

## **Executive Summary**

### **Introduction to the Scheme**

#### **Scheme Location**

This document presents the Conditional Approval Business Case [CABC] for an improvement scheme on a key part of the Manchester/Salford Inner Relief Route (MSIRR) along Great Ancoats Street [The Scheme] within the City Centre.

Great Ancoats Street is a multi-lane, two-way highway that forms part of the Inner Relief Road around the City Centre and has traditionally acted as the border between the City Centre and East Manchester. It is heavily used with traffic counts showing 37,200 annual average weekday traffic flows since 2010 and pedestrian crossing data from 2016 showing a total of 14,952 pedestrian carriageway crossings over a 12 hour period.

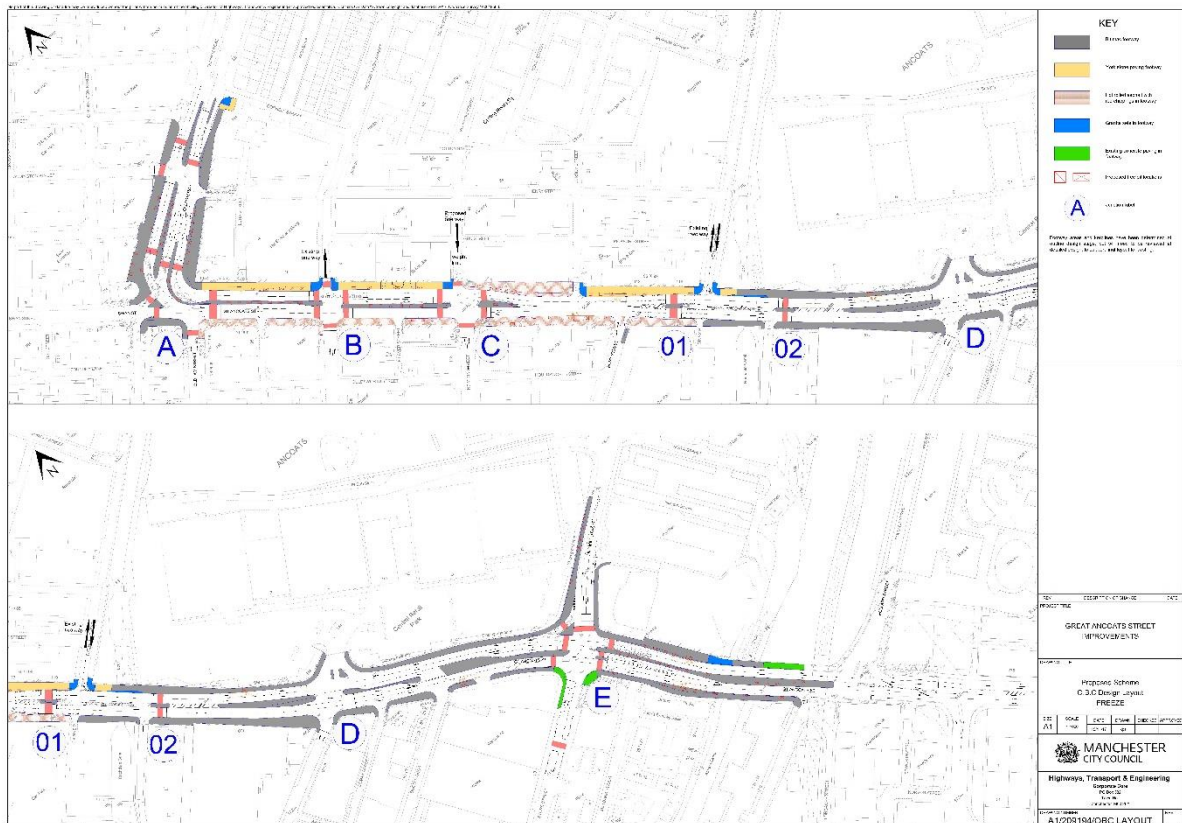
#### **Proposed Works**

Works will:

- Re-align and improve the pedestrian crossing arrangements to improve the functionality and therefore use.
- Enhance the public realm, including new footway materials, street tree planting and rationalised signage to create a sense of place.
- Resurface the existing carriageway to reduce vehicle noise by 40%.

The transport capacity of the MSIRR will be maintained, reflecting the importance of the road's function to the economic prosperity of the City Centre.

