Manchester City Council
Report for Resolution

Report to: Executive - 12th September 2012

Subject: The Sharp Project: Expanding Support to the Development of Manchester's Digital Sector

Report of: The Chief Executive

Summary

In 2008 the City Council took a series of decisions to support and grow the city’s digital media production sector which led to the transformation of the former Sharp European distribution centre on Oldham Road in East Manchester, adjacent to Central Park, into a new facility - The Sharp Project - providing office/managed workspace and studio space for the digital media sector. Having completed The Sharp Project in June 2011, and having successfully established business and employment at this site, now is the time for the City Council to consider extending The Sharp Project and its philosophy of, and approach to, nurturing and growing digital content businesses across other appropriate sites in Manchester in order to stimulate the growth of the digital sector.

This report outlines the history of the development of The Sharp Project and progress which the initiative has made. It then sets out a series of proposals that seek to broaden, deepen and expand the development of The Sharp Project, the City Council’s flagship initiative that supports the development of Manchester’s Digital sector. Investment in the next phase of expansion of The Sharp Project will not only continue to strengthen the development of the sector but also continue to, expand the freelance talent pool in the city, attract larger volumes of TV and film production and continue to provide opportunities for the development of a pipeline of young people with the range of skills required to meet the sector’s future and growing needs.

The proposals under consideration include further investment into the existing Sharp Project facility on Oldham Road along with immediate proposals to acquire expansion facilities on Central Park through the acquisition of the One Central Park building on Northampton Road. This acquisition will be underpinned by a letting to a global interactive 3D Technology Company who will establish their European Headquarters in Manchester as part of their expansion plans and entry into the UK and European market. This Company have a requirement to invest significantly in skills development and these will be in facilities that will be co-located with the business. Finally, the report also highlights the intention to bring forward a further phase of expansion on part of the former Fujitsu works complex on Wenlock Way, West Gorton subject to the completion of ongoing due diligence work.
Recommendations

The Executive is recommended to:

1. Note the progress made in the development of The Sharp Project facility on Oldham Road, set out in Section 2 and 3 of this report, that has successfully delivered on the core objective of creating a significant digital media production hub that can support the development of the city’s Digital Media Production Sector;

2. Approve the proposals and capital budget increase of £1.5m as referred to in this report, for further investment in The Sharp Project facility on Oldham Road, as set out in Paragraphs 5.1 to 5.5 of this report, that will further enhance the capacity of the building to attract and retain digital businesses to be funded from MCC resources;

3. Approve the principle, as set out in Paragraphs 5.7 to 5.10 of this report, for the acquisition of One Central Park building on Northampton Road, Central Park from One Central Park Ltd, which then be incorporated into The Sharp Project property portfolio;

4. Note the proposals, as set out in Paragraphs 5.11 to 5.16 of this report, to secure the establishment of a new European HQ facility of a global interactive 3D Technology Company within the One Central Park building, the details of which are set out in the Part B of this report;

5. Note that proposals, as set out in Paragraphs 5.17 to 5.18 of this report, for the development of the former Fujitsu building at Wenlock Way, West Gorton, to help facilitate the further expansion of, and development of, Manchester’s Digital Sector, as part of The Sharp Project, will be brought to the October 2012 meeting of the Executive.

6. In accordance with Paragraph 14 of Part 4 In accordance with Paragraph 14 of Part 4, Overview and Scrutiny Procedure Rules of the Council’s constitution and having consulted with the relevant statutory officers, to approve the matter as urgent on the grounds that any delay in the implementation of the decisions would seriously prejudice the financial and legal position and is in the interests of the residents of Manchester and exempt it from call-in.

