

**Manchester City Council
Report for Resolution**

Report To: Executive - 24 March 2010

Subject: Final Proposals For The Regeneration Of Bowes Street, Moss Side

Report Of: Deputy Chief Executive (Regeneration),
The City Treasurer And Director Of Housing

Purpose: The purpose of this report is update the Executive on changes to the regeneration proposals for the Bowes Street area of Moss Side and seek approval to the final re-modelling scheme for Bowes Street.

Recommendations:

Executive is recommended to:

1. Note the changes to the major remodel scheme for Bowes Street since the Executive approval for a major remodel scheme in October 09
2. Approve the proposed final project scope and costs of work, as outlined in this report to deliver the major remodel scheme for Bowes Street
3. Approve an increase to the capital programme of £3.521m.
4. Approve the ringfencing of £573k from the subsequent capital receipts, of which £220,831 will be used to fund increased Capital costs, and £352,000 will be used to fund the additional revenue costs in respect of sales costs.
5. Subject to the Council's bid for Community Energy Saving Programme funding (CESP) being successful delegate authority to the City Treasurer in consultation with the Executive Member Finance and Human Resources to agree terms of any funding agreement together with any further increases to the Capital Programme.
6. In accordance with paragraph 14 of Part 4 of the Overview and Scrutiny Procedure Rules of the Council's Constitution, agree that the above decisions are urgent and therefore not subject to the Call-in process as any delay likely to be caused by the Call-in process would seriously prejudice the financial position of the Council and the interests of the residents of Manchester.
7. Agree that priority rehousing status (HIP) to be made available, as necessary, for all qualifying residents living in the Bowes Street neighbourhood who are directly affected by demolition proposals in accordance with current City Council policies. Additionally, for a small number of residents (13) the extension of the priority housing status to include a like for like property within the Manchester City Council boundary.

Wards Affected: Moss Side

Community Strategy Spine	Summary of the contribution to the strategy
Performance of the economy of the region and sub region	Enhanced opportunities for the attraction and retention of economically active residents and workers to Moss Side and Manchester. Developing a neighbourhood of choice in this area supports the delivery of Manchester's objectives.
Reaching full potential in education and employment	Opportunities for partnership working between the lead delivery partners, contractors and developers to deliver a determined local labour initiative.
Individual and collective self esteem – mutual respect	Opportunities created to deliver transformational changes within local communities, which will improve individual and collective self-esteem by improving resident's homes, environment and neighbourhood. Remodelling will increase connectivity and natural surveillance and design out crime.
Neighbourhoods of Choice	Delivery of a high quality scheme has the potential to make a major contribution to transforming Moss Side into a neighbourhood of choice, which will encourage local people to stay in the area and attract people who currently work in the City Centre or at the nearby universities and hospitals to live in the area.

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

- Equal Opportunities Policy
- Risk Management
- Legal Considerations

Financial Consequences

Revenue Implications

There will be revenue costs arising as a result of the proposals contained within this report, these amount to £352k and are largely around the security costs and the costs of sales and marketing. Both are fundamental to ensuring the scheme is a success. These costs will be funded through the resulting capital receipts realised from the sales of the new properties, due to timing issues this will require the management of internal City Council resources to fund these costs. There has been a recent announcement that a proportion of sales costs can now be met from the subsequent realised receipts.

Capital Implications

The revised proposal costs a total of £17.043m, this is made up of increased capital costs of £3.521m and the additional revenue costs (£352k) identified above. As part of this scheme, there will be additional capital receipts to the City Council of £5.3m from the sale of the resultant properties, and it is requested that £573k of this be ringfenced to this scheme; £352k to fund revenue costs and £221k to fund the increase in capital costs.

The remaining capital funding will come from a combination of HMR funding previously advanced to Mosscafe, in respect of the 90% deposit for purchasing a number of properties within Bowes St. The revised scheme does not require the City Council to acquire these properties, therefore releasing £1.8m to fund increased capital costs.

