

**REPORT OF THE STRATEGIC DIRECTOR FOR PLACE**

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**TO**  
**CITY MAYOR FOR PROPERTY & REGENERATION (Decision)**

**ON**

**22<sup>nd</sup> February 2021**

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**CITY CENTRE SALFORD**  
**‘Active Centres, Corridors & Neighbourhoods Project’**

**GM MAYORS CHALLENGE FUND FOR WALKING & CYCLING (MCF)**

**SECTION 106 MATCH FUNDING CONTRIBUTIONS**

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**RECOMMENDATIONS:**

That City Mayor approves;

1. The proposed expenditure of £1,991,550.34 of Section 106 contributions received towards the MCF funded ‘Active Centres, Corridors & Neighbourhoods Project’ in City Centre Salford.; and
  2. The intention to allocate future specific Section 106 contributions not yet received totalling £2,146,154.90 (index linked) as Council match funding towards the MCF funded ‘Active Centres, Corridors & Neighbourhoods Project’ in City Centre Salford
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**EXECUTIVE SUMMARY:**

The purpose of this report is to seek authority from the City Mayor to: -

- allocate specific Section 106 contributions already received totalling £1,991,550.34 as Council match funding towards the MCF funded ‘Active Centres, Corridors & Neighbourhoods Project’ in City Centre Salford and;
- allocate future specific Section 106 contributions not yet received totalling £2,146,154.90 (index linked) as Council match funding towards the MCF funded ‘Active Centres, Corridors & Neighbourhoods Project’ in City Centre Salford.

Tranche 1 and Tranche 5 funding submissions were made to MCF to assist in the creation of a network of interconnected walking and cycling routes across City Centre Salford. These funding bids were successful and the Council has been awarded project development funding to progress the design and business cases for each of the schemes included in the bids.

Associated with these funding bids, informal briefings and discussions have taken place with Lead Member for Planning and Sustainable Development, Chair of Planning and Transportation Regulatory Panel & Assistant Director for Planning regarding some specific sources of S106 funding and eligibility as match funding. These included reaching informal agreement to allocate the S106 funding associated with the Gore Street development towards the Chapel Street/Trinity Way scheme and the remaining S106 funding associated with the Renaker development at Wilburn Street Basin towards improving connectivity along the River Irwell (Irwell River Park), through the City Centre.

Further to these informal discussions, a briefing report confirming full details of the intention to allocate Section 106 contributions towards the MCF funded 'Active Centres, Corridors & Neighbourhoods Project' in City Centre Salford as detailed in this report was presented to the Lead Member for Planning & Sustainable development on the 12<sup>th</sup> January 2021 and City Mayor on 8<sup>th</sup> February 2021. The approach was supported at both meetings.

Individual reports will also be brought forward for approval at the appropriate time for each of the schemes included in the funding bids. These reports will include detailed information on cost and funding.

However, prior to completion of the business cases for each of the schemes, the Council needs to be clear on its ability to provide match funding. S106 contributions make up a significant proportion of this match funding.

Details of the current position regarding specific S106 contributions are included within this report. However, City Mayor should note that there is still risk attached, as not all the proposed S106 contributions have been paid to the Council at the present time.

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## BACKGROUND DOCUMENTS:

### Attachment 1

Proposed MCF scheme looking south along Irwell Street

### Attachment 2

City Centre Salford

'Active Centres, Corridors & Neighbourhoods Project'

Tranche 5 Funding Submission to the Greater Manchester Mayor's Cycling & Walking Challenge Fund  
5th April 2019

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KEY DECISION: YES

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## DETAILS:

### Background

Salford City Council made a Tranche 5 funding submission to the Greater Manchester Mayor's Cycling & Walking Challenge Fund on the 5<sup>th</sup> April 2019 for an 'Active Centres, Corridors & Neighbourhoods Project' in City Centre Salford.