Wards Affected:

Miles Platting & Newton Heath; Harpurhey; Ardwick
<table>
<thead>
<tr>
<th>Community Strategy Spine</th>
<th>Summary of the contribution to the strategy</th>
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<tbody>
<tr>
<td>Performance of the economy of the region and sub region</td>
<td>The proposals to expand The Sharp Project and the opportunity to secure a new European HQ facility of a global interactive 3D Technology Company will provide a platform for the growth and expansion of Manchester’s digital sector and help strengthen the city position as the UK's second city for digital content production.</td>
</tr>
<tr>
<td>Reaching full potential in education and employment</td>
<td>The Sharp Project has, and will continue to through further expansion, give significant scope for providing other opportunities for the location of similar or associated digital businesses, thus helping to diversify the economic base of East and North Manchester.</td>
</tr>
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<td></td>
<td>The proposals to attract a global interactive 3D Technology Company who will establish their European Headquarters in Manchester within One Central Park will bring the added benefits of significant investment in skills development and such training will be in facilities that will be co-located with the business.</td>
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<td>By having the European HQ of a global interactive 3D Technology Company in Manchester, the city could further solidify its reputation for being on the global map for digital innovation. This will help with the agglomeration of other digital companies in and around Project E. In addition the investments to be made in digital skills will provide further opportunities to expand the city’s digital sector through indigenous growth and attracting businesses to the city.</td>
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<tr>
<td>Individual and collective self esteem – mutual respect</td>
<td>Not Applicable</td>
</tr>
<tr>
<td>Neighbourhoods of Choice</td>
<td>The Sharp Project has, and will continue to and the wider area would also give significant scope for providing other opportunities for the location of similar or associated businesses, thus helping to diversify the economic base of East and North Manchester.</td>
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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**

The Sharp Project is forecast to break even in 2013/2014.

A revenue business plan for the proposed new development in One Central Park has been drafted and detailed in Part B of this report.

**Financial Consequences – Capital**

Further investment in The Sharp Project facility on Oldham Road of £1.5m is required to further enhance the capacity of the building to attract, retain and grow digital businesses to be funded from MCC resources;

The capital funding requirements to support the proposed new development in One Central are outlined within Part B of this report.

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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.

- Supporting and Growing the City’s Digital Media Production Sector, Executive, 26th March 2008
- Supporting and Growing the City’s Digital Media Production Sector, Executive, 23rd July 2008
- The Regeneration of West Gorton – Summary of Progress to Date and Proposals for the Delivery of Future Phases of Activity, Executive, 15th February, 2012
- Digital Manchester, Executive, 14th March 2012
1.0 Introduction

1.1 In 2008 the City Council took a series of decisions to support and grow the city’s digital media production sector which led to the transformation of the former Sharp European distribution centre on Oldham Road in East Manchester, adjacent to Central Park, into a new facility - The Sharp Project - providing office/managed workspace and studio space for the digital media sector. Having completed The Sharp Project in June 2011, and having successfully established business and employment at this site, now is the time for the City Council to consider extending The Sharp Project and its philosophy of, and approach to, nurturing and growing digital content businesses across other appropriate sites in Manchester in order to stimulate the growth of the digital sector.

1.2 This report outlines the history of the development of The Sharp Project and progress which the initiative has made. It then sets out a series of proposals that seek to broaden, deepen and expand the development of The Sharp Project, the City Council’s flagship initiative that supports the development of Manchester’s Digital Sector. Investment in the next phase of expansion of The Sharp Project will not only continue to strengthen the development of the digital sector but also continue to expand the freelance talent pool in the city, attract larger volumes of TV and film production, and continue to provide opportunities for the development of a pipeline of young people with the range of skills required to meet the sector’s future and growing needs.

1.3 The proposals under consideration include further investment into the existing Sharp Project facility on Oldham Road along with immediate proposals to acquire expansion facilities on Central Park through the acquisition of the One Central Park building on Northampton Road. This acquisition will be underpinned by a letting to a global interactive 3D Technology Company who will establish their European Headquarters in Manchester as part of their expansion plans and entry into the UK and European market. This Company have a requirement to invest significantly in skills development and these will be in facilities that will be co-located with the business. Finally, the report also highlights the intention to bring forward a further phase of expansion on part of the former Fujitsu works complex on Wenlock Way, West Gorton subject to the completion of ongoing due diligence work.

