

Manchester City Council Report for Information

Report to: Resources and Governance Scrutiny Committee – 5 November 2019

Subject: The Factory, St John's

Report of: Strategic Director, Growth and Development

Summary

The purpose of this report is to update Members on the construction progress for The Factory project, its significance in terms of cultural impact within the neighbourhood; the evaluation of Manchester International Festival 2019; and the projected social value outcomes identified to be delivered collaboratively through the design team, contractors and the operator.

Recommendations

1. Note progress with the construction phase of The Factory;
 2. Note progress in the construction elements of social value commitments.
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Wards Affected: Deansgate

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

Whilst it is acknowledged that large performance spaces necessitate significant energy draw, the Factory has the flexibility and ability to section off or close down areas of the building together with the ability to flex the conditioning and cooling systems to suit lower occupancy or use.

Through a range of measures, it is predicted a 15% carbon emissions reduction compared with Part L Building Regulations 2010 corresponding to 6% CO₂ reductions over Part L Building Regulations 2013. BREEAM Very Good environmental rating is targeted.

Passive design options have been prioritised in order to reduce the heating and cooling demand in the building by including: -

- A well thermally insulated envelope with a low thermal transmittance for solid and glazed elements.
- Uncontrolled infiltrations will be reduced and air tightness improved beyond the minimum required for Building Regulations.
- High performance glazing with low solar transmittance values are specified to reduce the solar gain and therefore the cooling loads.
- Thermal mass from exposed soffits will reduce the peak temperatures and demand on the services.

Active measures will ensure the services will be highly energy efficient:-

- The services are zoned and designed to respond to need and occupancy.
- The air handling units (AHU) will be able to provide outdoor fresh air (free cooling) when environmental conditions are suitable in order to save energy.
- Thermal wheel heat recovery will be provided in the AHU's to recover heat from the building.
- Variable speed drives are provided to all fans and pumps to optimise energy use.
- Energy efficient heat and cooling generators.
- Where appropriate highly efficient light fittings are provided throughout the building.
- Automatic lighting controls are included where appropriate to ensure artificial lighting is used only when needed.
- Building Management System (BMS) with automatic monitoring and targeting software which communicates meaningful energy information from all building energy meters to allow for building energy optimisation

Manchester Strategy outcomes	Summary of how this report aligns to the OMS
A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities	<p>The Factory will accelerate economic growth in the region by playing an integral part in helping Manchester and the North of England enhance and diversify its cultural infrastructure by attracting clusters of related creative industry activities and enhance the visitor economy.</p> <p>Enterprise City and the creation of a Tech Hub is an integral element of St. John's creating a new cluster of innovative city centre workspaces that support the growth of the City's economy.</p>

<p>A highly skilled city: world class and home grown talent sustaining the city's economic success</p>	<p>The Factory will make a direct contribution to the growth of creative industries, improve talent retention in the North, and reduce the dependency on London as the provider of creative industries training and employment. New direct jobs to run and operate the venue will also be created. Factory is expected to support up to 1,541 FTE jobs after year 10 and a present value of GVA over the assessment period of £867 million. Once deadweight, displacement and multipliers have been considered the combined net additional employment impacts are expected to increase to 1,996 FTE and GVA is expected to increase to £1,179 million over the assessment period.</p> <p>The Factory has levered £85.05M of Exchequer and Lottery investment into Manchester.</p> <p>The Factory is leading on a consortium approach to training and skills, developing partnerships with the city's Cultural, Further and Higher Education (FE/HE) Institutions and will further support the city's drive for high calibre graduate talent retention through job creation programmes. It will act as a UK leader in the creative sector/FE/HE led training to expand access for Manchester's young people into creative jobs.</p>
<p>A progressive and equitable city: making a positive contribution by unlocking the potential of our communities</p>	<p>The Factory and wider St. John's development will create a vibrant new business neighbourhood. The intention is to encourage independent, niche and creative uses and businesses with new office, cultural, workspace and leisure development with residential units.</p> <p>The presence of The Factory as a 'cultural anchor' has already had a catalytic effect in terms of supporting the creative redevelopment of the Science and Industry Museum, and the growth of the Studio business as part of Enterprise City.</p> <p>The Factory will build new, diverse, younger audiences from within Manchester and beyond, combined with expanded, more mature established arts audiences.</p>

