

**Manchester City Council
Report for Resolution**

Report to: Executive – 12 December 2018

Subject: Great Northern Warehouse – Strategic Regeneration Framework (SRF) Update

Report of: Strategic Director – Strategic Development

Summary

This report presents Executive Members with a draft updated Strategic Regeneration Framework (SRF) for the Great Northern Warehouse, and requests that the Executive approve the Framework in principle, subject to a public consultation on the proposals.

Recommendations

The Executive is recommended to:

- i) Approve in principle the updated Strategic Regeneration Framework for the Great Northern Warehouse;
 - ii) Request the Chief Executive undertake a public consultation exercise on the Regeneration Framework with local stakeholders; and
 - iii) Request that a further report be brought forward, following the public consultation exercise, setting out the comments received.
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Wards Affected Deansgate

Manchester Strategy outcomes	Summary of the contribution to the strategy
A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities	<p>The comprehensive redevelopment of this site will provide a major focus for new investment within the area. The Framework will contribute towards growth in employment and economic performance of the Civic Quarter and the wider city centre.</p> <p>The Regeneration Framework will see the enhancement of a unique leisure and retail destination delivered through utilising the potential of the Great Northern Complex, which will provide a range of new employment opportunities in the city centre. The provision of additional commercial space within the Great Northern Warehouse, proposed in the SRF update, will further increase</p>

	<p>the number of jobs and training opportunities delivered in the area.</p>
<p>A highly skilled city: world class and home grown talent sustaining the city's economic success</p>	<p>Development of the Great Northern Complex, coupled with Manchester Central and Castlefield Quay, will create new employment opportunities across a range of sectors through the expanded retail and leisure offer in addition to the creation of new commercial space within the area. This will attract new organisations to the city and enable the expansion of existing businesses, facilitating the creation of new jobs and training opportunities.</p>
<p>A progressive and equitable city: making a positive contribution by unlocking the potential of our communities</p>	<p>The Regeneration Framework complements development at adjacent city centre neighbourhoods including St Michael's, St John's, and First Street. The Great Northern and Manchester Central sites will augment what is a strategically important and historically significant location through the delivery of a new, mixed use city centre destination which is well-connected and distinctive. It will transform the image of the area as a visitor destination, and help to create job opportunities within the locality and the wider city centre.</p>
<p>A liveable and low carbon city: a destination of choice to live, visit, work</p>	<p>The SRF area benefits from excellent public transport connectivity, sitting in close proximity to Oxford Road and Deansgate Castlefield rail and Metrolink Stations. This demonstrates the area's strong public transport links, which ensure that the area and its amenities are accessible by visitors and commuters without a reliance on car usage.</p> <p>The updated SRF remains unaltered with regards to the delivery of high quality public realm space alongside new commercial and leisure amenities, which will ensure the area is a neighbourhood of choice to visit and work in.</p> <p>Sustainable design and development principles will be tested at the planning application stage.</p>
<p>A connected city: world class infrastructure and connectivity to drive growth</p>	<p>The Great Northern benefits from the Civic Quarter's strong public transport links, as outlined above. The SRF prioritises pedestrian walkways and connectivity, which will provide residents with improved linkages to the public transport connections and surrounding city centre districts.</p> <p>The area already experiences significant annual visitor numbers, and development of the</p>

	neighbourhood's amenities will further enhance the reputation of the area as a leisure destination.
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Full details are in the body of the report, along with any implications for

- Equal Opportunities Policy
- Risk Management
- Legal Considerations

Financial Consequences – Revenue

In relation to public realm, the freehold of the public square at the Great Northern is owned by the Council. This is leased for 150 years to the owners of the Great Northern Warehouse. Under the terms of the current lease the developer has to maintain the public space and is able to recharge the Council a sum based on a formula in the lease. Currently this is an annual cost of around £25K pa, although it could rise to c£40K pa based on the latest cost formula. The lessee also has the right to use an area, roughly equivalent to c13% of the space for outdoor table and chairs under a licence, and they pay the Council a fee in the region of £8Kpa for this.

