
REPORT OF THE STRATEGIC DIRECTOR, PLACE

TO PROPERTY AND REGENERATION BRIEFING**FOR DECISION ON 23RD January 2023**

TITLE: Crescent – Site Business Plan and Development Agreement for Salford Rise

RECOMMENDATIONS:

That the Deputy City Mayor:

1. Notes the content of this report;
 2. Provides delegated authority for the Strategic Director, Place, and the Assistant Director, Regeneration, to approve the Site Business Plan for Salford Rise, and agree the relevant conditions associated with the approval with the English Cities Fund and the University of Salford to enable the project to be brought forward for delivery;
 3. Provides delegated authority for the Strategic Director, Place, City Solicitor, Chief Finance Officer and the Assistant Director, Regeneration, to enter into a Development Agreement with ECF and negotiate all financial, commercial and contractual documents and arrangements with ECF associated with the delivery of the Salford Rise project; and
 4. Authorises the City Solicitor to enter into and complete all necessary agreements or documents to give effect to the above recommendations.
-

EXECUTIVE SUMMARY:

In April 2021 the Council approved the Strategic Master Programme and Delivery Plan (SMPDP) for the Crescent. This approval resulted in the Overarching Umbrella Agreement (OUA) between the Council, ECF and University of Salford, becoming unconditional and taking full effect, providing ECF with the contractual certainty needed to begin the process of preparing Site Business Plans (SBP's) for the various sites across the Crescent area.

A Site Business Plan has now been submitted to the Council and University for the Salford Rise project, which sits within the Crescent Innovation Zone. This report provides an overview of the content of the SBP and recommends that the Council approves the Site Business Plan.

This report also seeks approval for the Council to enter into a Development Agreement with ECF as Salford Rise relates to delivery of a key piece of infrastructure on Council owned land, rather than development on a site which would be drawn down by ECF. In this instance, ECF will therefore be appointed as Development Manager for Salford Rise, rather than Developer and the Development Agreement will set out the terms of this arrangement.

BACKGROUND DOCUMENTS:

- Report of the Strategic Director, Place, to Property and Regeneration Briefing (Approval of the Crescent Development Framework 2021), 25th January 2021.
 - Report of the Strategic Director, Place, to Property and Regeneration Briefing (Approval of the Crescent Strategic Master Programme and Delivery Plan), 26th April 2021.
 - Report of the Strategic Director, Place, to Property and Regeneration Briefing (Salford Rise – Approval to enter into a Grant Funding Agreement with English Cities Fund), 28th March 2022.
-

KEY DECISION: YES

The Strategic Master Programme and Delivery Plan relates to the area covered by the Crescent Development Framework which includes sites within 4 wards (Blackfriars and Trinity, Broughton, Ordsall and Pendleton and Charlestown). However, the Salford Rise site itself sits solely within the Pendleton and Charlestown ward.

DETAILS:

1.0 Background

- 1.1 In March 2020 the City Council and University appointed the English Cities Fund as Private Sector Partner to deliver the Crescent Masterplan and all parties subsequently signed the Overarching Umbrella Agreement (OUA) – the main contract between the parties to manage implementation of the Crescent masterplan. The Umbrella Agreement is currently conditional upon:
 - (i) ECF preparing and submitting a new planning framework for the Crescent area. The new Crescent Development Framework was approved by the Council in January 2021 satisfying this condition.
 - (ii) The approval of the Strategic Master Programme and Delivery Plan (SMPDP) to demonstrate how the programme will be brought forward over the next 10 years and beyond. The SMPDP, was approved in April 2021.
- 1.2 Approval of the SMPDP resulted in the OUA becoming unconditional and taking full effect, triggering a requirement for ECF to submit a Site Business Plans (SBP's) for a site within the Crescent area. A SBP has now been submitted for the Salford Rise project, which sits within the Crescent Innovation Zone.
- 1.3 The Crescent Development Framework was approved by the Council in January 2021 and set out the vision to create a new Innovation Zone which would provide space for collaboration between the world leading research at the University and industries of the future. The vision for the Innovation Zone included a key objective to remove the Frederick Road barrier which divides the Innovation Zone in two through the development of a major piece of infrastructure which would provide a new podium connection over Frederick Road along with new areas of public realm – this is the project now known as Salford Rise.
- 1.4 The Council submitted a Levelling Up Fund bid to Government for delivery of Salford Rise in June 2021 and received notification that the bid was successful in late October 2021, alongside confirmation that the full amount of funding requested had been awarded - £13.17m. Approval to enter into a Grant Funding Agreement with ECF was secured at Property and Regeneration Briefing on 28th March 2022.

1.5 ECF were jointly appointed as developer partner for the Crescent by the Council and University in March 2020. ECF will manage the Salford Rise project (under a Development Management role) and appoint the various consultants and contractors required to deliver the project. ECF are highly experienced in managing and delivering projects of a similar nature to Salford Rise, as evidenced from their portfolio of projects across the UK.