This was based on a strategic plan, aimed at promoting less reliance on the motor car and encouraging people to move through the area by cycling, walking and using public transport.

The City Council has been working closely with partners to implement this integrated network which includes the creation of new interconnected walking and cycling routes, public realm, greenspaces, new bridges and opening up railway arches for public access.

To complete the 'City Centre Active Centres, Corridors and Neighbourhoods Project' the City Council sought £23,104,961 support from MCF with a match funding contribution of £5,059,948 towards the projects detailed in attachment 2.

As a precursor to the above project, through Tranche 1 of MCF, the Council had also previously sought funding support of £3,838,911 with a match funding contribution of £495,720 towards the Chapel Street East Phase 1 pilot project.

Suitable match funding towards the above MCF projects was primarily identified from within the City Council's S106 receipts as detailed in this report. The remaining match funding was identified to come from a combination of capital receipts, capital programme, unspent pinch point grant and English Cities Fund.

Prior to making the MCF funding submissions, discussions had taken place with the Council's S106 and Finance officers to agree a reasonable and low risk approach to match funding. Informal discussions also took place with Lead Member for Planning and Sustainable Development, Chair of Planning and Transportation Regulatory Panel & Assistant Director for Planning regarding some specific sources of S106 funding and eligibility as match funding.

In July 2018 and June 2019 the Council was advised that it's submission for Chapel Street East Phase 1 and City Centre Salford respectively had been successful and that it had been awarded project development funding to progress the design and business case.

Since award and during the course of preparing detailed designs and business cases, three significant changes have occurred: -

- One of the schemes included in the Tranche 5 funding bid (St John's to New Bailey Bridge) is unable to proceed at the present time. Scheme development was progressing well until summer 2020 when the City Council was advised that the form of the development on the Manchester side of the River Irwell was to change and it could be some time before it would be known whether it would still be possible to land a bridge in this location.
- In response to Covid 19 and in recognition of the need for improved cycling provision and more space for pedestrians to safely social distance an emergency active travel scheme was implemented along Irwell Street and linking into Chapels Street/Trinity Way.
- Also, as development proposals have come forward in the vicinity of Irwell Street and Trinity Way, it became apparent that the permanent solution for the Chapel Street/Trinity Way scheme needed to extend along Irwell Street into Manchester & Irwell River Park in order to develop a truly effective project.

Therefore, a proposal was put to Transport for Greater Manchester to vary the Council's Tranche 5 funding submission. This involved removing St John's to New Bailey Bridge from the programme and transferring the funding towards an expanded Chapel Street/Trinity Way scheme along Irwell Street and connecting into Irwell River Park as illustrated in attachment 1.

This variation was approved at TfGM's project Board on the 8<sup>th</sup> December 2020.

Each of the individual schemes making up the City Centre Salford MCF programme are described in attachment 2. Specific reports relating to each of these will be brought forward in accordance with the Council's Constitution at the appropriate time seeking approval to the detailed costs and funding arrangements and seeking authority to go out to tender through a compliant procurement process.

However, in advance of this, this report is recommending that City Mayor approves: -

- the proposed expenditure of £1,991,550.34 of Section 106 contributions received towards the MCF funded 'Active Centres, Corridors & Neighbourhoods Project' in City Centre Salford as summarised in the Table A below and;
- The intention to allocate future specific Section 106 contributions not yet received totalling £2,146,154.90 (index linked) as Council match funding

towards the MCF funded 'Active Centres, Corridors & Neighbourhoods Project' in City Centre Salford in the Table B below.

