Report to: Executive – 14 March 2012

Subject: Cutting Room Square and Canal Side Squares, Ancoats: Transfer of Management and Maintenance from HCA to MCC

Report of: Deputy Chief Executive: Neighbourhood Services
City Treasurer

Summary

To inform Members of the proposal to transfer management and maintenance responsibility of the existing two public squares in Ancoats – the Cutting Room Square and Canal Side Squares from the Homes and Communities Agency (HCA) to MCC and to seek approval to progress this transfer.

Recommendations

The Executive is recommended to:

1. Support the proposal to transfer the management and maintenance responsibility of the two public squares in Ancoats to MCC, via the dedication of the land, and drawdown of a £1.95 million commuted sum from the HCA.

2. Note the intention for the transfer of management and maintenance to be completed by the 22nd March 2012 to meet HCA spend timescale. Delegate authority to the City Treasurer and City Solicitor to agree the terms and approve the entry into a Dedication Agreement.

3. Delegate authority to the Deputy Chief Executive: Neighbourhoods to put in place the necessary arrangements required for the management and maintenance of the public squares.

4. Note that the Chair of the Scrutiny Committee will be asked to exempt from call in the key decisions relating to the approval to transfer the management and maintenance of the two squares so as not to restrict the progress needed to complete the necessary action to enable the transfer to take place by the 22nd March 2012.

Wards Affected:

Ancoats and Clayton
<table>
<thead>
<tr>
<th>Community Strategy Spine</th>
<th>Summary of the contribution to the strategy</th>
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</thead>
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<tr>
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</table>

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

- Equal Opportunities Policy
- Risk Management
- Legal Considerations

**Financial Consequences – Revenue**

The HCA have agreed to pay to the Council a one-off lump sum of £1.95 million. This sum is to be held in a reserve account to be established for the purpose of meeting the revenue consequences referred to in this report. A detailed, cost schedule of these maintenance and replacement obligations projecting over 25 years has been developed. The estimates factor in anticipated inflation offset by interest receivable. It is estimated that the proposed lump sum will meet these costs for a period of up to 25 years.

Once the reserve is fully depleted then future funding implications will fall to the City in perpetuity.

**Financial Consequences – Capital**

There are no financial consequences for the Capital budget.
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Background documents:

- Briefing Note from the HCA dated 18th October 2011
- Management and Maintenance Costs Assessment Report by BDP – dated 1st March 2012
1.0 **Overall context of Ancoats Regeneration**

1.1 The Ancoats Urban Village area has undergone an extensive regeneration programme since the North West Development Agency (NWDA) undertook a Compulsory Purchase Order (CPO) in September 2002. The CPO, which was the first to be undertaken by a regional development agency, gave control of the land and property to the NWDA providing for the acquisition of freeholds as well as ensuring that developments are brought forward within acceptable timescales. In total, the NWDA have invested circa £69.6m for the CPO acquisition, public realm programme and for the restoration of key buildings within the area. In addition £330m private sector investment is expected to be attracted to the area in relation to the development of specific sites, to date £130m of this have already been realised.

1.2 Since then, a phased redevelopment process has continued to take place to progress the critical mass of the area. Significant achievements have been recorded in the urban village which includes:

- 25, out of 49 defined development plots have been completed
- 586 new residential homes have been developed
- 1,607 jobs have been created/safeguarded;
- 37,552 square metres of new commercial floor space have been developed;

1.3 As part of the wider strategy for the regeneration, and through funding from the NWDA and ERDF in the tune circa £16m, have delivered a comprehensive package of public realm improvements across Ancoats, a priority area within the East Manchester Strategic Regeneration Framework, prior to responsibility recently being transferred to the Homes and Communities Agency (HCA). This work has included the creation of two new public squares: these being the:

- Canal Side Square alongside the Canal at Red Hill St/Great Ancoats Street corner; and
- Cutting Room Square which is central to Blossom Street and Hood Street

*(See location plan at Appendix 1)*

1.4 The Public Realm works programme consists of street lighting installations, renewed and additional drainage, paving the footpaths with natural stone flags, resetting the granite setts, and also ensuring all highway areas are coated with tarmacadam. Most of the works were carried out on adopted highways to enhance and unify the public spaces through the use of top quality robust materials.

1.5 At the time of the CPO Public Inquiry back in 2002 it was expected that a Management Company would take on the responsibility of the management and maintenance of the two new public squares. However, delays in establishing the Management Company resulted in the option explored for the Council to undertake this responsibility. An arrangement was previously
agreed in January 2009 between the NWDA and NEM/MCC for the Squares to be transferred to the Council on payment of a commuted sum. However, it was ultimately decided that the timing was not right for the arrangement to proceed at that time and consequently the agreement was put on hold.