The location of works will extend from Marshall Street / Cornell Street on Oldham Road, 150 metres north east of Great Ancoats Street, before joining the MSIRR and extending south-eastwards to the Metrolink line to east Manchester, close to Pollard Street. The location of improvements is illustrated below:



## Scheme Objectives

The scheme objectives are:

**Objective 1 - Remove the functional and perceptual barriers to pedestrian movement across Great Ancoats Street** – The Scheme will improve pedestrian crossings and enhance the wider public realm, including through hard and soft landscaping, thereby improving pedestrian linkages between the City Centre and neighbourhoods and districts along Great Ancoats Street.

**Objective 2 - Support economic growth in and around the City Centre** – The Scheme will support and enable residential and commercial development, extending the city centre, particularly for the north eastern side of Great Ancoats Street, with many of the new residents expected to work in the City Centre, where significant employment growth is forecast to take place. The improved connectivity and environmental improvements delivered by The Scheme will enable both areas to function better together and provide a more pleasant environment that is attractive to residents and commercial developers. The demand stimulated will support and facilitate further investment. The Scheme would contribute towards the delivery of in excess of 3,300 new jobs (at new commercial premises) and 22,000 new homes (on developed residential sites) within the wider Great Ancoats Street area.

**Objective 3 - Maintain the vehicular capacity of the MSIRR** – The Scheme will maintain the capacity of the MSIRR to move traffic into and around the City Centre, and thereby ensure that good access to jobs, shops, services and visitor attractions continues and traffic that

doesn't need to be in the core of the City Centre has an attractive alternative route around it.

## **Rationale for Intervention**

The scheme has been prioritised for a number of reasons which reflect the overall objectives, including:

***Supporting housing and economic growth:*** Manchester's economy is forecast to grow substantially between 2016 and 2036, with GVA forecast to increase by £7.56bn (45.2%) with the number of jobs in the city to increase by 55,253 (over 14%) over the same period. The City Centre contains the highest concentration of business and jobs in the North West and is expected to provide the focus for future economic growth. The population is also expected to grow substantially, with 88,000 additional residents (an increase of 15%). It is, therefore, essential that investment in sustainable transport infrastructure dovetails with housing and employment development and that an extended Manchester City Centre can accommodate growth. The neighbourhoods surrounding Great Ancoats Street have an important role to play in accommodating residential and employment growth, offering a natural extension to the City Centre.

***Responding to investor, developer, resident and business concerns:*** The need for the scheme was identified as a key requirement by investors and developers in the residential and commercial sector during the updating of the Ancoats and New Islington Neighbourhood Development Framework (2014). During this process and via Elected Members, residents and businesses have also registered concerns about the safety and quality of existing pedestrian facilities. The section of the MSIRR at Great Ancoats Street creates a physical and perceptual severance between the City Centre and key development areas in East Manchester which are central to the city's continued growth. The road has also been identified to record a high collision rate, and inconsistent and often poor public realm, providing an unappealing environment. Developers are clear in their feedback that these issues need to be addressed to stimulate demand from occupiers and residents. Developments have been taken forward on the basis that improvements will be made.

***Addressing policy priorities:*** The MSIRR Great Ancoats scheme has been designed to support transport, planning, economic development and inclusion objectives across the City and Greater Manchester. By creating an environment that is more attractive for active travel and addressing the concerns facing developers and investors in this part of the City, the works will support physical, social, economic and environmental objectives. Examples include alignment with the objectives of the: Draft Greater Manchester Fourth Local Transport Plan, including the Greater Manchester Transport Strategy 2040; Greater Manchester Growth and Reform Plan (2014); and Greater Manchester Spatial Framework (draft). From a transport perspective, the scheme has been prioritised for Growth Deal support in the sub-region and the works are designed to complement other improvements being made in the City, for example plans to reduce congestion elsewhere on the MSIRR at Regent Road / Water Street and the delivery of the Bus Priority Package. The scope to support development and growth ambitions is further outlined below.