Table A – S106 funding already received

S106 Details					Proposed Allocation	
Ref	Development (Planning Application)	Value of S106 (Not index linked)	Named Projects	Received to date (Index Linked)	MCF Scheme	Amount
323	Riverside 16/67780/FULEIA	327,627.00	1. New Bailey Street - improvements outside Riverside Estate, 2. New Bailey Street - Station /Chapel Street junction improvements, 3. Manchester Gateway / Albert Bridge, 4. Access to Riverview development site area, 5. Quays Street / Browncross Street / Chapel Street and/or the relocation of the Joseph Brotherton Statue	356,328.56	Chapel Street East Phases 1 & 2	274,421.81
312/312A	Dandara Chapel Street 14/65224/FUL	798,000.00	Greengate Park and or work to support access to and from New Bailey Street	896,612.30	Chapel Street East Phases 1 & 2	498,000.00
353	Gore Street 15/66415/FUL	701,277.00	1. Chapel Street/Trinity Way junction and public realm works to create a pedestrian and cycle route through the adjacent railway arches and/or 2. Affordable Housing	726,249.61	Chapel Street/ Trinity Way	726,249.61
293	Wilburn Street Basin 14/64851/FUL	492,878.92	Public realm in the vicinity	492,878.92	Irwell Street/IRP/Ordsall Chord Riverside Connection	492,878.92

Table B – S106 funding not yet received

S106 Details					Proposed Allocation	
Ref	Development (Planning Application)	Value of S106 (Not index linked)	Named Projects	Received to date (Index Linked)	MCF Scheme	Amount (plus Index Linking)
328	Riverview 16/67779/FULEIA	552,373.00	Projects are the same as s106 ref 323	143,202.02	Chapel Street East Phase 2	414,279.75

288/ 306	Middlewood Locks 13/64081/OUTEIA	1,951,897.00	Restoration & maintenance of Manchester Bolton Bury Canal, through site. Access and infrastructure open space improvements to Peel Park. Improvements to Pedestrian Route. (Middlewood to Salford Central Station). Provision of public art within site. Provision of air quality monitoring equipment within vicinity of site. Environmental improvements within the area included within the Council's Chapel Street Regeneration Strategy.	0.00	City Centre Bee Network	463,922.75
349	Carpino Place 16/68118/FUL	91,124.55	Viability payment (£91,124.55) towards 1. Islington Street Play Area, 2. Open space adjacent to Islington Street Play Area bound by James Street, Stevenson Street and Rodney Street, 3. Islington Park, 4. Open space between James Street and Islington Mill. Open space payment (£2,285.10) towards Islington Street Play Area only.	2,285.10	City Centre Bee Network (Islington Park)	88,887.10
357	Embankment West	1,125,000.00	Greengate Park and or works to Chapel Street East	0.00	Chapel Street East Phase 2	717,623.30
316A	Outwood Wharf Phase 1 15/66823/OUT	520,327.00	Meadows bridge, Crescent or Oldfield Road.	0.00	Oldfield Road Corridor	173,442.00

372	Outwood Wharf Ph 2 18/71512/FUL	864,000.00	Meadows bridge, Crescent or Oldfield Road, education or affordable housing.	0.00	Oldfield Road Corrdor	288,000.00
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Included below is some more detailed narrative around each of the S106 receipts: -

### **323 Select Property Group Development at Riverside**

The Council has now received £356,328.56 associated with this development. £81,906.75 has been spent to date as a match funding contribution towards delivering phase 1 of New Bailey Gateway. It is proposed that a balance of £274,421.81 is allocated towards delivering Chapel Street East Phases 1 & 2. This would be an appropriate use as the agreement specifically names projects for improvements to Chapel Street as identified in the table A above.

### **328 Select Property Group Development at Riverview**

The Council has now received £143,202.02 to date associated with this development which was spent as a match funding contribution towards delivering phase 1 of New Bailey Gateway. It is proposed that a balance of £414,279.75 (plus index linking) is allocated towards delivering Chapel Street East Phase 2. The named projects are the same as for agreement 323.

### **312/312A Dandara Development at Chapel Wharf**

The Council has now received £896,612.30 associated with this development. It is proposed that £498,000 is allocated towards delivering Chapel Street East Phases 1 & 2. This would be an appropriate use as the agreement specifically refers to supporting delivery of Greengate Park and or work to support access to New Bailey Street. The balance of the funding could then be allocated as a contribution towards supporting delivery of Greengate Park.