There has been a section 22 agreement in place with Mosscafe and there is currently a balance of £1.5m held by Mosscafe, specifically around works within the Moss Side area, and it is proposed to use this money to fund the revised scheme.

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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.

Executive reports:

1. Executive Reports Stagecoach and Bowes Street dated 16th Jan 2008 & 21 October 2009
2. Moss Side Renewal Area Declaration Report 16 February 2005

Community Strategy 2006-2015
Central Manchester Strategic Regeneration Framework
Moss Side and Rusholme District Centre local plan

1.0 Introduction and Purpose of Report

1.1 This report provides an update on progress with and changes to the major re-model scheme for Bowes St, Moss Side presented to Executive in October 2009. It seeks Executive approval for the final scope, cost and funding of the scheme.

1.2 The re-model option presented to Executive in October 2009 included the following elements:

- Demolition of some MCC owned properties
- External and internal improvements of remaining MCC properties
- External improvement of remaining properties not in MCC ownership
- 2-into-1 conversion of properties owned by MCC
- Storey extension and remodel of strategically selected properties
- Public realm improvements
- Creation of a strong main road frontage by the reorientation and remodel of the existing end terraces along Bowes Street.

The option was subject to further detailed consultation with local Members and residents.

2.0 Current Position

2.1 Following Executive approval in October, there has been a detailed consultation exercise with local residents in Bowes St. In addition work has been commissioned through the Manchester and Salford HMR Pathfinder Expert Reference Group to ensure that the final scheme meets the needs of the Moss Side housing market, produces an end product which is marketable and complements the nearby Maine Place development. Additional master planning work and work to enhance the environmental sustainability of the project have also been undertaken.

2.2 GB Solutions have already been appointed as the contractor to deliver this scheme, through the framework agreements and demolition of strategic MCC owned properties and the Bishop Billsborrow school have commenced.

2.3 To improve the environmental sustainability aspects of the project in line with the City's Climate Change strategy, a bid was submitted to the CESP to provide some renewable technology to refurbished houses in the City Council's ownership as well as providing higher specification windows, doors and insulation to all properties, which will greatly improve the houses' thermal performance and reduce carbon emissions and heat loss. The CESP bid was submitted to Scottish Power in the Autumn and a decision is expected shortly.

3.0 Changes to the Scheme from that presented to Executive in October 2009

3.1 Feedback from the Manchester and Salford Pathfinder Expert reference group was that the prime market for re-modelled terraces in Bowes St would be young professionals. They identified some potential for larger family accommodation but considered this to be limited by lack of access to gardens

/external space in “two into one” properties. However, there is greater potential to create larger family accommodation at the ends of Bowes St by increasing the number of new build properties. In addition they recommended improving the internal specification particularly for kitchens and bathrooms in properties for sale. Amending the master plan to take on board those recommendations includes the following changes:

- Increased number of demolitions to properties acquired along Bowes Street
- Increased number of new build properties on Bowes Street
- Removal of vertical extension to Bowes Street and Claremont Rd
- Inclusion of gable rebuilds to properties where adjacent demolition occurs
- Changes to Roof pitches on Claremont road end and Bowes Street ends to create height
- Improved specification to individual properties on Bowes Street in MCC ownership
- Reduction of number of 2 into 1 properties
- Provision of integral garages on 2 into 1 conversion
- Increased specification to highways works.
- Procurement of specialist sales and marketing agent (via HCA Delivery Partner Panel))

3.2 As part of the consultation process with individual residents and via drop-ins, residents expressed the following as priorities that they would like to see included in the Bowes St scheme:

- Boundary treatments including all boundary walls, alley gating, alley re-surfacing and alley greening;
- Rear yard treatments to all MCC owned properties.