The proposed works to the public realm will cost in the region of £2.4M, and to support this level of investment it is proposed that the lease is extended to a new 250 year term, and as part of the new arrangements a thin strip of land to the back of the Deansgate frontage is permitted to be built upon, which will be in accordance with the existing planning permission. In addition to the variations to permit the additional development, the obligation to contribute to the costs of maintenance and repair on the Council will be removed from the agreement. The fee for the seating area will also be removed. Any net revenue accruing from the commercialisation of the public open space, which will be controlled through a management agreement and monitored by the City Centre Public Service Manager, will be shared with the Council, with the Council taking 30% of the surpluses.

It is considered that the revisions to the commercial arrangements represent value for money for the Council.

Financial Consequences – Capital

It is not envisaged that there will be any capital financial implications as a result of the proposed change in use from residential to commercial development.

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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 officers above.

- Report to Executive – The Civic Quarter - Framework – 21 October 2009
- Report to Executive – The Civic Quarter Regeneration Framework – 10 February 2010
- Draft Strategic Regeneration Framework – Great Northern Warehouse – December 2015 (withdrawn)
- Report to Executive – Great Northern Complex, Manchester Central and Castlefield Quay Strategic Regeneration Framework – 2 December 2015
- Draft Strategic Regeneration Framework – Great Northern, Manchester Central and Castlefield Quay – July 2016
- Report to Executive – Great Northern Warehouse, Manchester Central and Castlefield Quay Strategic Regeneration Framework – 27 July 2016
- Report to Executive – Great Northern Warehouse, Manchester Central and Castlefield Quay Strategic Regeneration Framework – 8th February 2017
- Strategic Regeneration Framework - Great Northern, Manchester Central and Castlefield Quay – February 2017
- Draft Great Northern Warehouse Strategic Regeneration Framework Update – December 2018

1.0 Introduction

- 1.1 The growth and regeneration of the city centre has brought wide-ranging benefits to the City-region, and the city centre continues to play a crucial role in the long term success of the wider regional economy. The Council continues to facilitate high quality, mixed use development aimed at maintaining a balance between residential, commercial, retail and leisure uses, which in turn will ensure the long term success of the city centre as a destination of choice for those wishing to live, work, invest or spend leisure time in the city.
- 1.2 The regeneration of Manchester's Civic Quarter, at the core of the regional centre and containing some of its most significant buildings, has, and will continue to, play a pivotal role in the growth of the city centre economy. Significant regeneration has been undertaken with a number of initiatives already delivered or well underway, including the transformation of the Town Hall Complex and St Peter's Square, commercial developments at No. 1 and No. 2 St Peter's Square, Windmill Green, Landmark (the former Odeon), and two hotel developments currently being built at No.3 St Peters Square.
- 1.3 There are further significant development schemes within the Civic Quarter - the 'Our Town Hall' project will see the transformational refurbishment of the Town Hall and Albert Square and adjacent to this, development at St Michaels will create a new high quality neighbourhood which will comprise residential and commercial development, alongside a new hotel and public realm. New development at 135 Deansgate and Brazenose House will deliver circa 116,000 and 100,000 Sq. Ft. of Grade A commercial office space respectively, with the refurbishment of Heron House delivering a further 100,000 Sq. Ft of office space, all set around enhanced public realm at Lincoln Square and Brazenose Street.
- 1.4 In February 2017 the Executive endorsed a Strategic Regeneration Framework (SRF) for the Great Northern Warehouse, Manchester Central site and Castlefield Quay area. The framework is intended to guide proposals for regeneration of this key area, and set out a range of proposals for a mixed use scheme, to complement existing uses. Subsequently the owners of the Great Northern Warehouse are proposing changes to that component of the SRF, to respond to changing market conditions. These proposals are set out below.

2.0 Great Northern Warehouse – Background & Context

- 2.1 The Great Northern site comprises a former railway goods warehouse and sidings, which were converted into a leisure development in the late 1990's. The warehouse is Grade II* Listed and is adjoined to a modern extension, on the south of the site, which contains the cinema complex and car parking. To the west of the site is a long terrace of Grade II Listed shops with offices above.
- 2.2 The Great Northern Complex is a major site in a prime location within the Civic Quarter. The site covers a 2.6 hectare area (please see plan at appendix 1)

and accommodates a number of established uses including a multi-screen cinema, casino, car parking and retail/leisure uses. Notwithstanding the uses that exist within the site and recent interventions which have refreshed the leisure offer, it has generally been underutilised and represents a part of the city that has not fulfilled its potential to become a leading city centre destination.