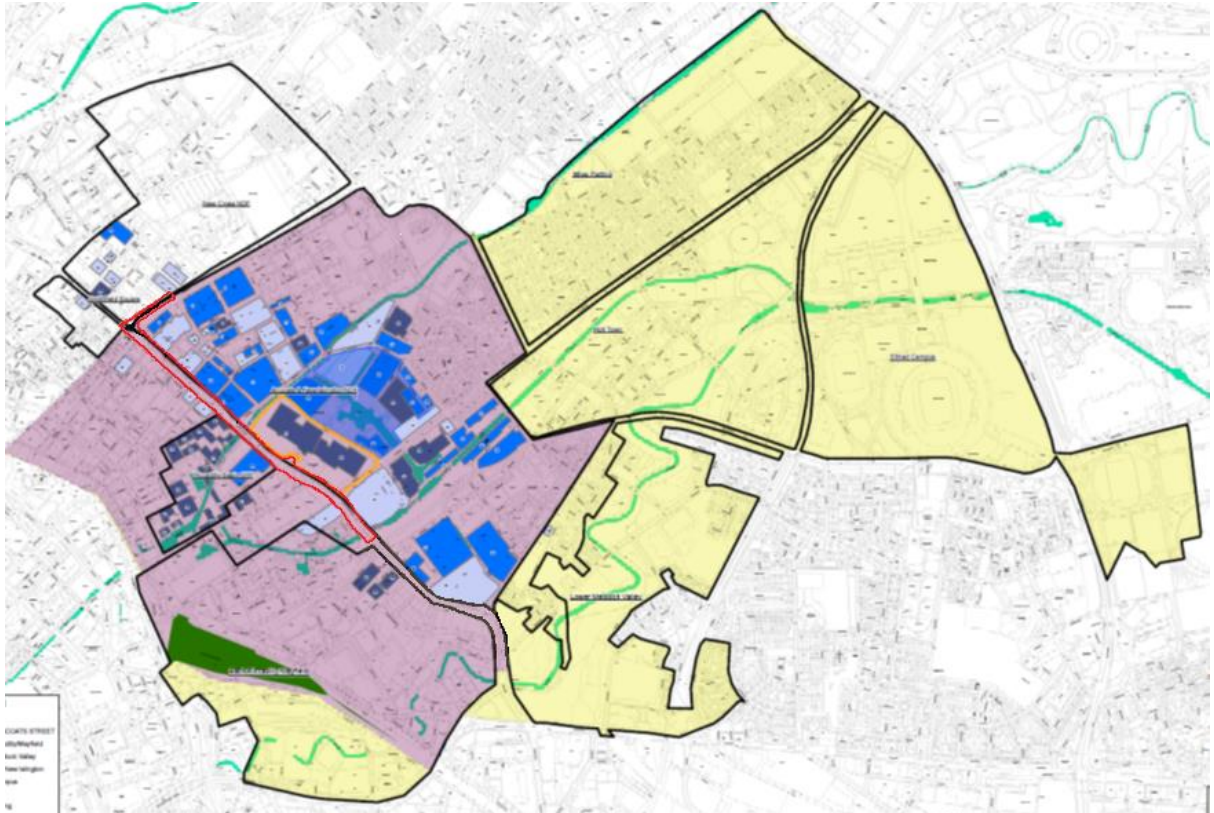
***Delivering supported interventions:*** The challenges presented by Great Ancoats Street are widely acknowledged within the City and there is an appetite to intervene. The Leader, the Executive Member for the Environment and Senior Officers within the City Council have been briefed on the proposals and are in support of the scheme. Key developer partners and landowners have also been briefed on the key principles and confirmed their support for the proposals. A communications strategy will be regularly updated as the scheme progresses to ensure that local communities and stakeholders remain informed of proposals and the implications of delivery.

***Maintaining a key element of City Centre transport infrastructure:*** Manchester City Centre is the primary convergence point of transport infrastructure in Greater Manchester, including highways; national and regional rail; bus and tram services. The MSIRR is a key part of the transport infrastructure serving the City Centre, helping to direct through traffic around the City Centre. The scheme will not change or detract from the MSIRR's function in the transport network.

## **The Scheme's Impact Zone**

### **A Prime Development Location...**

The improvements will address issues with accessibility and public realm, helping to unlock residential and commercial developments and generating economic impacts in the impact area outlined below. The core zone for benefits capture is the area immediately surrounding the works shaded in red (including Ancoats and New Islington, Piccadilly Basin and the area to Piccadilly Station). The improved connectivity between East Manchester and the City Centre will also have benefits for a wider zone (as indicated by the yellow shading) where there are longer term development aspirations (including Miles Platting, Holt Town, Lower Medlock Valley and the area surrounding the Etihad Campus). These are all areas with recognised growth potential and growing developer and investor interest.



