

## Greater Manchester Combined Authority

Date: 26<sup>th</sup> November 2021

Subject: GMP Site, Chester Road, Trafford

Report of: Andy Burnham, Mayor of Greater Manchester and Eamonn Boylan, Chief Executive Officer, Greater Manchester Combined Authority

---

### Purpose of Report

This report seeks the Greater Manchester Combined Authority's approval to enter into a Joint Venture (JV) with Trafford Council and a Developer Partner and to agree to the disposal of the Chester Road site.

### Recommendations:

The GMCA is requested to: Approve the recommendations below related to the proposed residential led mixed-use development of the GMP Chester Road site in Trafford.

1. Approve the disposal of the GMP Chester Road Site.
2. Approve GMCA entering in a Joint Venture with Trafford Council and a Developer Partner on terms to be agreed.
3. Approve the £642,500 of funding needed to appoint a development partner and obtain detailed planning consent for the scheme.
4. Delegate authority to the GMCA Chief Executive and Treasurer to commence the procurement process and appoint a development partner.
5. Delegate authority to GMCA Chief Executive and Treasurer to agree appropriate legal agreements with Trafford Council.
6. Delegate authority to the GMCA Treasurer acting in conjunction with the GMCA Monitoring Officer to prepare and effect the necessary legal agreements.

### Contact Officers

Andrew McIntosh *Investment Director* [andrew.mcintosh@greatermanchester-ca.gov.uk](mailto:andrew.mcintosh@greatermanchester-ca.gov.uk)

Neil Waddington *Delivery Director* [neil.waddington@greatermanchester-ca.gov.uk](mailto:neil.waddington@greatermanchester-ca.gov.uk)

BOLTON  
BURY

MANCHESTER  
OLDHAM

ROCHDALE  
SALFORD

STOCKPORT  
TAMESIDE

TRAFFORD  
WIGAN

## Equalities Impact, Carbon and Sustainability Assessment:

New Homes and jobs will be delivered as a result of the delivery of this project and it will align with those specific housing needs and priorities for Greater Manchester and as a result will not have any adverse implications from an equality perspective. The scheme's location close to public transport nodes will enable access for the whole community to leisure facilities and employment in the wider area and the mix of market and affordable homes will ensure a balanced and inclusive community is delivered.

### Impacts Questionnaire

Impact Indicator	Result	Justification/Mitigation	Guidance
Equality and Inclusion	<span style="background-color: green; color: white;">■</span>		<i>See Equalities Impact Assessment Result</i>
Health	<span style="background-color: green; color: white;">■</span>		
Resilience and Adaptation	<span style="background-color: lightgrey;">■</span>		
Housing	<span style="background-color: green; color: white;">■</span>		
Economy	<span style="background-color: green; color: white;">■</span>		
Mobility and Connectivity	<span style="background-color: orange; color: white;">■</span>		
Carbon, Nature and Environment	<span style="background-color: orange; color: white;">■</span>		<i>See Carbon Assessment Result</i>
Consumption and Production	<span style="background-color: lightcoral; color: white;">■</span>		

Contribution to achieving the Greater Manchester Carbon Neutral 2038 target.	The scheme is aiming to be a Net Zero Carbon development. Discussion have already been held on the potential options for district energy networks. Environmental enhancements have also been factored into the schemes viability appraisal to reflect the net zero ambitions for the scheme.
--	--

### Carbon Assessment

Overall Score



Buildings	Result	Justification/Mitigation
New Build residential	<span style="background-color: green; color: white;">■</span>	
Residential renovation or maintenance	<span style="background-color: lightgrey;">■</span>	
New Build Commercial/Industrial	<span style="background-color: lightgrey;">■</span>	

Transport

Active travel and public transport		
Roads, Parking and Vehicle Access		
Access to amenities		
Vehicle procurement		
<b>Land Use</b>		
Land use		

## Risk Management

The process we are undertaking does not oblige us to proceed and we have the ability to withdraw at any time. We will manage the process by implementing an appropriate governance structure to manage the process in partnership with Trafford Council. There is no guarantee the JV will be pursued following the initial expenditure. In that event, it is unlikely these costs will be recovered. The main risk therefore is the initial revenue expenditure.

## Legal Considerations

The procurement process will be undertaken with support from our legal and procurement teams. This will ensure that all legal considerations are appropriately addressed.

## Financial Consequences – Revenue

Before a private sector development partner is appointed the GMCA along with Trafford Council will need to finance legal, marketing and procurement costs. The estimated fee's will be approximately £642,500. These funds will be underwritten by police and crime reserves.

## Financial Consequences – Capital

There will be no capital consequences of entering into the Joint Venture until a full planning application is approved. The capital costs will be determined at this time along with the delivery approach which will identify the capital requirements for the GMCA. Further approvals for capital expenditure will be sought at this time.

## Number of attachments to the report:

None

## **Comments/recommendations from Overview & Scrutiny Committee**

None

## **Background Papers**

None

## **Tracking/ Process**

Does this report relate to a major strategic decision, as set out in the GMCA Constitution

Yes

## **Exemption from call in**

Are there any aspects in this report which means it should be considered to be exempt from call in by the relevant Scrutiny Committee on the grounds of urgency?