2.3 The Great Northern was acquired in 2013 by Tobermoray Sarl, who has since been developing proposals to re-energise this strategically and historically significant site.

2.4 The Great Northern, Manchester Central and Castlefield Quay Strategic Regeneration Framework (2017) was informed by the following overarching site- wide themes:

- Enhancing connections and linkages across the site.
- Ensuring the framework proposals contribute towards the City Council's strategic objectives and complement wider city centre regeneration initiatives.
- Tackling under-utilisation and making better use of the listed buildings and their setting.
- Making the connection to Deansgate and enhancing this frontage.
- Creating an enhanced and extended network of public realm and public spaces across the SRF area.
- Delivering a vibrant and viable critical mass of high quality uses including residential, hotel, leisure and retail.
- Being distinctive through the utilisation of the site's unique history and heritage assets as well as through the careful management of the end uses.

2.5 In March 2018 the landowner secured Planning Permission and Listed Building Consent for the phased development of the Great Northern Complex. This consent included:

- 142 residential units
- 22,216 sq. ft. of food and beverage commercial floor space
- 3,444 sq. ft. of retail floor space
- 17,330 sq. ft. of gym floor space
- A management suite
- A 29 space resident car park

2.6 An updated SRF has been produced for the Great Northern Warehouse, in order to respond to demand within the area.

3.0 Great Northern Warehouse SRF Update

3.1 The only update to the 2017 Framework proposed is the inclusion of additional office space in place of an element of the previously envisaged residential use. The SRF update is intended to be read alongside the adopted 2017

Framework and does not seek to replace it. (The update does not alter the Manchester Central and Castlefield Quay sub areas included in the 2017 SRF).

- 3.2 As the City's employment offer has continued to increase and diversify, the Civic Quarter provides a key function in the provision of high quality commercial accommodation. The district houses a wide range of companies across a number of sectors. The area has helped to facilitate progression within key growth sectors including Creative and Digital, and Financial and Professional Services. This is in the context of continued strong uptake of office space in the city centre, which has led to a shortage of high quality Grade A office space. In order to maximise the Civic Quarter's potential contribution to continued economic growth and regeneration of the city centre, the Great Northern can build upon the success of recent commercial development within the area, and help to meet the need for further quality office space in the city centre.
- 3.3 The delivery of additional office floor space at the Great Northern will support the city's growth trajectory, create new jobs, and support the city's drive for high calibre talent retention and job creation. In addition to the economic benefits, new commercial development will deliver significant social benefits in terms of job opportunities, training and apprenticeships.
- 3.3 The SRF update proposes the incorporation of office use in to the three upper levels of the warehouse, together with entrance space and additional office space at ground and first floor levels. This would replace the previously proposed, and consented, residential use.
- 3.4 Delivering office space as opposed to residential development will require less construction interventions. The floor plans, divisions, and fit out associated with the delivery of commercial space will have a reduced impact on the Grade II* Listed building and reveal more of its historical significance.
- 3.5 The principles of landscape improvements to the viaduct and Great Northern Square established within the 2017 Framework and the subsequent planning permission would remain unaltered by the SRF update.
- 3.6 The Warehouse hold the capacity to provide circa 146,000 Sq. Ft. of office floorspace which could support up to 1,132 full time equivalent (FTE) professional services jobs. The accessible location of the Great Northern Warehouse within the city centre, means that these jobs will be accessible to as wide a range of people as possible.

4.0 Delivery and Phasing

- 4.1 The partial implementation of public realm enhancements and delivery of 12 residential dwellings along Deansgate Terrace will form the first phase of development within the Great Northern Warehouse. These works are due to come forward in 2019.

- 4.2 The second phase will comprise improvement to the public realm within the Great Northern Square and the viaduct structure to the south of the Warehouse, together with the refurbishment and conversion of the Great Northern Warehouse. As a result of the proposed change in use, revised Planning Permission and Listed Building Consent will be required for the second phase. If the updated SRF is approved, revised Planning and Building Consents will be sought in 2019 to convert the warehouse building's upper floors from car parking to office use.