### **...With Scope for Significant Future Growth**

Overall, the scheme impact zone is expected to accommodate 1,100 homes and 3,000m<sup>2</sup> of employment space per annum over the next twenty years. This would equate to 22,000 dwellings accommodating almost 50,000 people (based on current average household sizes across the assessment area) and a total of 60,000m<sup>2</sup> of employment space largely comprising office, retail and leisure space equally split across the three types. Based on the Homes and Communities Agency's (HCA's) latest employment densities for office and retail space, this scale of floor space (when adjusted from the gross internal area to net internal area) would accommodate a total of 3,300 FTE positions.

However, without the scheme, the sustainable, long term development of this part of the city will be constrained, investment is likely to be jeopardised putting jobs and homes at risk of not being delivered; and the significant commercial and residential development opportunities in the East Manchester area (as well as the growth aspirations of the City as a whole) will not be maximised.

### **Delivering Value for Money**

#### **Assessment Scope**

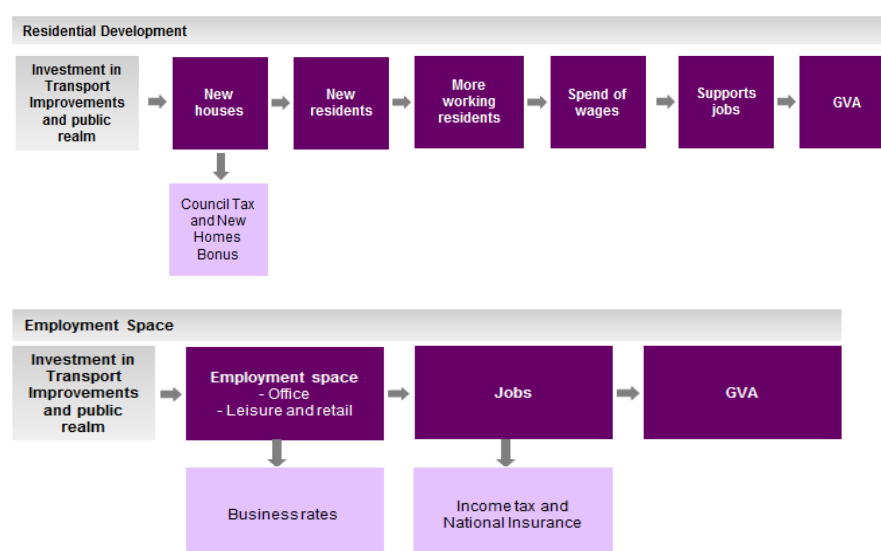
The Value for Money (VfM) case has been prepared in line with the Appraisal Specification Report. Three options were assessed with the findings for the preferred option summarised below. All stages of the assessment were conducted in consultation between Manchester City Council and their advisors, ekosgen.

A key political requirement of the scheme has been to ensure that the capacity of the Inner Relief Road is not impacted by works. Microsimulation modelling was carried out for each new junction layout proposed through the scheme and combined into a Paramics model to compare existing end to end journey times with those following the delivery of works. This shows that the transport impacts will be neutral.

Discussions between the partners have agreed that the scheme will be classed as a regeneration scheme rather than a pure transport scheme. The value for money assessment therefore focuses on regeneration benefits (such as those associated with dependent developments) rather than focusing on typical transport benefits (such as journey time and cost savings).

### Approach to Quantifying Benefits

Quantified regeneration benefits are unlocked by the development of both residential and employment sites and the impact works may have on occupier decisions and subsequently economic and fiscal benefits, as follows:



Starting with the total scale of the 20 year development pipeline (see above), benefits have been adjusted back to development that could be attributed to and considered truly additional as a result of improvement works<sup>1</sup>. The questions posed and adjustments made were as follows:

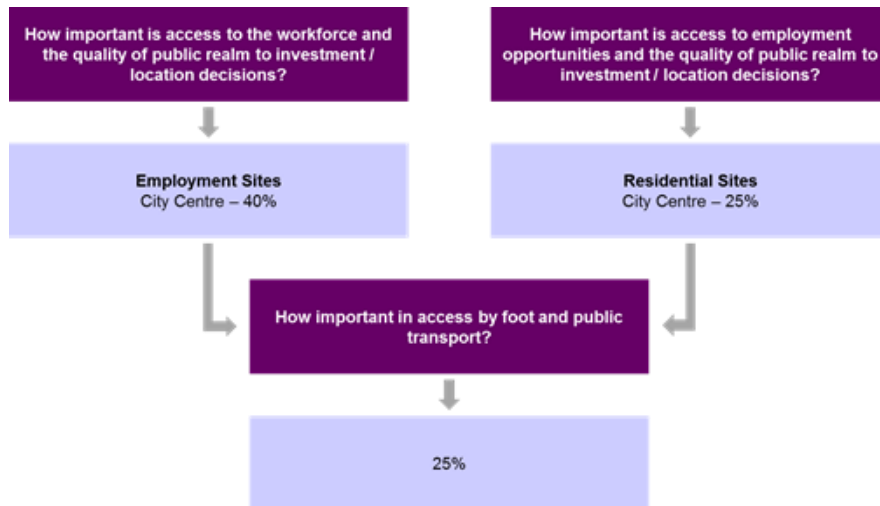
<sup>1</sup> For example, there are known examples of large scale developments (e.g. Manchester Life’s plans to deliver up to 6,000 homes and make up to £1billion of residential development investment) being taken forward on the basis that issues will be addressed through the proposed scheme. If the MSIRR Great Ancoats Street scheme did not proceed, these developments may proceed on a smaller scale (i.e. stopped after early phases).

To what extent are benefits additional? Which resulted in the following adjustments:

<b>Additionality – Gross to Net Adjustment Factors</b>	
<b>Factor</b>	<b>City Centre</b>
Deadweight – would activity have been delivered anyway?	60%
Displacement – to what extent is development being displaced from another area?	37%
Leakage – not applicable as benefits all captured within the assessment area	0%
Multiplier (GVA only) – assessment of indirect and induced benefits	1.2
Rationale/source: ekosgen based on Homes and Communities Agency additionality guidance	

For residential sites, to what extent does access to employment opportunities and the quality of public realm influence investment locations and decisions? For employment sites, to what extent does access to the workforce and the quality of public realm influence investment locations and decisions?

The following adjustments were made in response:



## Scale of Quantified Benefits

Taking all of the factors above into account, 1.6% of residential benefits and 2.5% of employment benefits are attributed to Great Ancoats Street improvements. These benefits are net additional impacts resulting from the scheme and both proportions are considered to be conservative. The scale and nature of net additional benefits attributable to the scheme are summarised below.

<b>Additional Benefits of Great Ancoats Scheme</b>			
	<b>Annual Uplift</b>	<b>20 Year Total</b>	<b>Annual Value from Year 10</b>
<b>Homes</b>	17	346	-
Residents	39	780	-
Council Tax	£18,849	£2.92m	£188,486
New Homes Bonus	£18,849	£1.39m	£75,395
Local Expenditure	£93,773	£14.5m	£937,725
Local FTE Job Years Supported by Expenditure	0.6	91	-
GVA with multiplier	£34,828	£5.40m	£348,283
<b>Commercial Space</b>	76m <sup>2</sup>	1,510m <sup>2</sup>	-
FTE Jobs at Developments	4	83	-
Business Rates	£5,209	£487,060	£28,651
Income Tax	£14,429	£1.35m	£79,362
National Insurance	£10,125	£946,701	£55,688
GVA with multiplier	£213,584	£19.97m	£1.17m

## BCR Results

Assessment of the forecast scheme benefits relative to a base scheme cost of £8.23m, inflated to £9.108m to include a 10% contingency allowance shows that the scheme will generate a benefit to cost ratio of 2.3, which is considered High Value Money in DfT's Value for Money guidance. Benefits and costs have been assessed over 20 years.



<b>Summary of Monetised Costs and Benefits</b>	
Present Value of Benefits (PVB)	£20.0m (discounted from £28.8m)
Present Value of Costs (PVC)	£8.7m (discounted from £8.8m)
OVERALL IMPACTS	
Net Present Value (NPV)	£11.3m
<b>Benefit to Cost Ratio (BCR)</b>	<b>2.3</b>

Sensitivity tests show that the BCR continued to fall within the medium value for money category (1.5 to 2.0) or better.

### **Anticipated Wider Benefits**

Wider (often unquantified) anticipated benefits resulting from the scheme include:

- A reduced sense of severance and improved accessibility – as the works improve pedestrian desire-lines and create a more attractive environment that supports people to cross a busy road.
- Increased levels of walking and cycling – as a result of an enhanced environment, a reduced sense of severance and improved crossing points for pedestrians.
- Potential to reduce pedestrian accidents – as new crossing points are installed that align more effectively with pedestrian desire-lines.
- Improved journey quality – as a positive travel environment is created for pedestrians and cyclists and works do not increase traffic flows for motorists.
- An improved sense of place – as connections are improved and the environment is enhanced as a result of the works package.
- Greater security – achieved through formal and informal surveillance and features such as lighting and planting to ensure people feel safe in the area and can identify safe travel routes.
- Enhanced access to services – secured through improved connections between the Ancoats and New Islington area and the core of the city centre.
- Neutral or positive environmental benefits – although a detailed environmental appraisal has not been completed, the works are anticipated to either maintain or, particularly in the longer term, improve environmental conditions (for example air quality, noise, landscape, biodiversity and greenhouse gas emissions).