2.0 Overview of the Site Business Plan

2.1 SBPs are comprehensive documents that provide clarity to the partners about the delivery of development projects. In order to be able to submit the SBP's ECF need to complete a significant amount of work, funded at their own risk. The OUA sets out the submission requirements for SBP's, requiring ECF to submit a suite of documents covering matters including:

- Pre-planning application and the formal Planning Authority response to the pre-application consultation in writing;
- The Development Proposals for the site;
- Details of funding and funding strategy;
- A development and delivery programme; and
- Demonstration the proposed approach is consistent with the SMPDP, is deliverable and does not adversely affect development proposals for the residue of the masterplan development zones.

2.2 The above documentation has now been submitted by ECF. Having regard to the evolution of documentation submitted and detailed discussions with ECF that have taken place to date, and having now reviewed the full suite of documents submitted as part of the SBP, officers are satisfied that it meets the requirements for approval set out within the OUA. The submission and development proposals are also in line with the provisions of both the SMPDP and Crescent Development Framework.

3.0 Contractual Arrangements

3.1 The Council has secured £13,170,933 funding from the Government's Levelling Up Fund for the delivery of Salford Rise. The Council will effectively act as a conduit between Government and ECF for the funding to deliver Salford Rise, while maintaining oversight of progress with the project via established governance arrangements for the wider Crescent programme. In order to transfer the Levelling Up Funding to ECF, a Grant Funding Agreement is required between the Council and approval to enter into this agreement was secured at Property and Regeneration Briefing on 28th March 2022.

3.2 The Grant Funding Agreement between the Council and ECF will mirror the requirements for delivery of the project, as set out in the MOU between DLUHC and the Council and will include appropriate provisions to ensure that the Council is not put in a position of being in breach of the MOU.

3.3 The OUA sets out the mechanisms by which ECF will work with the partners to deliver development across the Crescent area. It sets out in detail the approach to ECF drawing down sites for residential and commercial development and associated profit levels for ECF in adopting a 'developer' role in such instances. In the case of Salford Rise, this is an unusual project in that ECF will not be taking on any land or property interest in the Council owned land to be occupied by Salford Rise. Furthermore, the funding arrangements are such that the Council will remain as the owner. Therefore, in accordance with the provisions within the OUA, ECF will not be acting as a

'Developer' in the case of Salford Rise but Development Manager. This role requires a separate Development Management agreement between the City Council and ECF, although it will follow the key principles which are contained within the OUA, including commercial terms. ECF's Development Management fee has already been included within the secured Levelling Up Funding, so does not result in any additional cost to the Council.

- 3.4 To mitigate potential project overspend, ECF and their design team and main contractor for the project have undertaken detailed design work, involving some amendments to the scheme to enable it to be delivered in phases, to ensure costs are in line with the funding secured through the Levelling Up Fund, while still achieving the required project outcomes set out within the MOU between the Council and DHLUC. The risk of price over-run during the construction phase will be managed by ECF entering into a fixed price D&B contract. ECF have a detailed risk register in place and officers from the Development team meet with ECF on a bi-weekly basis to review progress with the project. Any cost overrun will be met by ECF in the first instance and recovered at a future date as Global Development Costs.
- 3.5 This report therefore seeks delegated approval for the Strategic Director, Place, City Solicitor, Chief Finance Officer and the Assistant Director, Regeneration, to enter into this Development Agreement with ECF and negotiate all financial, commercial and contractual documents and arrangements with ECF associated with the delivery of the Salford Rise project.

4.0 Conclusion and next steps

- 4.1 Having reviewed the full suite of documents submitted as part of the SBP for Salford Rise, officers are satisfied that it meets the requirements for approval set out within the OUA. The submission and development proposals are also in line with the provisions of both the SMPDP and Crescent Development Framework.
- 4.2 In light of the wide range of benefits to the Council in delivering Salford Rise, it is recommended that the Site Business Plan is approved and that the Council enter into a Development Agreement with ECF to manage delivery of this important project.

5.0 RECOMMENDATIONS:

- 5.1 That the Deputy City Mayor:
1. Notes the content of this report;
 2. Provides delegated authority for the Strategic Director, Place, and the Assistant Director, Regeneration, to approve the Site Business Plan for Salford Rise, and agree the relevant conditions associated with the approval with the English Cities Fund and the University of Salford to enable the project to be brought forward for delivery;
 3. Provides delegated authority for the Strategic Director, Place, City Solicitor, Chief Finance Officer and the Assistant Director, Regeneration, to enter into a Development Agreement with ECF and negotiate all financial (including cost management), commercial and contractual documents and arrangements with ECF associated with the delivery of the Salford Rise project; and
 4. Authorises the City Solicitor to enter into and complete all necessary agreements or documents to give effect to the above recommendations.

KEY COUNCIL POLICIES:

- City of Salford Unitary Development Plan 2004 – 2016: Saved Policies
 - City of Salford Publication Local Plan
 - Crescent Development Framework (January 2021)
-

EQUALITY IMPACT ASSESSMENT AND IMPLICATIONS:

Proposals for Salford Rise and the wider Crescent Innovation Zone were set out in the Crescent Development Framework, which was approved by the Council in January 2021. A Community Impact Assessment of the Development Framework has previously been prepared and was approved at Property and Regeneration Briefing, alongside the Development Framework, in January 2021.