2.0 Current Position

2.1 Following the transfer of the NWDA assets to the HCA, the opportunity of funding becoming available to enable the transfer has arisen. The HCA have set aside a £1.95m commuted sum to be transferred to MCC. We are advised by the HCA that such funding would however have to be defrayed by the 22nd March 2012 or risk being lost.

2.2 Due to the tight timescale to draw down the funding from the HCA, MCC officers have begun discussions with the HCA to agree a timeline to finalise the necessary documentation required to achieve the transfer of the two Squares to MCC by the deadline of the 22nd March 2012. The MCC team includes input from colleagues from Corporate Finance, Legal, Neighbourhood Services, Corporate Property, East Manchester Neighbourhood Regeneration Team and Capital Programme.

2.3 The Project Team have agreed with the HCA to a Joint appointment of consultants BDP to refresh the original management and maintenance costing put together in 2009, and determine the appropriate level of commuted sum. The HCA have agreed to fully fund this appointment, however BDP will have a “duty of care” to the Council to ensure that the figures put forward are a true reflection of the cost that would be required to maintain the two public squares.

2.4 BDP have undertaken a condition survey of the two squares and completed the costing exercise which has been subject to detailed review by relevant Council officers, and the outcome of this exercise forms the basis of the commuted sum outlined in this report. The commuted sum has been valued on the basis of three headings: annual cleaning and maintenance, periodic maintenance and long term renewal. These costs were devised based on unit costs for maintenance and replacement costs due to wear and tear as provided by the design team. Financial modelling has indicated that a lump sum of £1.95m; assuming 2% per annum inflation rate and an investment return at 2.21% per annum, would maintain the public squares for 25 years.

3.0 Description of the proposal

3.1 The Highway Authority will adopt each of these two squares subject to receipt of an appropriate commuted sum and will be expected to maintain both public open spaces to the highest quality and standard. The transfer is taking place through adoption as highways for use by pedestrian and occasional small non-vehicular event only, with the Council expected to maintain both squares in accordance with the Designer Specification and Maintenance Notes. In addition, a detailed monitoring regime will be stipulated within the Highway Adoption Agreement.
3.2 The management and maintenance requirements for these will include:

- Annual cleaning and maintenance
- Periodic maintenance
- Long term renewal

3.3 Given the location and high profile of the area, the maintenance and cleansing for this particular area in Ancoats will be a similar standard as the City Centre public realm, which is over and above the service standard across the rest of the City. This is reflected in the commuted sum outlined in this report.

3.4 As part of the agreement to be reached with the HCA, a Monitoring Plan will be in place which would detail the monitoring requirements agreed between the HCA and the Council to avoid any misunderstanding of what the role is of each party and their responsibilities. In addition, to ensure the measures specified in the full Agreement are being applied to the squares an annual maintenance inspection will take place jointly between relevant staff personnel from the HCA and the Council.

3.5 The joint annual inspection will result in an annual report from the City Council to the HCA detailing what measures it has taken to maintain the squares, and initial indicative costs incurred, any design issues which have proved an encumbrance, any incidents of damage, vandalism, wear and tear of materials and how these have been reinstated and other matters relating to the maintenance and management of the squares and will list the events and uses held and undertaken in each squares in the preceding 12 months. It is envisaged that the joint inspection and submission of the report will be requested for the first five years. After this date, it will be agreed between both parties whether this monitoring of performance is still required.

4.0 Key Consideration

4.1 The Cutting Room Square has been installed, with bespoke and non standard items such as sensor pads and LED lighting. These specialist installations sit outside our street lighting PFI contract and, as such, we have progressed direct discussions with our contractor (Amey). They have been instructed to carry out a detailed inspection of the lighting system associated with the Cutting Room Square, including the infrastructure, and to compile a report to confirm whether or not it can be incorporated in to the contract. Alternatively, officers are investigating the option of MCC maintaining the lighting system through a specialist contractor outside the PFI contract. This issue is not yet resolved but appropriate financial provision has been allowed for in the commuted sum outlined in this report.

4.2 The artwork in the Cutting Room Square is made of five glass laminate images encased in concrete structure with specialised lighting in the frames. The artist retains the intellectual rights to the artwork. Maintenance of the artwork would require specialist input. Bespoke street seating also exists in both the Cutting Room, as timber bales, and “Wave” seats in the Canal Side
areas which all use high quality materials. Cost evaluation and risk, to replace is reflected in maintenance cost contributions.

4.3 The area of land proposed to be adopted at Cutting Room Square abuts existing adopted highway land on the northern (Blossom Street) and southern (Hood Street) boundaries. To the eastern and western boundaries the land is bounded by buildings. Access is available to all services serving the site, and it is understood that drainage across the site is connected to already adopted infrastructure.