A Distributional Impact Appraisal also revealed the impacts by social group with details provided in the main document.

### Value for Money Statement

The scheme's value for money performance can be summarised as follows:

<b>Value for Money Statement</b>
<p><b>Monetised Benefits:</b> Monetised benefits focus on regeneration impacts. If constraints are addressed, 22,000 new homes and 60,000m<sup>2</sup> of commercial floorspace will be delivered over 20 years, of which 346 homes and 1,510m<sup>2</sup> of commercial floorspace are attributed. Impacts include jobs, GVA, business rates and council tax. Present value of benefits = £20.0m (discounted from £28.8m)</p>
<p><b>Costs:</b> The scheme cost is £9.108m – £8.8m from the Growth Deal and £0.308 from another Growth Deal scheme (Regent Road/Water Street). In accordance with TfGM guidance, Programme and Project contingency are currently included with scheme costs to be defined as details are confirmed. Present value of costs = £8.7m (discounted from £8.8m)</p>
<p><b>Initial BCR:</b> Net Present Value = £11.3m; Benefit to Cost Ratio = 2.3 = “High” value for money</p>
<p><b>Non-monetised benefits / disbenefits:</b> Key non-monetised benefits include:</p> <ul style="list-style-type: none"> <li>• Pedestrian ability to travel safely, reliably and with ease increasing access to jobs and services.</li> <li>• An increased pool of skilled workers for businesses, as a result of large scale development.</li> <li>• An enhanced environment impacting positively on factors such as air quality, noise and greenhouse gases.</li> </ul> <p>No dis-benefits are expected. The works will not affect the capacity or speed limit of the highway and construction period disruptions will be temporary and carefully managed.</p>
<p><b>Distributional Impacts:</b> The distributional impacts assessment shows that in most cases impacts are slightly or moderately beneficial. The scheme is considered to have a neutral impact on affordability while reduced severance will be a largely beneficial impact.</p>
<p><b>Direct Economic Impacts:</b> The direct economic impacts of the scheme are captured in the monetised benefits. Works will:</p> <ul style="list-style-type: none"> <li>• Support extension of the City Centre boundary, helping to unlock and secure future economic growth that builds on Manchester's strong growth performance, particularly in the City Centre, and supports further growth over the next 20 years.</li> <li>• Address challenges associated with bringing forward land for development in key locations and accommodating a skilled workforce of scale.</li> <li>• Link to a number of the City Centre's strategic regeneration areas, including Ancoats and New Islington and surrounding areas within the scheme's impact area.</li> <li>• Overcome perceived and physical barriers to achieving growth in the impact area, including to secure regeneration along Great Ancoats Street itself.</li> </ul>

- Ultimately, help to extend the regeneration process through Lower Medlock Valley and Holt Town towards the Etihad Campus, and the northern part of Ancoats to join up with the redevelopment of Miles Platting.
- Improve access to major development opportunities within the city centre, including HS2 and Mayfield.

**Robustness of the Appraisal:** The appraisal is based on:

- **A review of options**, including do nothing, do minimum and do something, to determine the preferred option.
- **A robust quantitative assessment of economic impact and value for money**, which demonstrated that the scheme will generate net additional economic impacts of £28.8m and deliver 'high' value for money (BCR of 2.3). The assessment focused on capturing regeneration and wider benefits rather than transport benefits. The approach (applied by independent consultants ekosgen) and assumptions are documented in a Wider Economic Benefits report.
- **A qualitative assessment of environmental, social and distributional impacts**, which identified moderate benefits to pedestrians, the environment and on social factors such as access to services. The scheme does not affect the current vehicular capacity of the highway, minimising and mitigating any negative effects.

The appraisal has been prepared in line with the Appraisal Specification Report and reviewed with TfGM.