None

## **GM Transport Committee**

None

## **Overview and Scrutiny Committee**

None

# 1. Introduction

- 1.1 The Site is approximately 3.57Ha (8.8 acres) and in the ownership of the Greater Manchester Combined Authority (GMCA).
- 1.2 The site forms part of the Greater Manchester Police (GMP)/ GMCA estate and was the former location of the GMP headquarters known as Chester House. The site is currently occupied by a GMP data centre and a communications branch. GMP have previously declared the site as surplus to their operational requirements and have agreed to vacate the premises within timescales that will not impact on the delivery of the development. The GMP Target Operating Model Estate identified transformational changes of services that meant the data centre and communications facilities were not dependent on the Chester House site. This confirmed that the site could be rationalised from the estate and surplus to requirements.
- 1.3 Following the inclusion of the site in the Trafford Civic Quarter Area Action Plan and discussions with Trafford Council, architectural input was required to allow for an understanding of the true development potential for the site and to enable the refinement of options.
- 1.4 As a prime gateway site to the Civic Quarter in Trafford, this site offers a great opportunity to deliver development in Greater Manchester that reflects the aspirations of both GMCA and Trafford Council. These aspirations include the provision of a policy compliant percentage of affordable homes (25%), the delivery of a net zero carbon development, the creation of a destination and new community with excellent levels of design and placemaking, high levels of social value and to work in partnership to deliver these. GMCA and Trafford Council envisage a long-term retention of the asset so profit from the scheme can be reinvested into public services in Greater Manchester.
- 1.5 This site is identified as being in the Northern Neighbourhood of Trafford Council's Civic Quarter Area Action Plan (AAP). The vision for the Northern Neighbourhood is for it to be a prime gateway location with opportunities to drive forward employment growth opportunities within a diverse and mixed-use neighbourhood. Opportunities for the site are noted to be:
  - Gateway neighbourhood development opportunity

- Capitalise on the potential of the Trafford Bar interchange and success of Exchange Quay opposite.
- Opportunity for significant modern workplace development offer as part of a mixed-use and vibrant neighbourhood.
- Consolidate Chester Road fringe-built form to protect potential new amenity to the south
- Reveal the history of the Henshaw's Asylum and ensure the remaining entrance posts are protected.

## **2. GOVERNANCE**

- 2.1 Given the scale of the opportunity, and the involvement of public sector partners, it was appropriate to establish formal governance structures to oversee the development of proposals for the Chester House site, and future delivery to ensure a high-quality scheme that aligns with GM and Council priorities and maximises the return to the public purse.
- 2.2 Therefore, a senior level Project Delivery Board was established with overall responsibility for bringing development forward and an Operational Delivery Group which has day to day responsibility for the project.

## **3. SCALE AND MASSING**

- 3.1 The Chester House area is a key gateway and catalyst for the delivery of the wider Civic Quarter Area Action Plan (AAP) and therefore the quality of its design is very important not just for this site but other parcels of land too.
- 3.2 Buttress Architects were appointed to undertake scale and massing for a residential led mixed-use scheme. They produced a number of options which tested the capacity of the site to accommodate new uses. An accommodation schedule was

produced with sufficient detail provided to allow high level cost plans to be assembled.

-  **758 new homes**  
A mix of town houses, apartments and live work units
-  **Hotel**  
112 rooms
-  **62,150sqft commercial**  
A variety of commercial units creating activity at ground level
-  **Parking hub & rooftop foodhall**  
Spaces for 300 cars & parcel collections, 11,000sqft foodhall
-  **9,800sqft office space**
-  **Live work units**  
Active courtyards with live work units and makers yard



- 3.3 The above quantum of development has been used by consultants to allow for financial modelling to test viability. The scheme is very much indicative at this stage and subject to change as it progresses through detailed design and a full planning application process.

## 4. VIABILITY

- 4.1 A Whole Scheme Appraisal was submitted to Trafford Council to start discussions on competing objectives and how these could be balanced.
- 4.2 The appraisal is a policy compliant appraisal which provides for 25% affordable housing and the required Area Wide Infrastructure Levy sum.
- 4.3 The mix of affordable tenure is to be determined by future work, but it should be noted that the inclusion of a greater proportion of social housing will impact on the viability of the scheme. It is the ambition of both the GMCA and Trafford Council to deliver a Net Zero Carbon development with further exploration of appropriate technologies anticipated.

4.4 There is a disused rail tunnel under part of the site so it is inevitable that there will be associated abnormal cost with the delivery of the scheme. As such the viability appraisal has factored in £5m of abnormal cost which will be refined through future work phases. To enable the delivery of the area wide infrastructure for the Civic Quarter AAP a levy fee of £11.2m will be paid by this project towards it. This sum has been factored into the viability work.

## 5. LAND VALUATION – EXISTING USE VALUE

5.1 As a starting point it is proposed to utilise the Existing Use Valuation figure and apply an Equilibrium Approach to ascertain the final land value. This means in practice that the land value will change and could either go up or down depending on the results of further technical work that may identify abnormal costs with the final Land Value agreed between the parties once planning consent has been obtained and detailed cost proposals have been prepared.