2.0 The Sharp Project: the Initial Concept

2.1 The 26th March 2008 and 23rd July 2008 meetings of the Executive received reports that set out proposals to support and grow the city’s digital media production sector. The Executive were informed then of the extensive consultations with media companies based in the City that identified an opportunity to develop a focus on the digital media production sector in order to promote its continued growth. At that time it was envisaged that the key outcomes of such work would include the strengthening of the existing cluster, the expansion of the freelance talent pool in the City, the attraction of a larger volume of production and the development of a pipeline of young people with the range of skills required to meet the industry’s future and growing needs.
2.2 One of the key messages from these consultations was the clear need for a range of accommodation and facilities, from the very affordable to high-end city centre office space. There was also a clearly identified need for spaces where companies can co-locate in order to facilitate collaboration, innovation and share the costs of IT and technical infrastructure.

2.3 In 2006 the Council had acquired the former Sharp European distribution centre on Oldham Road in East Manchester, adjacent to Central Park, at a cost of £5.52m. The acquisition was made for strategic reasons, in order to retain control of a key site adjacent to a major development project - Central Park - in which the Council was, and still is, a Joint Venture partner. The building provided 200,000 square feet of office and warehouse accommodation, with around 180 car parking spaces.

2.4 At the 26th March 2008 and 23rd July 2008 meetings of the Executive the Sharp building was identified as having the potential to become a significant digital media production hub, providing large-scale, cost-effective studio, office and workshop accommodation, combined with a world-class technical infrastructure. At that time the Executive were informed that it would offer:

- Offices for use by digital media companies including a local, highly successful and rapidly growing visual effects business currently based in the City Centre. This company is helping the Council to shape the vision for the Sharp building and consulting its customers, suppliers and collaborators on their needs;
- A Media Village containing the catering, reception and social facilities, together with incubator office and workspaces available on flexible terms;
- Production warehouse, incorporating three drama studios and up to 20,000 square feet of office/wardrobe/make-up/production space;
- Set and other storage, plus workshop units in the second (two-level) warehouse; and
- The connectivity and power supply that this sector needs to do business.

2.5 The Executive were informed that the accommodation would be affordable, addressing the shortage of such accommodation elsewhere as some businesses have been displaced by alternative developments. The building would also be large enough to accommodate a range of complementary businesses, generating a cluster effect that will build a critical mass of skills supply and demand in Manchester. It was also envisaged that this critical mass and interaction will generate social and other activities such as workshops, exhibitions, screenings and master-classes. Critically the Executive were advised that the relationship between the Sharp Building and the wider area would also give significant scope for providing other opportunities for the location of similar or associated businesses, thus helping to diversify the economic base of East and North Manchester.

2.6 An economic impact/demand study undertaken by Ekosgen in 2008 estimated
that the development of the Sharp Building providing office/managed workspace for the digital media sector and studio facilities would create 380 jobs, support over 40 businesses and deliver £19m of GVA.

2.7 The 23rd July 2008 meeting of the Executive were informed that in taking forward proposals to redevelop the Sharp building was a major opportunity to respond to the emerging needs of the City’s thriving digital production sector by providing affordable and flexible accommodation that would encourage much greater interaction between employers and educators, enhancing the City’s skills base and creating high quality jobs. The Executive were also informed that “whilst the project does carry some risks, officers believe (d) that these (were) manageable and (were) justified given the potential benefits of the investment.”

3.0 The Sharp Project: from Concept to Delivery

3.1 The 23rd July 2008 meeting of the Executive approved that the Council would retain 100% ownership of the Sharp Project building and that the City Council would undertake the refurbishment itself. The costs were estimated, at that time, at around £5 million excluding financing. Members were also informed that holding and other associated costs would be circa £360,000 per annum.

3.2 The Sharp Project was completed in June 2011. In the three years since the July 2008 the investment requirements needed to transform the building changed as a result of a better understanding. In total £11.095m has been invested to date in The Sharp Project building, with £6.3m of additional resources being secured from the European Regional Development Fund (ERDF) and the North West Development Agency (NWDA). This additional investment addressed a number of unanticipated matters associated with the transformation of the building such as asbestos removal, the provision of additional power and connectivity facilities and the acquisition of shipping containers for new business start ups. The holding and associated costs over the last four years, including this financial year are circa £1.375m.