### **353 UK Land & Property Development at Gore Street**

The Council has now received £726,249.61 from this development. It is proposed that the full amount is allocated towards delivering Chapel Street/Trinity Way. This would be an appropriate use as the agreement specifically refers to Chapel Street/Trinity Way junction improvements and public realm works as one of two named projects. Previous informal discussions with Lead Member for Planning and Sustainable Development, Chair of Planning and Transportation Regulatory Panel & Assistant Director for Planning had agreed this use of the S106 contribution.

### **288/306 Scarborough Development at Middlewood Locks**

A S106 contribution of £1,951,897 (index linked) has been agreed in connection with this development. To date the Council has not received this. The first instalment of 50% is payable on 50% occupation of the floor space and the second instalment of 50% is due on 75% occupation of the floor space.

Contained within the agreement the developer has the option to seek a 'public realm allowance' reduction of 25% (£487,974). This would apply where the Council considers that a higher standard of public realm has been provided on-site.

The agreement contains several options on where S106 can be allocated, namely;

- Restoration & maintenance of the Manchester Bolton Bury Canal through the site.
- Access & infrastructure improvements to Peel Park.
- Improvements to the pedestrian route between Middlewood & Salford Central Station.
- Provision of public art within the site.
- Provision of air quality monitoring equipment within the vicinity of the site.
- Environmental improvements within the Council's Chapel Street Regeneration area.

The developer is expected to put a case forward and seek the 'public realm allowance' due to the high standard of public realm alongside the canal.

The maintenance of the canal through the site is also an important issue for Council and it has been suggested that a sum of £1 million is set aside as a contribution towards this.

This would leave a sum of £463,922.75 available to contribute as match funding towards the City Centre Bee Network scheme as this supports both the Chapel Street Regeneration area and improving the pedestrian route between Middlewood and Salford Central Station.

Discussions with the developer have indicated that they would like to support the City Centre Bee Network through their S106 contribution.

Improvements to Peel Park have been discounted on the basis that the park has already been improved through Heritage Lottery Funding. Public art within the site is also not considered essential due to the quality of the public realm that has already been provided by the developer.

### **293 Renaker Development at Wilburn Street Basin**

The Council received a viability payment of £492,878.92 in January 2018 associated with this development.

It is proposed that £492,878.92 is allocated towards schemes that support delivery of Irwell River Park i.e. Ordsall Chord Riverside connection and improvements to Stanley Street and Irwell Street.

This would be an appropriate use, as the agreement specifically refers to supporting the provision of improved public realm in the vicinity. The S106 officer at the Council had confirmed that a sum of £492,878.92 was available and suitable for use against projects alongside the river at this location. The Chair of Planning and Transportation Regulatory Authority & Assistant Director for Planning had also confirmed informally that this was an acceptable approach.

### **349 English Cities Fund Development at Carpino Place**

A contribution of £2,285.10 has been received from this development to date towards Islington Street play area. There is a potential viability payment of £88,887.10 remaining, which would be subject to conclusion of Government guidance on the sale of ground rents.

Liaison has taken place with English Cities Fund, who have agreed, that should the viability conclude that a S106 contribution was not needed, then English Cities Fund would still make a contribution of the same value towards improving Islington Park, which forms an integral part of the City Centre Bee Network.

### **357 Embankment West**

A S106 contribution of £1,125,000 (index linked) has been agreed in connection with this development. To date the Council has not received this. The payments are due at specific trigger points as the development of the three apartment blocks progresses. A 25% (index linked) contribution will be due on completion of the first dwelling with further payments at 50% and 75% completion.

It is proposed that £717,623.30 is allocated towards delivering Chapel Street East Phase 2. This would be an appropriate use as the agreement specifically refers to supporting delivery of Greengate Park and or works to Chapel Street East.