**Fit to Scheme Objectives:** The preferred option delivers the scheme's three objectives as set out below.

**Objective 1 - Remove the functional and perceptual barriers to pedestrian movement across Great Ancoats Street** – The Scheme will improve pedestrian crossings and enhance the wider public realm, thereby improving pedestrian linkages between the City Centre and neighbourhoods along Great Ancoats Street.

**Objective 2 - Support economic growth in and around the City Centre** – The Scheme will encourage additional residential and commercial development, accommodating a growing City Centre workforce. Works will enable adjoining areas (including strategic regeneration areas) to function better together, supporting and facilitating further investment. The Scheme will contribute towards the delivery of in excess of 3,300 new jobs and 22,000 new homes within the wider Great Ancoats Street area.

**Objective 3 - Maintain the vehicular capacity of the MSIRR** – The Scheme will maintain the capacity of the MSIRR, ensuring good access to jobs, shops, services and visitor attractions and providing an alternative route for traffic not requiring access to the core City Centre.

**Value for Money Category:** High – based on monetised benefits and boosted by positive results on the qualitative assessment of distributional impacts and direct economic impacts.

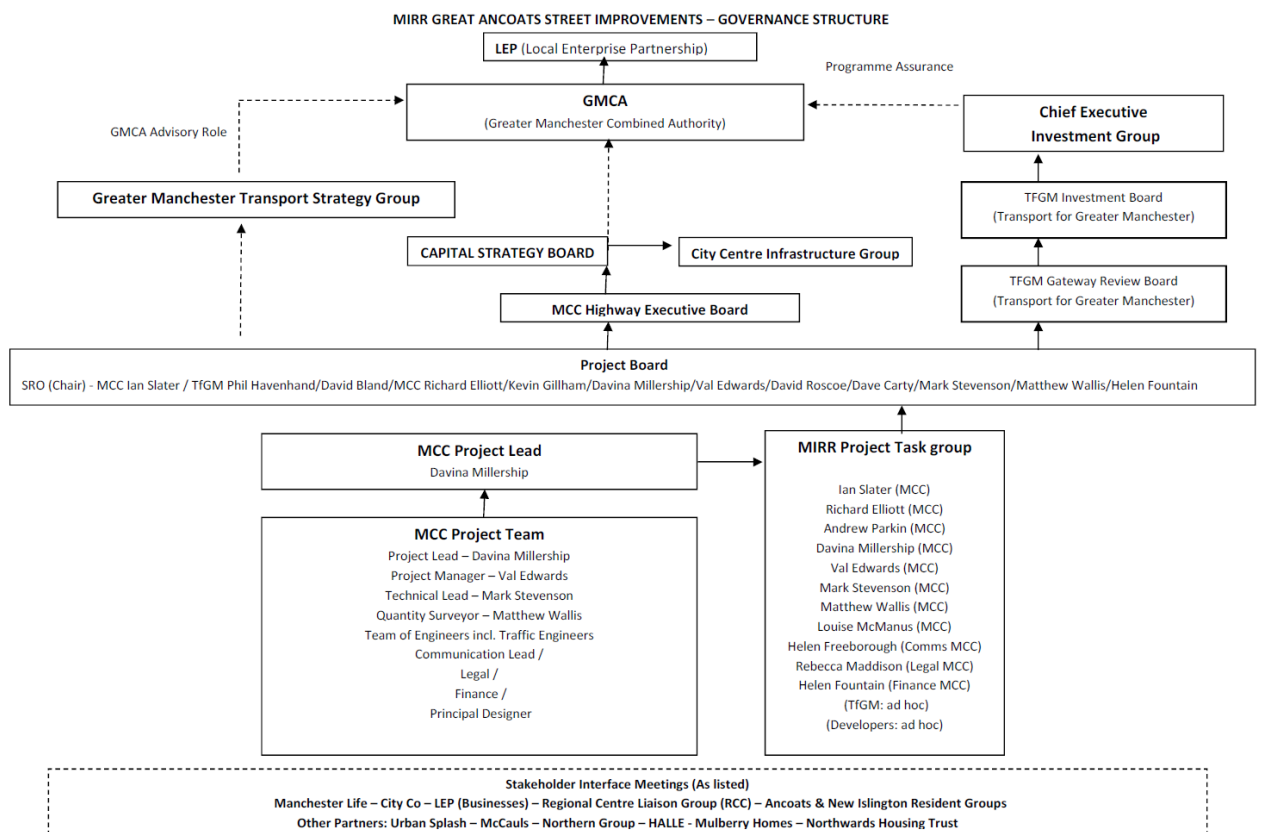
## Delivery Arrangements

### Clear Structures and Procedures

Manchester City Council has full ownership of the scheme and will ensure it is successfully delivered by co-ordinating the delivery and managing the interfaces of the overall package of works, ensuring effective management, planning and control of the scheme. A series of

organisations – including independent parties and Transport for Greater Manchester – have played a role in progressing the scheme to this stage with Manchester City Council involved in all stages of development, including to scrutinise emerging details.