<p>A liveable and low carbon city: a destination of choice to live, visit, work</p>	<p>The Factory will benefit from excellent public transport connectivity, ensuring the site can be easily accessed by visitors. The Factory will attract 850,000 visitors per annum with 650,000 drawn from within the Greater Manchester area.</p> <p>Sustainable design and development principles are embedded into the scheme.</p> <p>The benefits of cultural investment are much broader than the direct impact of expenditure by visitors, with cultural activities making an important contribution to community engagement and initiatives targeted at young people, older people, under-represented and disadvantaged groups.</p>
<p>A connected city: world class infrastructure and connectivity to drive growth</p>	<p>The Factory will benefit from strong public transport links with both rail and Metrolink stations, and with access to the Metroshuttle free bus service.</p> <p>The development will be well served by new pedestrian walkways and cycle routes. This will include the recently completed replacement Prince's Bridge scheme, improved pedestrian connectivity as part of the St. John's developments, and proposals by the Science and Industry Museum. New public spaces and connections are proposed, which will significantly improve the environment of this part of the city centre.</p>

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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.

The Factory

1. Report to The Executive 29 July 2015 – The Factory Manchester
2. Factory Manchester Project Overview 31st May 2016
3. Report to The Executive 26 July 2016 – Updated Draft St. John's Strategic Regeneration Framework and Factory Manchester
4. Report to The Executive 11 January 2017 – Updated Draft St. John's Strategic Regeneration Framework and Factory Manchester
5. Report to The Executive 26 July 2017 – Factory Manchester
6. Report to The Executive 21 March 2018 – St. John's Proposals including Factory Manchester
7. Report to The Executive 30 May 2018 – Capital Programme – Proposed Increases
8. Report to The Executive 14 November 2018 – The Factory

St John's

1. Draft Quay Street and Water Street Development Framework February 2012
2. Report to the Executive 14 March 2012 – ITV/Quay Street Regeneration Framework
3. Report to the Executive 29 October 2014 – ITV/Quay Street Regeneration Framework
4. Draft St Johns, Manchester Strategic Regeneration Framework October 2014
5. Report to The Executive 13 February 2015 – ITV/Quay Street (St. John's) Regeneration Framework Consultation
6. St Johns Strategic Regeneration Framework February 2015
7. St. John's Strategic Regeneration Framework Update November 2016

1.0 Introduction

- 1.1 The purpose of the report is to update on progress with construction of the Factory, the benefits to the St John's neighbourhood of this development, the social and economic benefits, legacy impacts and opportunities for Manchester residents generated by the project.
- 1.2 The Factory is a unique building that has no direct precedents and its uniqueness and ambition to be a world-class performance space involves a complex design and delivery process encompassing world firsts in terms of elements of the building.
- 1.3 The Factory provides significant flexibility of differing types and sizes of spaces, allowing for many different configurations and performance possibilities. There will be no other comparable venue in the UK, and such spaces are rare in the world, making Factory a very significant addition to the international cultural landscape.
- 1.4 The Factory programme will include major exhibitions and concerts, intimate performances and immersive experiences, encompassing dance, theatre, music, opera, visual arts, popular culture and innovative contemporary work incorporating the latest digital technologies. Manchester International Festival (MIF) will have The Factory as a permanent home for the first time, enabling the organisation to present a year-round programme, but will also continue to present the Festival every other year in conjunction with venues and other spaces across the city.
- 1.5 In terms of MIF19 evaluation a detailed report will be presented to Economy Scrutiny Committee and the Executive.
- 1.6 This year's Festival equalled or in most cases exceeded its key targets. In particular MIF: -
 - 1.6.1 Grew the international reputation of the Festival and the City with 45 hrs of national and international media coverage and print and online editorial activity across the Festival programme increased within the UK and around the world, with coverage from 41 countries.
 - 1.6.2 A significant uplift in total attendance with audience numbers increasing by 21% with a total of 302,161 visitors, a record number.
 - 1.6.3 The evaluation carried out indicates 30% of attendees to MIF 2019 came from Manchester with a further 35% from other Greater Manchester boroughs.
 - 1.6.4 With targeted activity to increase involvement from areas of Manchester with lower previous engagement with MIF saw particular increases in a number of priority wards including Harpurhey, Moston and Moss Side.
 - 1.6.5 Over 5,900 people got involved in MIF's volunteering and engagement programmes benefitting from nearly 33,000 person engagement hours and