3.3 Whilst the building was completed in June 2011 parts of the building have been in use since 2009. Today The Sharp Project is now home to over 50 digital businesses that together specialise in digital content production, digital media and TV and film production. They include:

- Motion Capture, Animation, Search Engine Optimization, Web Design, Product design, Post production, and both live and pre - recorded/post music production in a purpose built music studio, Audio Dubbing, App. Development, specialist camera TV production equipment hire, VOIP/Internet service companies, costume and prop hire and graphic design and technology companies.

- And four drama stages ranging from 4,000 to 28,000 square feet which are currently are full with the network TV production companies - for both the BBC and ITV, along with Sky 1’s successful drama serial “Mount Pleasant” and C4’s British Comedy Award winner “Fresh Meat.
3.4 The building offers non-traditional flexible office space, including converted shipping containers, production and event space at affordable prices, including a low cost membership Campus facility. Here, for a small fee, single start-ups can work wirelessly and join the numerous network events tailored to help improve their businesses and demand for space is high. This approach, and backed by the high speed broadband on site, data storage and a huge resilient and diverse power supply, has attracted much attention in the market – locally, nationally and internationally. As a result, this month the accommodation at The Sharp Project is currently 75% full, which meets the business plan target for utilisation of space. At the end of its first year of full operation The Sharp Project had created 287 full time equivalent jobs within the tenancies in the building.

3.5 The final part of the business plan is close to be realised with negotiations at an advanced stage on a 15 year lease for a data centre operator on the remaining warehouse space at The Sharp Project – initially 20,000 square feet but with an option to take further space in the building. In addition, the project’s reputation and success has now led to a private third party Telecommunications company installing, at their own cost, an additional 46 pairs of hi-speed fibre, bringing unlimited and unparalleled connectivity to the building. Taken all together the realisation of these opportunities will now take The Sharp Project into profit in 2013/2014 in its first full year of trading.

3.6 The Sharp Project (TSP) model is based on a well-defined proposition – bringing together space, connectivity, power and people and enabling this convergence of assets and talent to create content in Manchester for a global market. The strategic aim of The Sharp Project is to reduce the barriers that prevent creative and digital businesses from growing, creating work and generating wealth. It has prototyped a unique way of working in the sector, and as a result has catalysed a new wave of entrepreneurial activity across the City Region capturing attention not only nationally but has also gaining a reputation internationally for developing and attracting set up businesses in this sector in a manner that can accelerate growth. Backed by the new 6MW power supply and the dual sources of connectivity, companies on site operate internationally from inside this hub, even from a converted shipping container and are increasingly doing business in this way. It is unique in the market place, hence the interest in the model internationally, particularly from North America.

3.7 An added and unforeseen benefit of this success has been the creation for Manchester of a new brand – The Sharp Project. Approaches have been made to buy the brand and TSP or forge partnerships with TSP or franchise TSP brand both in the UK and Internationally. The brand now has a commercial value. The brand has been trademarked to prevent others exploiting the brand and to protect its integrity while the City consider how to exploit these opportunities.

SharpFutures

3.8 Finally, The Sharp Project has focussed on one of its original objectives of growing talent, skills and capacity for the Digital Sector. To deliver this
Objective SharpFutures has recently been established as a Community Interest Company (Company Limited by Guarantee) in operation at the Sharp Project. Its constitution is built around the following statement which will be used as a measure of compliance annually by the Community Interest Company Regulator:

To build the capacity of deprived communities through nurturing educating and growing talent to enhance and expand the creative and digital sector in the UK.

3.9 SharpFutures will, through real live workstreams at the Sharp Project, train a number of apprentices to develop the skills and attitude that will be required to work in the Digital Sector. These apprentices will deliver services to The Sharp Project Campus and a program of PR and marketing for The Sharp Project.