SOCIAL VALUE:

The SMPDP contained a detailed, site specific Social Value Strategy for the Crescent area and the SBP social value strategy has been informed by this. The SMPDP contains a commitment for planning applications across the Crescent area to be accompanied by a Social Value statement. The planning application for Salford Rise included a Social Value Statement and Action Plan, setting out the English Cities Fund commitments to work with the construction partner for Salford Rise to maximise social value through delivery of the project. Both the development and skills and work teams will engage with both ECF and its contractors with a view to maximising social value from all development across the Crescent area, including Salford Rise. Social Value Portal will monitor and report on progress on behalf of the partners.

ASSESSMENT OF RISK: Low

Certainty of Levelling Up Fund grant award from Government to Salford City Council (Low)

The Levelling Up Fund is awarded from DHLUC to Local Authorities via a Memorandum of Understanding as opposed to a normal grant funding agreement. We understand that MOUs are not legally binding documents. There is a risk that whilst the Council is providing certainty to ECF of £13.17m of grant to finance the delivery and management of the Salford Rise project, there is a risk that Government could terminate the Levelling Up Fund programme and grant awarded to Salford City Council. The impact would be the Council would still need to provide ECF with the necessary value of finance to deliver the project.

However, given that the Levelling Up Fund is a very high profile Government programme, it is considered that the likelihood of the programme being unexpectedly closed down and funding withdrawn is low

Compliance with terms and conditions of Levelling Up Fund to negate breach (Low)

In addition to the terms and conditions set out in the MOU, Government have issued an assurance framework to all local authorities linked to Levelling Up Fund grants to ensure compliance with the terms of the MOU and to monitor progress. Through the framework, the first line of assurance sits with the recipient authorities Section 151 officer. For the Salford Rise project and award of LUF, this assurance requires completion of a Statement of Grant Usage form, which is reviewed and signed off by the Section 151 officer following written

updates and briefings presented by officers within Regeneration. This is then submitted to the Department for Levelling Up, Housing and Communities for review. The Council submitted its completed Statement of Grant Usage on 16th November 2022.

Legal Implications: Supplied by Lauren Armstrong

Date provided: 30th September 2022

The Shared Legal Service has previously advised on the MOU between the Council and the Department for Levelling Up.

The purpose of the grant funding agreement and development agreements with ECF will be to flow down/back to back the Council's obligations under the MOU onto ECF. In particular, the MOU sets out key delivery and reporting requirements, which the Council will be reliant upon ECF to meet. The grant funding agreement and development agreement will also need to include any Council/project specific requirements in connection with the forward funding. Where appropriate, the grant funding agreement and development agreement should complement/align with any other relevant project documents (such as the Umbrella Agreement or any other existing ECF appointment).

Shared Legal Services is working with Council officers and ECF to agree final versions of both agreements and will continue to support and advise the team on all contractual aspects of this project to facilitate delivery, mitigate risks where possible and ensure compliance with all relevant law.

Financial Implications: Supplied by Natalie Birchall

Date provided: 29th September 2022

The council have successfully secured a levelling up grant £13.170m, which must be spent by March 2025. The fund is being administered via a Memorandum and Understanding (MOU) which was signed on the 8th February. Approval to enter into a grant funding agreement with ECF for the provision of onward funding to a maximum sum of £13,710,933 was secured at Property and Regeneration Briefing on 28th March 2022.

PROCUREMENT IMPLICATIONS: Supplied by Deborah Derbyshire

Date provided: 29th September 2022

English Cities Fund (the Council's procured developer partner for the Crescent area) were appointed following a competitive dialogue procurement exercise. The proposals detailed in this report do not have any direct procurement implications for the Council as ECF will be undertaking all procurement associated with delivery of the Salford Rise project.

HR IMPLICATIONS: No comments have been sought on HR implications.

CLIMATE CHANGE IMPLICATIONS: Supplied by Dan Welsh

A site-specific Sustainability Strategy has been prepared for the overall Crescent area and this has informed the sustainability measures that will form part of the project.

OTHER DIRECTORATES CONSULTED:

ECF have already secured planning permission for Salford Rise. The proposals have been informed by both the approved Crescent Development Framework and approved overarching Strategic Master Programme and Delivery Plan for the Crescent, both of these documents involved liaison with and input from a range of teams across the Council. Ward Councillors have also been briefed on the Salford Rise project.

CONTACT OFFICERS:

EMAIL:

Kurt Partington

Kurt.Partington@salford.gov.uk

Dan Welsh

Daniel.welsh@salford.gov.uk

WARDS TO WHICH REPORT RELATES:

The Salford Rise site itself sits solely within the Pendleton and Charlestown ward. However, the Strategic Master Programme and Delivery Plan relates to the area covered by the Crescent Development Framework which includes sites within 4 wards (Blackfriars and Trinity, Broughton, Ordsall and Pendleton and Charlestown).