3.3 A funding application for £360,000 has been made to CESP, this will allow for additional energy conservation works to be undertaken on the City Council’s properties prior to sale. This will enhance the saleability and the bid includes funding for:

- Solar panels to some properties;
- External insulating render for all properties;
- Internal insulating for MCC owned properties;
- “A” rated energy efficient boilers to properties receiving internal refurbishment;
- Provision of energy home advice for all residents.

The scheme costs do not currently allow for these works, and in the event of a successful funding bid the costs will increase by a further £360,000.

3.4 The focus of the scheme is on diversifying tenure and every effort will be made to sell the refurbished properties to owner occupiers drawing on the expertise provided to the scheme through the Homes and Communities Agency Delivery Panel partner. However, to mitigate the risk of homes lying empty at the end of this scheme, consideration has been given to using the properties for intermediate rent, market rent or social rent in the short-term.

3.5 To ensure that the scheme is sustainable and maximise its contribution to Moss Side as a neighbourhood of choice, further consideration has been given to security and costs included for securing properties at the end of the contract period should they remain unsold. Consideration has also been given to the long-term neighbourhood management of the area including potential links to Maine Place, where a local RSL is undertaking this role.

3.6 Changes made to the scope of the scheme since the Executive approval in October 2009 now mean that more properties than first envisaged will be targeted for demolition. As a result it will not be possible to re-locate all of these residents using an RSL partner and therefore priority re-housing status (HIP) needs to be applied. The HIP status should extend to include a like for like property within the Manchester boundary, to allow the relocation of residents to be facilitated without the application of Compulsory Purchase Order powers.

4.0 Scheme Costs:

4.1 The changes described above have led to more detailed master planning and cost planning work, which have scoped the changes in the scheme and identified an increase in costs from those outlined in the Executive report in October. However, they are informed by greater clarity on scheme detail and construction costs and more intelligence on the marketing and saleability of the end products and residents' aspirations. The revised re-model scheme costs £17,043,261 as compared with the £13,170,000 outlined in the Executive report of October 2009. The total scheme costs and costs for each of the following two years are broken down in the table below:

<u>Revised Scheme</u>	2010/11	2011/12	Total
Costs			
Capital Costs			
Acquisitions	£1,000,000	£669,000	£1,669,000
Demolitions	£492,000	£814,000	£1,306,000
Works & fees	£8,891,261	£2,805,000	£11,696,261
External Wks	£1,500,000	£520,000	£2,020,000
Sum Capital Costs	£11,883,261	£4,808,000	£16,691,261
Revenue Costs			
Security Costs		£32,000	£32,000
Sales and Marketing Costs	£160,000	£160,000	£320,000
Sum Revenue Cost	£160,000	£192,000	£352,000
Total Scheme Cost	£12,043,261	£5,000,000	£17,043,261

5 Funding

5.1 As reported to Executive in October, HMR funding provides the majority of the funding for this scheme (£8,170,430), which needs to be spent by 31 March 2011. To fund the cost increases that have resulted from changes to the scope of works, additional funding streams from outside the City Council's mainstream capital resources have been identified. These funding streams involve the recycling of deposits paid to Mosscafe for property acquisitions that are no longer required for the scheme, utilisation of existing Section 22 grant and recycling a small amount of the capital receipt that will be generated by the sale of properties as the scheme progresses. As these funding streams are HMR, a report was recently taken to the Manchester and Salford HMR Pathfinder scrutiny committee which agreed to the recycling of the deposit payments, Section 22 grant and part of the HMR capital receipt back into this scheme to fund the additional scope of works. This is subject to formal written approval by the Homes and Communities Agency.