4.0 Establishing Manchester as a Digital City

4.1 The 14th March 2012 Executive approved proposals for a new Digital Strategy for Manchester with the explicit aim of positioning Manchester as a digital City over the next three to five years, maintaining and continuing to grow the city’s competitive advantage in order to secure an ambition of becoming one of the world’s most digital cities by 2020.

4.2 In order to enable the city to deliver on this ambition Oliver & Ohlbaum (O&O) Associated Ltd\(^1\) were engaged to undertake a critical review of Manchester in order to determine what the challenges and opportunities are for the city to become a world leading digital city and to provide an independent assessment of what the city would need to do in order to be globally competitive.

4.3 O&O have now completed their analysis and are finalising their final report. It is intended, as set out in the March 2012 “Digital Manchester” report to Executive, that the final report will help inform the detailed Action Plan which Executive requested when approving the Digital Manchester report which will now be presented to October’s Executive. The emerging study outputs that have been discussed with officers that are directly relevant to The Sharp Project and expanding support to the development of Manchester’s Digital Sector. Specifically O&O are of the view that Manchester must capitalise on its existing resources and successes, and nurture and facilitate the growth of its own unique digital ecosystem, specifically using The Sharp Project as a blueprint for future growth.

4.4 O&O regard The Sharp Project as providing a key platform for future growth of the Digital Sector. From the discussions with officers on the emerging study outputs it is clear that O&O are of the view that the City Council should extend the “Sharp Project ecosystem” and the philosophy of nurturing and growing digital content businesses across other appropriate sites in Manchester in order to stimulate the growth of the digital sector. They have suggested that the City Council makes best use of the current portfolio of available property in

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\(^1\) O&O are a leading independent adviser and expert on the opportunities and challenges facing the global media, entertainment and sports sectors.
the right locations, particularly those offering significant regenerative benefits. Officers are of the view that such an expansion should be demand-led with the City Council working very closely with The Sharp Project management team to support a gradual expansion through prudent and evaluated interventions. In addition O&O have also indicated that the City Council should consider encouraging private sector partners to create ‘digital’ co-working hubs in their city centre locations based on models such as ‘General Assembly: Manhattan’.  

4.5 Recent press coverage has reinforced Manchester’s position as one of the leading digital cities with the announcement of “Tomorrow” which has potential to be one of the most exciting digital investments in the UK and testament to Manchester’s growing reputation in the global digital community. “Tomorrow” is the result of a collaboration between a number of global digital companies and will be delivered across twenty sites in and around Manchester. Each site will host ground-breaking technology that will enable local firms to explore and access business solutions, knowledge and data in an intuitive and interactive format that is completely innovative and unprecedented. The technology will be linked across all 20 buildings to facilitate collaborative problem solving, new product/service development and commercial innovation. Manchester has been chosen as the first location internationally to launch what will be ground-breaking technology. It will also be a huge opportunity for businesses based in Manchester and beyond to explore new ways of working to grow their competitiveness through enhanced technology. As such “Tomorrow” has the potential to deliver a form ‘digital’ co-working hubs as envisaged by O&O.

5.0 Expanding Support to the Development of Manchester’s Digital Sector

The Sharp Project on Oldham Road: New Investment to support Growth

5.1 Over the last 6 months officers have been developing a case for further capital investment at The Sharp Project facility on Oldham Road in order to enhance the opportunities to strengthen and broaden the opportunities to generate additional revenues. A number of investments are proposed: at present The Sharp Project has 34 shipping containers, with 26 used as offices and 8 as storage space. These are fully let with a waiting list for tenancies. In order to meet this demand it is proposed that 8 additional containers are acquired.

5.2 Secondly, it is proposed that investment is made available to create a “unique to Manchester” green screen facility that can drive further long term revenues.

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2 General Assembly is a global network of campuses for individuals seeking opportunity and education in technology, business, and design. The first such Campus was established in Manhattan, New York City where it is headquartered. The Campus is a hub of entrepreneurial activity and education. Each campus is designed to serve as a mixed-use space for education and collaboration, providing entrepreneurs with the physical resources needed to facilitate their needs and inspire creative practices. General Assembly have established facilities in London and Berlin within Europe along with a number of cities in North America and Australia.