Discussions between officers have concluded that it would be appropriate to utilise the balance to support the delivery of Greengate Park.

### **316A            Outwood Wharf Phase 1**

A S106 contribution of £520,327 (index linked) has been agreed towards public realm works in connection with this development. To date the Council has not received this. The payment is anticipated in the final quarter of 2020/2021.

It is proposed that £173,442 is allocated towards delivering the Oldfield Road Corridor scheme. This would be an appropriate use as the agreement specifically refers to supporting delivery of the Meadows Bridge, the Crescent or Oldfield Road.

This would leave a balance of £346,885 (index linked) available towards the other potential uses identified in the agreement.

### **372                Outwood Wharf Phase 2**

Development of this site is currently on hold. A S106 contribution of £864,000 (index linked) had been agreed in connection with this development, with £444,000 due on commencement.

Subject to development proceeding, it is proposed that £288,000 is allocated towards delivering the Oldfield Road Corridor scheme. This would be an appropriate use as the agreement specifically refers to supporting delivery of the Meadows Bridge, the Crescent, Oldfield Road, education or affordable housing.

Based on the above, consultation has taken place with Housing and Education.

Housing have raised no issues in connection with utilising £288,000 towards the Oldfield Road Corridor MCF scheme from within the total S106 contribution of £864,000 (index linked) relating to Outwood Wharf Phase 2.

Education have confirmed that they would look for a S106 contribution from this development to support school place impact. The service is currently working on future plans to create additional pupil place capacity in the Ordsall Ward. Current indications are that an additional 2.5 Forms of Entry will be required between 2020-2025. Equivalent to more than 2 standard size schools (potentially over 500 additional children). The Council only has limited funds available through basic need for expansion of High, Primary and SEND schools and would therefore look to s.106 to

support the risk from each development as a contribution either through a fund or land offer depending on the circumstances.

Utilising £288,000 as match funding towards delivering the Oldfield Road Corridor MCF scheme would still leave a balance of £576,000 (index linked) available towards the other uses identified in the agreement.

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## KEY COUNCIL POLICIES:

- Salford City Council Unitary Development Plan 2004-16 (2006);
- Planning Obligations Supplementary Planning Document (2007);
- Planning Obligations Supplementary Planning Document (2015); and
- Planning Obligations Supplementary Planning Document (2019);
- “Salford 2025 – A Modern Global City”

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## EQUALITY IMPACT ASSESSMENT AND IMPLICATIONS:

The improvements will be of benefit to all. It is considered that there are no adverse impacts associated with this project. All proposals are being presented to the local community and the business community through a range of public consultation methods and feedback received has/will be considered in the design development. Full details will be included in the individual scheme reports that are brought forward at the appropriate time.

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## ASSESSMENT OF RISK: Medium

There are several key risks to highlight: -

1. Subject to the submission/approval of business cases, City Centre Salford MCF scheme delivery funding will be awarded on the basis that the Council is able to make a match funding contribution of £5,555,668. A significant proportion of this, £4,118,342.30 has been identified to come from appropriate S106 contributions. Should this contribution from S106 allocations not be agreed within the Council, this would leave a shortfall which would need to be met from elsewhere in Council budgets. The other alternative for the Council would be to not proceed with delivering the City Centre Salford MCF schemes.
2. A proportion of S106 contributions (£2,146,154.90) is still to be paid by developers in accordance with the timescales established in the specific agreements. Timing of these payments should align with programming of MCF scheme delivery. Delays in the programmed delivery of developments could potentially lead to delays in receipt of S106 payments. In turn, this could leave a shortfall in the Council’s match funding resource, which would need to be met from elsewhere in Council resources until the S106 payments are received. As mentioned in this report, a low risk strategy to match funding was adopted at the time of submitting the MCF funding bids.