5.2 The current estimated capital receipts expected to be generated as part of this scheme are £5.3m. The funding streams needed to progress the scheme along with any changes since the report to Executive in October 09 are identified below:

Funded By	Changed since Oct	Exec:		
		2010/11	2011/12	Total
Capital Funding				
HMR	No	£8,170,430		£8,170,430
RHP	No	£192,000	£4,808,000	£5,000,000
EP	No			£0
MCC	No			£0
S.22	Yes	£1,500,000		£1,500,000
90% deposits	Yes	£1,800,000		£1,800,000
Capital receipts	Yes	£220,831		£220,831
Total Capital		£11,883,261	£4,808,000	£16,691,261
Revenue Funding				
Capital Receipts		£160,000	£192,000	£352,000
Total Funding		£12,043,261	£5,00,000	£17,043,261

5.3 As stated at paragraph 2.2 of this report, the contractors have commenced demolition on site and are in a position to immediately progress significant aspects of the scheme for Bowes Street such as the external improvements to retained properties. These works can be funded using the HMR allocation of £8,170, 430 for the scheme which has to be expended by the end of the financial year 2010/2011. Delay will seriously prejudice the implementation of the scheme and the availability of the HMR funding and will therefore seriously affect the interests of the residents of the Bowes Street area. For these compelling reasons, the Executive are asked to agree that the call in procedure should not apply.

6.0 Conclusions:

- 6.1** Further work on the re-model option presented to Executive last October has resulted in an increase to the scope of works and costs of the Bowes St scheme. However, these changes will result in a scheme that is more easily marketed and sold and which is of a substantially higher environmental quality. The changes to the scope of works and in particular the inclusion of larger new build properties along Bowes Street provide for a much greater opportunity for the successful redevelopment of the adjacent Stagecoach site.
- 6.2** There is a unique opportunity to make a major intervention in Moss Side by delivering the proposal outlined in this report, which when taken together with other developments in the area can help restructure the housing market and make an important contribution to the regeneration of Moss Side. The redevelopment of Stagecoach and major remodel (including the demolition of Caythorpe Street) of the Bowes Street neighbourhood will be a highly visible change at a major Gateway to the area.