3 This is a bespoke studio facility that enables a special effects film technique involving filming actors against a green screen on which effects such as computerized graphics can be added.
The Sharp Project management team is in discussion with a UK based company who require a green screen facility for a minimum lease of 5 years, allowing capital to be repaid over this period. This business has developed a world leading approach to streaming video to deliver “just in time” software training and is currently delivering its training services to over 100,000 people in 105 different locations in 33 countries using 11 languages. This company now needs to access facilities that enable them to industrialise the scale of the operation and to do so requires a new facilities incorporating green screen studios and associated media asset management services. Such a bespoke facility does not exist in Manchester.

5.3 The company, with its international client base, has the opportunity to expand rapidly with an additional 150 new employees next year if such a facility was available. Such employment growth would require them to take office space at The Sharp Project. In addition it should be noted that in order to expand their employment base the company want to work in partnerships with university and FE colleges from graduate level to pre-entry level as well as develop a supply stream of digital industries targeted apprenticeships.

5.4 Having undertaken extensive due diligence on the case for investing in a new Green Screen facility within The Sharp Project on Oldham Road officers are of the view that there is a strong case for the additional investment needed. The potential employment benefits are significant and the facility clearly fills a gap in the Manchester market.

5.5 Finally, as a result of both operating the building and the business over the last 12 months, an investment requirement has been identified for a range of works. These works will improve the security, operational efficiency, and lettability of the space, securing a positive impact on the business plan bottom line and also improving the sustainability of the facility.

**The Sharp Project: Proposed New Developments**

5.6 Notwithstanding the investment proposals set out in the previous paragraphs for a green screen facility and the need to accommodate the growth of the business that will utilise that studio facility there is now a need to consider the need to provide space for digital businesses that cannot be accommodated within The Sharp Project on Oldham Road along with meeting the demands for TV production space. Two facilities are under consideration for expanding The Sharp Project.

One Central Park, Northampton Road Central Park

5.7 Located on Northampton Road, Central Park One Central Park (OCP) was constructed in 2005 and is a high quality purpose built office/education facility with over 100,000ft² of usable space. The legal structure sitting behind the building is complex, however in essence the Homes and Communities Agency
(HCA) is the freeholder owner, the City Council holds a 250 year lease less 5 days and One Central Park Limited (OCPL) are the Intermediate leaseholder and effective landlord. OCPL has 5 shareholders (Manchester College, Manchester University, Salford University, Manchester Metropolitan University and Manchester Science Parks).

5.8 The One Central Park facility aims to fuse education, commerce, innovation and enterprise, to provide a comprehensive range of activities from vocational training, foundation degrees and postgraduate research to business creation and incubation. The ambition for One Central Park was to create a place where industry and academia would come together in order to develop tomorrow's products and services whilst also acting as a training hub for the skills sought by 21st century business.

5.9 In terms of the leaseholder interest in One Central Park the Manchester College have circa 50% of the space, the University of Manchester via the University of Manchester Innovation Centre Limited (UMIC) have circa 33% and Manchester Science Park (MSP) have circa 17% of the space available. The College have successfully established One Central Park as part of their estate with specialisms in computing and creative technology located there. The College deliver a wide range of courses for adults, professionals and university level students and provide opportunities for creative apprenticeships for school leavers. Unlike the College, and despite strenuous efforts, UMIC and MSP have been unable to establish One Central Park as a successful incubation facility that can accommodate spin out businesses from the university base and also act as a location for other start up businesses to flourish. This is in contrast to the success, albeit in a different market, of The Sharp Project, which is less than a mile away. The Sharp Project has its own momentum and provides a much stronger position in the market for future development of new tenants at One Central Park.

