grant was secured to support with the delivery of a broad package of infrastructure works designed to create a development platform capable of delivering circa 5,500 new homes across the neighbourhood to be known as Red Bank.
- 3.4 Planning applications were approved in December 2021 (enabling works package) and in July 2022 (main works package). The core package of

infrastructure works as originally envisaged includes bulk earthworks and remediation required to: repurpose the former Red Bank carriage sidings site – a 25-acre brownfield site; the acquisition and demolition of the former Creamline Dairies site; creation of a new access road; new and reinforced utility networks for electricity; flood mitigation works; and improvements to St Catherine's Wood and the banks of the River Irk, which will form the first phase of the City River Park.

- 3.5 The GDA provides for HIF grant being claimed in arrears, subject to the Council meeting a series of performance milestones and ultimately ensuring the delivery of 5,500 new homes on the development platform that is enabled by the infrastructure works undertaken. The GDA reflects an end date for eligible works and expenditure of 31st March 2024.
- 3.6 Since the commencement of the HIF programme the following works have been completed:
- Completion of ground investigations, including the River Irk ground investigations.
  - Completion of the enabling works including tree and vegetation clearance and removal of relic structures and legacy railway infrastructure.
  - Acquisition and demolition of Creamline Dairies to create a new access point onto the Red Bank Plateau, and the creation of a temporary haul road.
  - Clearance of the former Gypsy and Traveller site within the HIF red line boundary, and contiguous to the HIF infrastructure works planning boundary.
  - Progress against the discharge of pre-commencement conditions related to both planning applications.
- 3.7 As with many current construction projects, the programme has experienced a number of delays and impacts from the pandemic, cost inflation and labour and supply chain instability as well as previously unidentified contamination being found onsite. In addition, the Council and appointed contractors will be unable to prosecute in-channel flood resilience measures as originally envisaged within the project programme. This will result in on-plot solutions being required that will materially increase project delivery costs for residential development schemes as they come forward in the future.
- 3.8 As a consequence of these unforeseen issues, the Council has been in a position of General Default against the terms of the GDA. The intention is that, subject to Homes England approval, a variation to the GDA will be entered into, including a new cashflow, and extended programme milestone events and end date for eligible expenditure. Homes England have confirmed their in-principle approval of variations sought by the Council and Homes England have instructed Solicitors to draft a Deed of Variation to the GDA.
- 3.9 The varied GDA will respond to a revised delivery programme. Deliverable elements of the HIF planning applications have been identified and prioritised, to ensure that the objective of facilitating and achieving tangible housing outputs

are prioritised with the remaining funding. The revised programme can be summarised as follows:

- A reduced scope of works to be delivered on Red Bank Plateau, focused on remediation / earthworks on a phased basis, dealing with contamination identified and creating the development platform for subsequent residential development; and the creation of a new highway access via Red Bank (street).
- A package of utility works to bring electrical power down from the Queen's Road Primary Substation to serve Dantzig Street plots and to provide a U tube connection across the River Irk that will provide the means of energising a number of development plots on the western side of the river.
- New "substitute" scope items relating to an Enabling Works package for development plots covered by DABP2 to the south of the River Irk. Due to challenges associated with the industrial legacy of the Red Bank Plateau area, a build-out along this side of the river following on from the Victoria Riverside scheme would be more logical. Therefore, a package of enabling works have been set out which can be instructed utilising the provisional sum / unallocated HIF balances remaining as a result of the scope amendments. These works comprise:
  - Demolition of existing structures including the 'Love Factory' warehouse.
  - Earthworks; Inclusive of cut and fill, removal of contaminated materials, vegetation clearance and invasive species treatment and remediation.
  - Installation of retaining structures to third party land (Network rail).
  - Diversion of existing Gas Main.
  - Works to provide perimeter access/ access route in flood for riverside development plots.

3.10 Discussions regarding scope refinement are ongoing, with some detailed costing and programming on NT02-04 still to be finalised as well as the Deed of Variation to the existing build contract. Once this is completed, a more accurate cost position will be available which will allow the possibility of additional packages of work to be included.

#### **4.0 Concluding Remarks**

4.1 Proposals set out in this report provide the means for the continued redevelopment of the New Town neighbourhood in Victoria North, increasing the momentum of this nationally significant regeneration programme, creating much needed new housing in a sustainable location at the northern edge of the city and revitalising a neighbourhood that has suffered the effects of deindustrialisation and long-term decline.

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

5.1 Please see the front of the report.

## **6.0 Key Policies and Considerations**

6.1 Please see the front of the report

## **7.0 Risk Management**

7.1 The Victoria North programme will continue to be progressed in accordance with existing internal governance arrangements and within the legal framework of the Victoria North Joint Venture. HIF funded activity is being risk managed on an ongoing basis by the Capital Projects Team and the externally appointed Programme Management, Cost Consultancy and Quality Assurance teams.

## **8.0 Legal Considerations**

8.1 Legal Services work closely with the project team to provide legal advice on all aspects of the Victoria North Initiative. Legal Services will continue to support and advise the team on all aspects of this project to facilitate delivery and ensure compliance with all relevant legislation, regulations and contractual terms.