7.0 Implications for key council policies

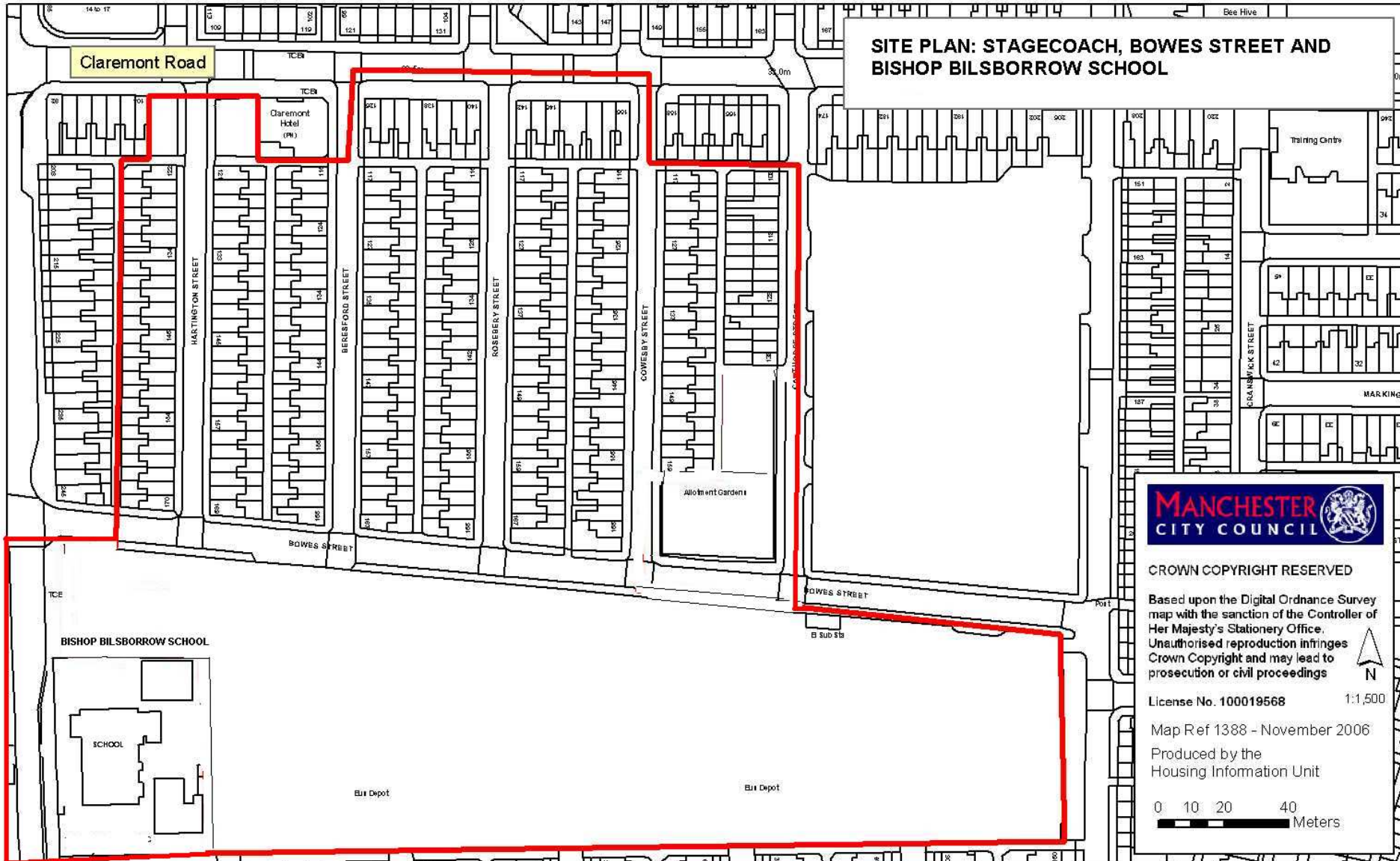
- 7.1** The implications of this report in relation to key Council policies of combating poverty and disadvantage is that the improvements to resident's homes and the environment will address social exclusion and enhance quality of life. A remodelled Bowes St with a wider choice of housing tenure and type will make an important contribution to retaining and attracting more economically active residents to Moss Side.
- 7.2** The implications of this report in relation to the Council's environmental policies are that this project will involve substantial investment to the neighbourhood, significantly improving the built environment. Remodelling will increase connectivity and natural surveillance whilst designing out crime, making the neighbourhood a more attractive and sustainable place for residents to live.
- 7.3** The implication of this report in relation to the Council's equal opportunities policies are that any new build homes will be designed to full 'Design for Access 2' compliance and will therefore provide improved opportunities for disabled people seeking accommodation in this part of Manchester. Targeting local residents and providing larger family accommodating will meet identified housing need among BME communities in the area.
- 7.4** The implication of this report in relation to the Council's policy on employment are that as part of the significant investment involved in the remodelling of Bowes Street neighbourhood, opportunities will be created (under local labour agreements) with Contractors on MCC's Framework for local residents.

7.5 The implications of this report in relation to the Council's green plan is that all new homes will be built to 'code for sustainable homes level 3' meaning the homes will be more energy efficient and cost effective to run.