5.10 Officers have reviewed in detail the current performance of One Central Park and are of the view that this facility can provide an opportunity for start up digital businesses, existing businesses within The Sharp Project seeking to expand and who cannot be accommodated within the Oldham Road facility, and also accommodate larger digital businesses seeking to locate near The Sharp Project. Officers are of the view that the Manchester College and the courses currently provided at One Central Park are a good fit with The Sharp Project ambition to ensure that the digital sector has access to a strong skills base. Officers are of the view that the City Council should enter into negotiations with One Central Park Ltd to acquire this facility with the objective of incorporating it into the Sharp Project with the purpose of using the facility as a “grow on” space for existing digital businesses and to act as a base that can provide education and skill building that are key to the development of the sector.

Project E

5.11 In the Spring of 2012 The Sharp Project management team were contacted by a global interactive 3D Technology Company who were seeking to establish a European Headquarters. The profile of The Sharp Project within North
America was key to this company seeking to examine Manchester as a possible location.

5.12 Part B of this report sets out proposals to support this global interactive 3D Technology Company (referred to as Project E) to establish a European Research and Development Interactive Digital Centre (IDC) in Manchester. This will be a new European centre of excellence in interactive digital media and it will offer interactive and digital media technology solutions, training and professional services. “Project E” have identified the One Central Park building on Northampton Road, Central Park as their preferred location for their European HQ facility from which they will establish their IDC facility but also deliver their training requirements.

5.13 The IDC will provide access to state of the art interactive 3D technologies including virtual showroom, training room, project room, development lab, and 3-D classroom infrastructure. The new centre will include training facilities which will be used as the company recruits its workforce with 38 jobs in year one, 98 jobs in year 2 and 243 jobs in year 3.

5.14 The IDC will run annual training programmes and work experience through its virtual reality design programme for coding and other digital skills and expects to offer employment to half of those trained. The company would typically train two groups of 50 over the course of a year, and this activity will help not only to service the company’s needs but also help to address the digital skills shortage in the City.

5.15 In its initial years the core activity of the new HQ facility is the development of 3D educational tools, and “Project E” developers and modelers will work with a number of schools in Greater Manchester to develop new educational products. The company will develop, refine, market and sell a range of new interactive tools for the UK and also the European educational market.

5.16 The company will work with an established training provider to ensure that the planned training programmes for coding skills and “Project E” staff training to provide transferable skills with a recognized qualification. The “Project E” staff training programme will allow staff to transfer to major customers, including large companies and educational organizations. Increasing the skills levels of a large, more skilled and flexible workforce is a strategic objective for the company.

The Former Fujitsu Works Complex, Wenlock Way, West Gorton

5.17 The success of The Sharp Project as a new UK Drama hub has created further demand for sound stages which we are not able to accommodate. As a result the City Region is turning away work. In addition, the Chancellor’s 2012 Budget announcement relating to the tax incentive programme for Corporation Tax relief for “high end” television industries (i.e. Drama) is expected to increase the volume of overseas production looking for space in the UK. The UK, with facilities at Pinewood and elsewhere, is full for at least the next 2 years. Manchester has identified space to accommodate the current UK indigenous production demand for drama stages and seeks to fit this out to
also target an overseas customer base. There is an immediate requirement for space as the North West has insufficient facilities.

5.18 At the February 2012 meeting of the Executive were informed that, in addition to developing the former Fujitsu works complex on Wenlock Way as a key back-office location for City Council services, further work was underway to determine if a significant proportion of the remaining space within the complex could build on the opportunities being stimulated by The Sharp Project. This due diligence work is still underway and is expected to be completed shortly. The focus of this work has been to determine if there is an opportunity to convert the computer halls at the former Fujitsu building at Wenlock Way to drama stages and associated production offices, dressing rooms, prop storage in order to create a new drama hub in the city. Subject to there being a robust business case, and there being support from the local community for the redevelopment of the complex for such a purpose, it is anticipated that the Executive will receive a further detailed report on this proposal in the Autumn 2012.

Expansion of the Sharp Project: Anticipated Benefits

5.19 Work undertaken by The Sharp Project management team has indicated that the proposed investment in the Oldham Road facility will secure 150 new jobs within a 12 month period, leading to the building being fully occupied. This development, combined with the additional lettings that have been secured in this financial year, should enable the original economic forecasts that were set in 2008 to be realised.