3. Since submission of the MCF funding bids, one development is currently on hold at Outwood Wharf Phase 2. Lengthy delays in this development progressing could lead to a potential shortfall in match funding of £288,000, which would need to be met from elsewhere in Council resources.

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## LEGAL IMPLICATIONS Supplied by: Robert Irvine

Section 106 contributions can only be expended in accordance with the terms of the planning obligations outlined in the relevant agreement. If the Council cannot demonstrate that the contributions have been expended in accordance with the agreement, there is a risk that the contributions, or some of them, may need to be repaid to the developers. This report explains why officers are of the view that the expenditure set out herein would be in line with the terms of the respective agreements.

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## FINANCIAL IMPLICATIONS Supplied by: Natalie Birchall

The overall City Centre MCF programme is valued at £32.50m comprising: £26.94m MCF, and £5.56m of local match funding by SCC.

Mayors challenge funds must be spent by the end of March 2022.

Programme entry development funding for the schemes outlined in this report was approved in July 2018 & June 2019. Council development costs for progressing designs and business cases for these schemes are to be met from MCF funding. The Council is in the process of reclaiming these costs from the GMCA through the agreed quarterly claims mechanism.

The reports sets out a proposal to allocate S106 contributions totalling £4.137m (plus index linking) towards MCF funded schemes in City Centre Salford.

As at December 2020, the following S106 Contributions received to be allocated from the development(s) at:

- £492,878.92 from Wilburn Street Basin (Section 106 Ref: 293 - 14/64851/FUL)
- £498,000.00 from Dandara Chapel Street (Section 106 Ref: 312 - 14/65224/FUL)
- £274,421.81 from Trinity Riverside (Section 106 Ref: 323 - 16/67780/FULEIA)
- £726,249.61 from Gore Street (Section 106 Ref: 353 - 15/66415/FUL)

A proportion of S106 contributions (£2,146,154.90) is still to be paid by developers in accordance with the timescales established in the specific agreements. Timing of these payments should align with programming of MCF scheme delivery. Delays in the programmed delivery of developments could potentially lead to delays in receipt of S106 payments. In turn, this could leave a shortfall in the Council's match funding resource, which would need to be met from elsewhere in Place, capital programme.

Individual scheme reports will be brought forward for approval at appropriate times setting out the full funding details on a scheme by scheme delivery.

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**SOURCE OF FUNDING:**

Section 106 Contributions received to be allocated from the development(s) at:

- £492,878.92 from Wilburn Street Basin (Section 106 Ref: 293 - 14/64851/FUL)
  - £498,000.00 from Dandara Chapel Street (Section 106 Ref: 312 - 14/65224/FUL)
  - £274,421.81 from Trinity Riverside (Section 106 Ref: 323 - 16/67780/FULEIA)
  - £726,249.61 from Gore Street (Section 106 Ref: 353 - 15/66415/FUL)
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**PROCUREMENT IMPLICATIONS Supplied by: N/A**

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**HR IMPLICATIONS Supplied by: N/A**

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**CLIMATE CHANGE IMPLICATIONS Supplied by: Mike Hemingway**

Climate change implications are considered through the planning application process, and where relevant appropriate mitigation will be identified through planning conditions and/or planning obligations. The Section 106 contribution(s) can only be used towards specific mitigation in accordance with the respective Section 106 agreement. This project is aimed at promoting less reliance on the motor car and encouraging people to move through the area by cycling, walking and using public transport.

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**OTHER DIRECTORATES CONSULTED:**

Consultation has taken place with various officer within the Council including S106, planning, regeneration & finance in developing the principle of utilising the S106 contributions identified in this report as match funding towards the MCF funded 'Active Centres, Corridors & Neighbourhoods Project' in City Centre Salford. Housing and Education officers have been consulted with specific reference to 372 (Outwood Wharf Phase 2). Consultation has also taken place with two of the Council's key developments partners (English Cities Fund and Scarborough) about this approach.

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**WARDS TO WHICH REPORT RELATES: Ordsall**