4.4 The Canal Side Square is bounded to the north and west boundaries by adopted highway, and the proposed adoption will extent to abut these boundaries. To the south of the site the land is bounded by the Rochdale Canal. This is not adopted highway, and is within the ownership of the Rochdale Canal Company, which was acquired by The Waterways Trust (TWT), a charity set up to promote the restoration of inland waterways. The Waterways Trust is closely associated with British Waterways, but they are separate. It is understood that service infrastructure runs across the Canal Side Square and connects into infrastructure within the area of land owned by TWT. As this land is not adopted the City Council may need to obtain assurances from TWT that they will maintain, repair and renew any service infrastructure connected to that running through Canal Side Square.

5.0 Rationale for the Transfer

5.1 The delivery of the regeneration plans for Ancoats continues to be progressed. Although the current market conditions have delayed the pace of development, the HCA, working closely with the City, continue to maintain momentum by working closely with developers to amend schemes; provide enhanced estate management; improve connectivity; crime prevention measures; and securing new visitor attractions. The maintenance of the public realm in Ancoats is an integral action in the support of the regeneration aspirations for the area. Safeguarding the long term future of both squares forms an important component of the wider strategy for the ongoing regeneration of the Ancoats Urban Village area.

5.2 By transferring the maintenance and management of the squares to the Council we are ensuring a holistic maintenance regime is applied across the neighbourhood. MCC will have the benefit of being able to plan a composite management and maintenance strategy for the whole of Ancoats public realm, given that we are already responsible for rest of the public realm (footpaths and carriageways etc) in the area.

5.3 The management of the squares by MCC would assure prospective developers that the sustainability of these two squares is secured in perpetuity.

6.0 Conclusion

6.1 As stated previously, the maintenance of the public realm in Ancoats is an
integral action in the support of the regeneration aspirations for the area. The long-term vision for the area remains in terms of improving its appearance, image and functionality in order for it to attract people who would want to live in the area and businesses alike. As the regeneration plans for Ancoats continues to be developed and we see increase in footfall, the public squares will be fundamental in providing focal destination for the residents, and attract visitors into the area. Local residents and businesses will benefit from the effective upkeep of both squares.

6.2 It makes sense that the management and maintenance of the two public squares rest within the Neighbourhood Services Directorate, dedicated to coordinating services for the maintenance and management of public realm throughout the City. The two squares within Ancoats will form part of that work programme. It is imperative that the commuted sum is ring fenced to ensure the Council is able to meets its obligations of the agreement.

7.0 Recommendations / Key Decisions

7.1 Recommendations are as set out on page 1 of this report.

8.0 Contributing to the Community Strategy

8.1 Performance of the economy of the region and sub region - a high-quality environment is an essential ingredient for attracting private-sector investment, attracting knowledge workers and ensuring a high quality of life. This has formed the basis for the investment in Ancoats’ public-realm, and the two areas of public open-space covered in this report are particularly important in contributing to quality of place and animating the street-scene within the area.

8.2 Reaching full potential in education and employment

Maintenance of the public realm will create a high-quality physical environment in Ancoats, which makes it an attractive place for businesses to invest.

8.3 Individual and collective self esteem – mutual respect

Provision for adequate management and maintenance of the two areas will enhance the sense of pride for local residents and businesses alike.

8.4 Neighbourhoods of Choice

By creating an attractive street environment and public realm will encourage people to live, shop and spend leisure time in Ancoats, and increase the attractiveness of Ancoats.

9.0 Key Policies and Considerations

9.1 Equal Opportunities - a key aim of the regeneration framework is to ensure that residents and businesses are able to access community facilities. The
maintenance of the public squares will ensure that this happens.

9.2 **Risk Management** – the agreement with the HCA will articulate key obligations that MCC would need to undertake. This will need to be monitored over the lifetime of the Agreement. Following endorsement a full analysis of any risk considerations will be completed and appropriate advice sought.

9.3 **Legal Considerations** - it is proposed that the dedication and adoption of the public realm areas i.e. Cutting Room Square and Canal Side Square, will be achieved by use of a bespoke Dedication Agreement under Section 38 of the Highways Act 1980 and such Agreement will include a Schedule entitled 'Maintenance and Management Plan' that will contain, all the agreed terms and conditions, relating to the proposed inspection, maintenance and management procedure to be applied, in respect of both public realm areas (including provision for the maintenance, repair, removal and replacement as necessary of; high quality hard landscape materials, street furniture, street lighting, the surface water drainage system, specialist lighting and art works etc.). Before accepting dedication of both public squares, it will be incumbent upon HCA to provide evidence that it is the registered proprietor of clean (unencumbered) legal freehold titles that include the areas; it intends to offer for dedication and adoption by the Council.