contributing a further 15,793 hours in volunteer time. A further 2,531 community members and groups were given free access to MIF and pre-Factory events with a supported follow up via Cultural Connector.

- 1.6.6 There were 7 major participatory commissions during MIF19 putting Manchester residents centre stage in internationally significant new artworks.
- 1.6.7 With increased participation across the City and increased levels of participation and volunteering from BAME (27%), disabled (21%) and youth communities (43%).
- 1.6.8 More community-led projects giving greater opportunity to Manchester residents to plan and deliver events and develop their own creative skills.
- 1.6.9 Greater visibility of the city's talent during the 18-day Festival through new community slots programmed every day on Festival Square and a daily programme of discussion and debate hosted by residents from North Manchester.
- 1.6.10 School partnerships engaging 27 schools and 1,152 pupils in active education programmes and a further 1,500 pupils and teachers to experience new artwork as audiences.
- 1.6.11 The Factory will be the catalyst for a major cultural, creative and technological hub and make a significant contribution to the success of the ongoing regeneration of this part of the city.

2.0 Background

- 2.1 The Factory will host the world's greatest artists, attract up to 850,000 visitors a year and bring job and training opportunities, strengthening Manchester's position as a dynamic international city for culture and creativity, which stands alongside other great cultural destinations, such as Barcelona, Berlin and New York.
- 2.2 Of the 850,000 visitors per annum, 650,000 will be drawn from within the Greater Manchester area and 200,000 visitors from elsewhere. These external visitors will bring an additional £10.8m GVA per annum to the city.
- 2.3 The Factory project analysis shows that over a ten-year period, the net inward investment will support 1,439 full-time equivalent jobs and the total net GVA impact is estimated to be over £1.1bn from Factory employment and expenditure, additional visitors to the City and the clustering of creative industries. These projections have been thoroughly tested with the project's funding partners The Treasury and DCMS.
- 2.4 In terms of funding, The Factory has attracted significant government investment to Manchester of £78.05m of central government funding, £7m Arts Lottery Grant alongside £9m per annum of Arts Council England revenue funding to ensure the success of the facility.

- 2.5 The Factory project will create a world-class performance space in the heart of Manchester and provide the anchor to the St John's development.
- 2.6 The project takes forward a number of strategic objectives, including putting culture at the heart of wider ambitions for the city's future success, such as strengthening Manchester reputation as a visitor destination; creating jobs, training and skills development opportunities for local people; and rebalancing the country's cultural offer, positioning Manchester as a global leader.
- 2.7 The Factory sits at the heart of the new St John's neighbourhood, which Allied London, in partnership with the Council, is developing as a centre for the creative industries, digital innovation and enterprise, building on the city's strengths and long history as a centre for culture, creativity, producing cutting edge artistic endeavour.
- 2.8 St John's, through Allied London, has announced a long-term partnership with Aviva Investors to create Enterprise City. The funding partnership, which values the project in excess of £500M, will secure the long-term future for this neighbourhood.
- 2.9 Allied London have made significant progress to attract businesses to the development, with tech company Booking.com taking 222,000 sq. ft. at the Manchester Goods Yard, committing £100m investment to the site over 10 years and home to more than 1,500 employees.
- 2.10 Enterprise City has the capacity to accommodate over 5,000 jobs and the wider St. John's will also provide up to 1,000 jobs in retail, leisure and hotel developments, together with new homes and new public realm, adjacent to the business district of Spinningfields.
- 2.11 The Factory will be at the heart of St. John's, which will specifically cater for creative and media businesses, staffed by a core team of approximately 150 staff, its operation relies upon supplementing this team with expertise to deliver as each production or performance demands.