5.20 The proposed acquisition of One Central Park, a building that is under-performing in occupancy terms, will provide the base for a new European HQ facility for a global interactive 3D Technology Company and this will provide a platform for the growth and expansion of Manchester’s digital sector at One Central Park. The creation of circa 240 jobs within a three year period by this company, along with their commitment to training 100 potential employees each year with coding skills, will reinforce and add value to their investment in the city.

5.21 Finally, as part of the due diligence work underway to bring forward a further phase of expansion of The Sharp Project on part of the former Fujitsu works complex on Wenlock Way, West Gorton there will be an economic impact / demand study undertaken. Given the outcomes that have been, and will be, secured at the Oldham Road facility, along with the demand that has already been generated by The Sharp Project, officers are of the view that the anticipated economic benefits to be secured at this site could be very significant.

6.0 Urgency and Exemption from Call In

6.1 In accordance with Paragraph 14 of Part 4, Overview and Scrutiny Procedure Rules of the Council’s constitution and having consulted with the relevant statutory officers, to approve the matter as urgent on the grounds that any delay in the implementation of the decisions would seriously prejudice the
financial and legal position of the Council or the interests of the residents of Manchester and exempt it from call-in.

6.2 The reason for urgency is to secure investment in the City and new jobs, full details of which are expanded upon in the Part B report.

7.0 Concluding Remarks

7.1 The proposals set out in this paper to expand The Sharp Project have the potential, not only, to extend the support given to Manchester’s Digital Sector but also to help reinforce the development of a digital content “ecosystem” within the city that can compete with and rival the “second tier” of global digital hubs by 2025. Notwithstanding our experience in developing The Sharp Project on Oldham Road, and the understanding that has been secured from this development, officers believe that the expansion plans set out in this report do still carry some risks; however, officers believe that these are manageable and are justified given the potential benefits of the investment.

7.2 Detailed recommendations appear at the front of this Report.

8.0 Contributing to the Community Strategy

(a) Performance of the economy of the region and sub region

8.1 The proposals to expand The Sharp Project and the opportunity to secure a new European HQ facility of a global interactive 3D Technology Company will provide a platform for the growth and expansion of Manchester’s digital sector and help strengthen the city position as the UK’s second city for digital content production.

(b) Reaching full potential in education and employment

8.2 The Sharp Project has, and will continue to through further expansion, give significant scope for providing other opportunities for the location of similar or associated digital businesses, thus helping to diversify the economic base of East and North Manchester.

8.3 The proposals to attract a global interactive 3D Technology Company who will establish their European Headquarters in Manchester within One Central Park will bring the added benefits of significant investment in skills development and such training will be in facilities that will be co-located with the business.

8.4 By having the European HQ of a global interactive 3D Technology Company in Manchester, the city could further solidify its reputation for being on the global map for digital innovation. This will help with the agglomeration of other digital companies in and around Project E. In addition the investments to be made in digital skills will provide further opportunities to expand the city’s digital sector through indigenous growth and attracting businesses to the city.

(c) Individual and collective self esteem – mutual respect
8.5 Not Applicable

(d) Neighbourhoods of Choice

8.6 The Sharp Project has, and will continue to and the wider area would also give significant scope for providing other opportunities for the location of similar or associated businesses, thus helping to diversify the economic base of East and North Manchester.

9.0 Key Polices and Considerations

(a) Equal Opportunities

9.1 A key outcome will be to capture significant employment opportunities and ensure that Manchester residents have the opportunity to compete for the jobs that are created. In addition, there is a commitment to ensure that all of The Sharp Project facilities will be accessible and well connected.

(b) Risk Management

9.2 A risk management strategy will be developed for each individual building proposal.

(c) Legal Considerations

9.3 The City will need to acquire the remainder of a lease at One Central Park and enter into legal agreements. City Solicitors have been advising and will arrange all necessary legal work for the transactions.

9.4 Other legal considerations in relation to the proposals are described in the Part B report.