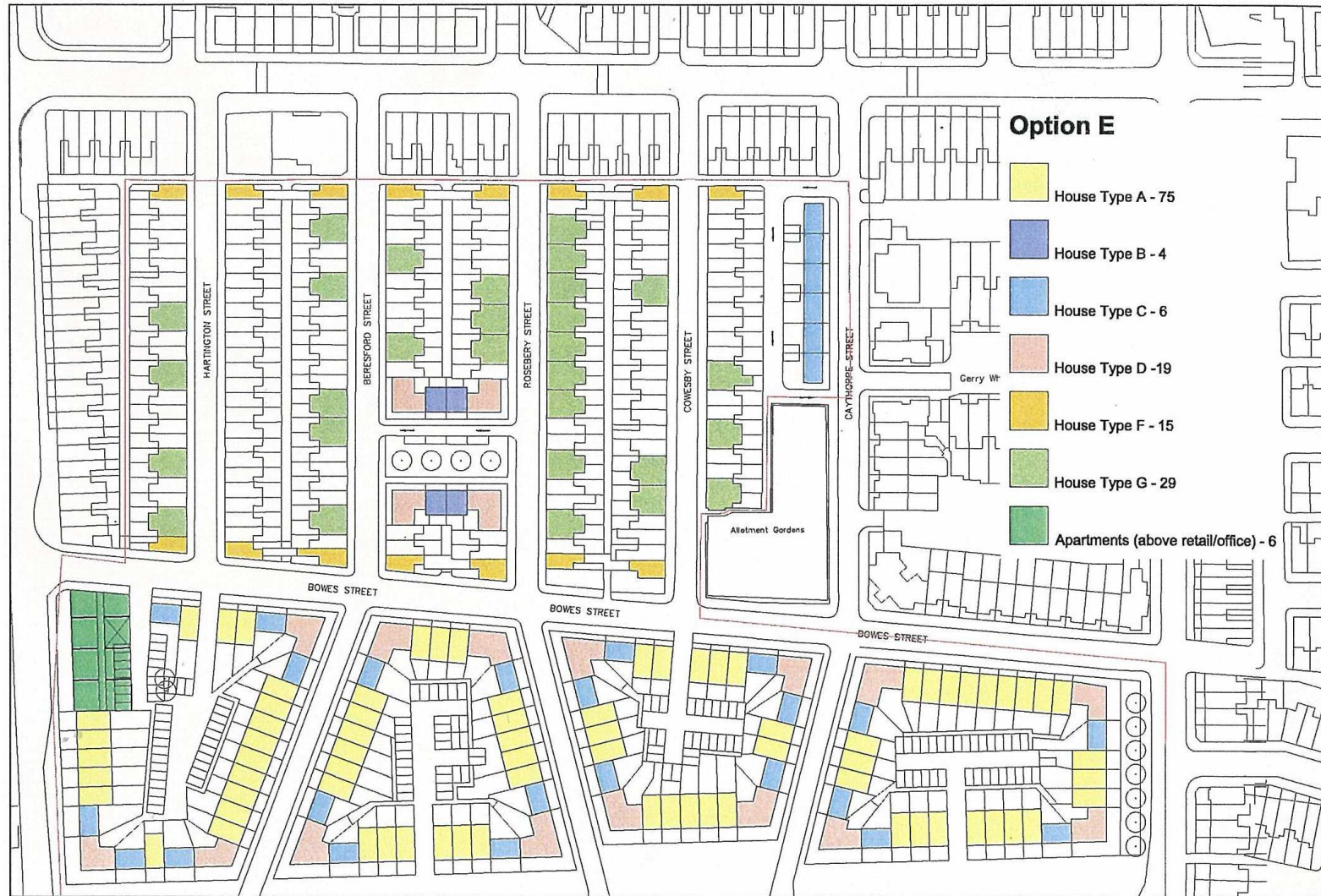
8.0 Key policies and considerations

- (a) Equal opportunities: Residents will be treated equally and fairly and will be involved in the consultation process and in the procurement of a contract or RSL partner to deliver the physical improvements to their neighbourhood.
- (b) Risk management: A project team will be established, made up of colleagues from Private Sector Housing and South Manchester Regeneration Team. The project team and the contractor partner or RSL will manage risks in line with the Manchester Method project management methodology.
- (c) Legal considerations: The project will be delivered following standard practice on the procurement of physical regeneration projects. A representative from the City Solicitor has advised on legal aspects of the project to date

APPENDIX A – SITE PLAN: STAGECOACH, BOWES STREET AND BISHOP BILSBORROW SCHOOL



Appendix B- Proposed Master Plan for Bowes Street and Stagecoach Option E – presented to Executive Oct 09



Proposed Masterplan for Bowes Street & Stagecoach Moss Side

Option E