## 6. INITIAL INVESTMENT COSTS

6.1 An important consideration for the GMCA and Trafford Council is the initial upfront and potentially abortive costs. The At-Risk Cost Table below indicates the initial investment for the first two years of the project. The first years spend will begin in January 2022. The table is split between how much the public and private sectors will need to pay. The public sector column will be a 50/50 split between Trafford Council and GMCA.

*At Risk Cost Table*

Immediate Cost Pre-Developer	2021/2022			2022/2023		
	Public	Private	Total	Public	Private	Total
Marketing	£100,000		<b>£100,000</b>			
Procurement	£20,000		<b>£20,000</b>			
Legal	£150,000		<b>£150,000</b>			

<b>Early JV Costs</b>						
Energy Strategy				£15,000	£15,000	<b>£30,000</b>
Site Investigations				£125,000	£125,000	<b>£250,000</b>
Planning Application				£450,000	£450,000	<b>£900,000</b>
Construction Design				£425,000	£425,000	<b>£850,000</b>
<b>Total</b>	<b>£270,000</b>		<b>£270,000</b>	<b>£1,015,000</b>	<b>£1,015,000</b>	<b>£2,030,000</b>

- 6.2 The current programme timetable indicates that a Developer Partner will be appointed in April 2022. Therefore, the cost in 2021/2022 will be paid by the public sector and would be abortive costs if the JV project does not progress.
- 6.3 Following the appointment of the Developer Partner the cost in 2022/2023 will be the responsibility of the public/ private JV partnership and will be focused on site investigations, a planning application and construction design.
- 6.4 GMCA will be using the land value of the GMP site as part of its equity contribution to the scheme's construction delivery. It is anticipated that the land value associated with the site will be set once planning permission is granted via a RICS accredited independent surveyor. The land value will be GMCA's initial contribution until it is matched by Trafford Council and the developer partner.
- 6.5 As the initial JV will be between Trafford Council and GMCA, the preferred option is that Trafford Council would pay a 50% contribution and GMCA would pay a 50% contribution. The estimated cost to the public sector partners up to planning permission being granted and therefore the total at risk contribution to the public sector partners is £1,285,000. This equates to a GMCA contribution of £642,500.
- 6.6 An alternative delivery option for GMCA is to simply just sell the land to a developer. This option however has limitations such as it would greatly reduce GMCA and Trafford's ability to influence the place making element of the schemes delivery and given that this is a gateway site, this very important. In addition, there would be very limited control and influence over the project being net zero carbon or on the

delivery of affordable homes. Being part of the JV will also mean that GMCA and Trafford will benefit from the profit generated by the scheme's delivery. The land sale option has therefore been discounted.

- 6.7 Following approval of this report GMCA and Trafford Council will commence a procurement process to appoint a Development Partner. Soft Market Testing for the procurement of a Developer Partner has already taken place and was advertised on the CHEST. In total 6 developers attended a site visit and 6 attended a question and answer session (7 developers in total) who have all expressed an interest in the site. This process gauged the level of interest in the JV being proposed and will inform the procurement process. We believe that our SMT shows that in the current market developers will be interested in delivering the site. Accepting that the market may change and developers in the future may be reluctant to commit, this could result in the loss of funds spent to date and delays to the schemes delivery. It is anticipated that the procurement process will begin in December 2021 with the intention that a Developer Partner will be appointed in April 2022.
- 6.8 GMCA and Trafford recently appointed Addleshaw Goddard to provide legal advice with the purpose of considering possible joint venture models the JV may take to allow for the implementation of the development proposal. The recommendation was to use a deadlocked 50:50 LLP.
- 6.9 The use of an LLP structure is usually driven by the benefits of tax transparency in relation to the partnership structure and is the preferred JV model for property developers i.e. a future development partner. A LLP structure is more beneficial in reducing SDLT on the transfer of the Site into the JV as SDLT should only be calculated at half of the relevant tax due to GMCA owning half of the LLP.
- 6.10 The terms of the joint venture will be developed as part of the procurement exercise. External legal advice will be sought on the specific terms of the agreement to protect GMCAs commercial position. It is recommended that authority be delegated to [ head of paid service / head of legal / treasurer] to agree and enter into appropriate legal arrangements.

## **7.Benefits**

- 7.1 The redevelopment of the Chester House site in Trafford provides a great opportunity to deliver an exemplar scheme that will benefit not only the new

community that will be established on the site, but also the wider existing community. This is not only as a result of the provision of new services and facilities as part of the schemes delivery, but also on the public sector partners ability to reinvest returns of up to £18.6m as a result of their investment.

- 7.2 Further benefits include the delivery of a high-quality gateway scheme that could act as a catalyst for other developments coming forward in the Civic Quarter and will enable the public sector partners to lead by example in terms of low carbon design and tenure mix. The potential returns will vary depending on the additional costs incurred through making this an exemplar project and this will be determined through the planning and design phase of the project in partnership with Trafford Council and our private sector development partner.

## **8. RECOMMENDATIONS**

- 8.1 Recommendations are set out at the front of this report.