3.0 Social Value Outcomes

- 3.1 The Factory also has an important role in developing the skilled practitioners for the future. MIF has established a training and development programme, The Factory Academy, with a draft partnership agreement and the first two Factory Academy programmes agreed. A campaign to recruit new trainees to fill 26 placements is underway and two open days are planned to recruit the trainees. MIF have also launched the traineeship and Creative Venue Technician programmes to provide pathways to employment and provide transformational opportunities for Manchester residents to gain skills, qualifications and ultimately a career in the creative industries.
- 3.2 Centre for Local Economic Strategies (CLES) has been commissioned to review impacts and outcomes of social value on the project. To date, social value commitments include: -

- 3.2.1 Of project expenditure to date, the local spend in Manchester is currently at 25.8% and spend within Greater Manchester to date 73.2%.
- 3.2.2 An apprenticeship target of 50 construction and professional apprentices secured through the design team and contractor partners, of which 20 apprentices to have started and a further 34 identified.
- 3.2.3 Employability skills support targeting long term unemployed targeted 50 activities and is currently reporting 64 activities to date.
- 3.2.4 Pre-employment schemes or placements with project partners focusing on long term unemployed groups. the target is 100 with 42 achieved to date and a further 30 currently planned with organisations such as The Works and Manchester Homelessness Partnership.
- 3.2.5 Work experience for local people or schools with project delivery teams or end users targeted 50 placements with 31 achieved to date and a further 21 committed.

4.0 Construction Update

- 4.1 The Factory is a £130.62m construction project. Laing O'Rourke (LOR) act as the management contractor and have signed up to the Unite Charter as part of this work. They are responsible for letting the individual work packages.
- 4.2 To date progress has been good and the 11 work packages of 32 have been let, the most visible of which are the steelworks. Progress has been good and key successes include the substantial completion of the towers steelwork, the installation of the concrete stairs and the lift shaft erection. The truck lift enclosure and orchestra pit are also 'topped out' and structurally complete.
- 4.3 A key part of the critical path for delivery of the project in 2021 is the completion of the steelworks. The warehouse east wall has progressed with the south wall being installed and the south wall box truss being constructed on site and weighing c125 tonnes.
- 4.4 The most important part of the steelwork is the installation of the proscenium truss which is the core piece of steelwork linking the warehouse to the theatre. This is also being constructed on site and the oversized lifting of the truss is taking place week beginning 4 November.
- 4.5 The project team are working to achieve the earliest, most cost effective completion date with the Factory due to play a significant role in MIF 2021. The most significant challenge remains its complexity. Additional issues have been discovered on site including drainage issues due to incomplete data which have put some pressure on the project.
- 4.6 The project team are very focussed on ensuring the design is robust for each work package as the project develops and is able to react to the willingness

and ability of the supply chain to undertake this complex project within an overheated Manchester construction market.

- 4.7 The project is currently going through the next Quarterly review with Arts Council England. A cost and design review have also been commissioned to underpin the next phase of delivery with the Mechanical, Electrical and Plumbing (MEP) being the next major work package to be let.
- 4.8 A broader piece of work is also being undertaken into the construction market and inflationary pressures within Manchester as this is a concern across the capital programme. Whilst at this stage the project is reported as delivering to budget the situation is being kept under careful review.
- 4.9 Key legal agreements for land transfers with Network Rail have been completed to provide the required security which will allow the next tranche of grant from DCMS and Arts Council to be drawn down.

5.0 Recommendations

- 5.1.1 The Committee are asked to note progress with the construction phase of The Factory; and
- 5.1.2 To note progress in the construction elements of social value commitments.