A robust delivery and governance structure is in place with clear roles, responsibilities and reporting lines identified for organisations and individuals within them. The scheme’s Senior Responsible Officer – Ian Slater – has over 20 years’ experience of regeneration and housing development in Manchester, including delivering over £250m of investment through the Manchester Salford Housing Market Renewal pathfinder and being heavily involved in East Manchester’s regeneration, including the early plans for Ancoats and New Islington. The team is also able to draw on a series of established processes (e.g. for procurement, communication, risk management and cost control) to guide the project’s progress.



TfGM will undertake and act in the capacity of a Quality Assurance role, on behalf of GMCA, and led by TfGM’s Growth Deal Programme Team, overseeing the wider communications and co-ordination of the Growth Deal Programme with support from their partners. External expertise will also continue to guide the scheme’s progress as required. The appointed contractor’s Contract Manager is responsible for ensuring delivery of the highways works on the ground to agreed quality standards, to time and within budget.

## **Delivery Milestones**

Key milestones going forward include:

- GMCA Conditional Approval (Outline) – 30th April 2018
- MCC Detailed Design Complete – 11th June 2018
- MCC consultation and scheme approval process complete – 16th July 2018
- MCC Submit Full Approval Business Case – 10th October 2018
- GMCA Full Approval (Final) – 24th January 2019
- MCC Gateway 5 Approval Release (Full) Funding – 7th February 2019
- Contract Award – 1st March 2019
- Commence Construction – 12th April 2019
- Construction Complete – 16th April 2020

A planning application is not required as works fall within the Highways envelope or can be taken forward under permitted development rights. Activity is underway to secure necessary highways consents. All land required to deliver the scheme is expected to be in Manchester City Council control at the point delivery begins.

A series of potential working patterns are being explored to allow the works programme to be delivered on time. Steps will also be taken throughout the programme to ensure quality assurance.

## **Monitoring and Evaluation**

The scheme will be subject to a programme of before and after monitoring and evaluation. This will demonstrate the extent of which scheme objectives were met, monitor performance of the MSIRR Great Ancoats Street scheme and ensure that any potential issues post implementation are identified and addressed.

Monitoring will include:

- Vehicle journey times derived from both the Passive Sensors (Bluetooth) and GPS tracked vehicle data (Traffic-master) up to the implementation and following completion of the scheme, focusing on set locations.
- Real time bus journey tracking, using equipment being installed on buses across Greater Manchester with comparison between new and historic data.
- Residential planning consents, starts on sites and completions quarterly on a scheme by scheme basis.
- Capturing anecdotal evidence on the success of the Great Ancoats Street scheme and the impacts it has had on take up of both residential and commercial units through The

Ancoats and New Islington Programme Board which regularly engages the area's developers and investors.

## Project Finances

Summary of Cost Plan	
Total Scheme Costs	£9,108,000.00

The works will be funded £8.8m from the Greater Manchester Growth Deal plus an additional contribution of £308,000 for tree planting from the MSIRR Regent Road Growth Deal scheme.

The on-going operation and maintenance liabilities of the highway will fall to Manchester City Council while the future maintenance costs for traffic signals will be covered by Greater Manchester UTC revenue budget.

## Procurement and Contract Management

Manchester City Council intends to let the works to an external contractor using the Council's Infrastructure Framework. The Framework was recently established and is considered an appropriate procurement route for the nature and scale of works proposed. The selected approach will offer price certainty and allow a suitably skilled and experienced organisation to be appointed to deliver the works. Support will also be drawn down from the framework to utilise early contractor engagement, to enable early development of the scheme's construction phasing plan.

The NEC Engineering and Construction Contract ECC version will be used. It is yet to be determined which of the following options will be used:

- Option A – Lump sum priced contract with activity schedule
- Option C – Target Contract with activity schedule

A decision will be taken after detailed design has been completed.

The NEC sets out a series of contract management processes to be followed, ensuring robust contract management once works have been let.