5.0 Conclusions

- 5.1 The Great Northern is a high profile landmark site within the city centre, which provides the opportunity to better contribute towards the strategic objectives of the City.
- 5.2 Significant demand for high quality commercial development within the Civic Quarter has been shown to exist. With No. 1 and No.2 St Peter's now complete, and the construction of both Landmark and Windmill Green well underway, the introduction of commercial space within the Great Northern Warehouse will strengthen the city centre's commercial development pipeline, supporting the region's economic growth and inward investment proposition, and provide further job opportunities in the city centre.
- 5.3 The update to the Great Northern SRF has been informed by adjacent development, and aligned with neighbouring proposals. St John's sits to the west of the Great Northern and over the next decade will develop as a unique city centre community of creativity, culture and innovation. This will deliver a mixture of residential, commercial and retail development built on the area's industrial and media heritage and new cultural and leisure assets including The Factory Manchester. Development at St Michael's is also set to begin in 2019, which will see the delivery of a new mixed use neighbourhood. The mix of uses set out within the Great Northern SRF update complement development in regeneration areas nearby.

- 5.4 Recommendations appear at the front of this report

6.0 Contributing to the Manchester Strategy

(a) A thriving and sustainable city

- 6.1 The comprehensive redevelopment of this site will provide a major focus for new investment within the area. The Framework will contribute towards growth in employment and economic performance of the Civic Quarter and the wider city centre.

The Regeneration Framework will see the enhancement of a unique leisure and retail destination delivered through utilising the potential of the Great Northern Complex, which will provide a range of new employment opportunities in the city centre. The provision of additional commercial space

within the Great Northern Warehouse, proposed in the SRF update, will further increase the number of jobs and training opportunities delivered in the area.

(b) A highly skilled city

- 6.2 Development of the Great Northern Complex, coupled with Manchester Central and Castlefield Quay, will create new employment opportunities across a range of sectors through the expanded retail and leisure offer in addition to the creation of new commercial space within the area. This will attract new organisations to the city and enable the expansion of existing businesses, facilitating the creation of new jobs and training opportunities.

(c) A progressive and equitable city

- 6.3 The Regeneration Framework complements development at adjacent city centre neighbourhoods including St Michael's, St John's, and First Street. The Great Northern and Manchester Central sites will augment what is a strategically important and historically significant location through the delivery of a new, mixed use city centre destination which is well-connected and distinctive. It will transform the image of the area as a visitor destination, and help to create job opportunities within the locality and the wider city centre.

(d) A liveable and low carbon city

- 6.4 The SRF area benefits from excellent public transport connectivity, sitting in close proximity to Oxford Road and Deansgate Castlefield rail and Metrolink Stations. This demonstrates the area's strong public transport links, which ensure that the area and its amenities are accessible by visitors and commuters without a reliance on car usage.

The updated SRF remains unaltered with regards to the delivery of high quality public realm space alongside new commercial and leisure amenities, which will ensure the area is a neighbourhood of choice to visit and work in.

Sustainable design and development principles will be tested at the planning application stage.

(e) A connected city

- 6.5 The Great Northern benefits from the Civic Quarter's strong public transport links, as outlined above. The development Framework prioritises pedestrian walkways and connectivity, which will provide residents with improved linkages to the public transport connections and surrounding city centre districts.

The area already experiences significant annual visitor numbers, and development of the neighbourhood's amenities will further enhance the reputation of the area as a leisure destination.

7.0 Key Policies and Considerations

(a) Equal Opportunities

- 7.1 The site has the capacity to create a significant number of new jobs, both through construction and end use. The proposals will provide new connections to surrounding neighbourhoods, providing improved access to the opportunities within the Civic Quarter. In addition, there is a commitment to ensure that design standards throughout the development will comply with the highest standards of accessibility.

(b) Risk Management

- 7.2 N/A

(c) Legal Considerations

- 7.3 Subject to Executive approval, a further report will be brought forward after the public consultation exercise, setting out the comments received and any changes to the final version of the framework. If the SRF update is approved by the City Council, it will become a material consideration for the Council as Local Planning Authority, alongside the original 2017 Strategic Regeneration Framework.