

<b>Classification:</b> Open	<b>Decision Type:</b> Key
--------------------------------	------------------------------

<b>Report to:</b>	Cabinet	<b>Date:</b> 06 September 2023
<b>Subject:</b>	Radcliffe Enterprise Centre – UKSPF Project Delivery (E22)	
<b>Report of</b>	Leader and Cabinet Member for Strategic Growth	

## Summary

1. Bury Council submitted a bid to GM’s UKSPF SME (Small and Medium Size Enterprises) Workspace Fund (E22) to turn Radcliffe Library into an enterprise centre. Following evaluation of all bids, GMCA have confirmed the overall funding ask from all 10 GM authorities exceeds the level of funding available and have therefore revised the funding allocation for Bury to £1,270,423 or 92.4% of the total project cost of £1,716,000. The total project cost includes match funding from the Council of £367,000.
2. Revised timescales requiring project completion by March 2025 present a number of issues around the temporary relocation of the library and Radcliffe Integrated Neighbourhood Team who currently operate from the first floor of the building. Several options are currently being considered to resolve and mitigate these risks. Full details are outlined below.

## Recommendations

It is recommended that Cabinet:

3. Confirm £367,000 match funding from Council budgets plus an agreement to meet the £78,577 shortfall bringing the total Council contribution to £445,577 in order to secure £1,270,423 of UKSPF funding towards the development of Radcliffe Enterprise Centre.
4. Note the timescale constraints and the options being considered for the temporary relocation of the library and Radcliffe Integrated Neighbourhood Team.
5. Note the legal position regarding the positive covenants affecting the use of the current library building and the mitigation measures proposed.

## Reasons for Recommendation

6. Given the reduced timescales it is now imperative that this project moves forward. GMCA require confirmation of match funding in order to issue the grant funding agreement. Whilst a number of key approvals for expenditure have been undertaken at risk whilst the GFA is prepared (the appointment of a Project Manager and additional consultancy resource). The agreement must be in place by September 2023 to enable the project to move into RIBA Stage 2 - Concept design.

## Alternative options considered and rejected

7. Return the allocation of £1.4m to the GMCA to be spent elsewhere in Greater Manchester - **Not recommended.**

This option would have the benefit of the Council not having to find an immediate capital contribution for the facility and would allow the library to move into the Hub in a seamless manner. It is fully recognised that the Council is having to prioritise its capital programme, and this constitutes a further call on scarce resources, and, at the present time, there is no agreed solution for the temporary library provision (although there are options for consideration).

However, The Council would be left holding the library as an empty building once the Hub is activated and would remain liable for the costs of securing the building, such as installing steel sheets to the windows and doors. The Council would also have to maintain a security regime. The costs of this, based on similar buildings, is likely to be between £30k and £50k per-annum, with escalating costs for maintaining the structure as wind and waterproof.

8. Re-allocate funding to an alternative project/use - **Not a viable option**

The GM UKSPF E22 allocation is an SME Workspace Fund and its monies must be used for “Investing in enterprise infrastructure and employment / innovation site development projects which will support growth in places” Therefore it cannot be reallocated to an alternative project or utilised for an alternative use at Radcliffe library.

It is also important to recognise that whilst at this stage in the project, there is no identified commercial income stream, development of an Enterprise Centre is a realistic and viable use of the building to enable one and cover any borrowing costs the project may require. It is also unlikely that any future funding streams, regardless of end use would be as generous in providing almost 100% of the costs of implementing the project.

---

### Report Author and Contact Details:

*Name: Sarah Porru*

*Position: Assistant Director of Regeneration (Business & Economy)*

*Department: Business, Growth & Infrastructure*

*E-mail: S.Porru@bury.gov.uk*

---

### Background

1. The project aims to convert Radcliffe Library, located within Radcliffe Town Centre and adjacent to the Levelling Up regeneration activity (part of the Radcliffe Regeneration Framework) to a flexible, multi-functional Enterprise Centre. The space will provide a range of private offices and bookable hot desks to facilitate up to 100 occupiers and will be managed by a third-party operator.

2. The total project cost includes match funding from the Council of £367,000. which was agreed by the Regeneration Board on 27th October 2022. GMCA now require confirmation that the Council can also meet the funding shortfall of £78,577 bringing the total amount of match funding required to £445,577 representing 26% of the total project cost. Whilst this is significantly below the 50% threshold traditionally applied to grant funding, it will still need to be added into the Council's capital contribution.
3. A revised project delivery plan has been submitted and approved by GMCA and, subject to agreement of match funding, we understand a grant funding agreement will be issued shortly.
4. The initial submission proposed delivery across all three years of the UK SPF programme with first year (2022/23) revenue used to assign a Project Manager alongside a market assessment exercise to understand potential demand. However, delays to the GM project evaluation process and the development of grant funding agreements have meant a revision to project timescales. GMCA have received confirmation that Year 1 funding allocations can be rolled into Year 2 but there is no extension to the overall delivery period and the project must be completed by March 2025.
5. The project features as part of a wider LUF (Levelling Up Fund) programme and is a key priority project identified in the Radcliffe Strategic Regeneration Framework (SRF), aimed at bringing forward a campus of buildings that deliver improvements to health, skills and employability, cultural engagement and economic recovery of the town centre.
6. This project will enhance £20m LUF (Round 1) and £22m match funded from Bury Council capital programme, as well as provide commercial space for a Council-owned building worth £1.26m (£1.35m including the land value).
7. The end goal is to create a vibrant, flexible space that will enhance footfall in Radcliffe Town Centre further igniting additional investment into a location on the cusp of reinvention. This will nudge further investment and confidence in the town, providing additional business rates revenue to the Council and a reason to visit and invest in Radcliffe for businesses and house builders.
8. Community access to the facility will be a key element of the project and bookable meeting space will be available to rent by both business and community users, subject to funding outputs requirements (businesses supported) being met in the first instance.
9. Demand assumptions
  - Lack of employment space is a key issue slowing the economic growth potential of Bury. The Bury Means Business team receive an average of 25 requests per month for information on land available for employment use, available office space and start up support.
  - Early findings from a piece of work currently being undertaken by Focus Consultants to consider Ramsbottom Market Chambers and the Civic Hall becoming an enterprise centre has evidenced need as over 90% of the business base in Bury is made up of micro businesses (Source: Nomis). Also, the Growth Hub report that 34% of Bury businesses formed in the last 3 years have demonstrated a growth associated strongly with the changing

work environment created by the pandemic. Providing suitable workspace in Radcliffe will further develop this start-up potential in the town and beyond.

- 9 out of 10 Bury businesses employ less than 9 people and whilst there is some private provision in Bury, this is in high demand. The Council-owned Bury Business Centre is also nearly 100% occupied, further demonstrating demand to support additional small-scale workspace.
- A pivotal part of Radcliffe's levelling up ambitions are to increase footfall in the town centre where businesses have access to required services.
- Other towns in GM also report a need for enterprise centre provision evidencing that Radcliffe is not unique:
  - Consultants CBRE has previously forecast in a demand report for Stockport Council that between 2021 and 2028 there will be a shortage of office space in South Manchester as demand outstrips supply and this will result in a likely surge in demand for high quality refurbished space. 73% of South Manchester office transactions from 2018 to 2019 were sub 2,500 square feet, demonstrating recent and ongoing demand for smaller office space.
  - Rochdale Council has just launched its new enterprise centre 'Fire Up Co-Working Space' that has been established due to evidenced demand for co-working space in the north of GM. This and Stockport are two examples of where public sector intervention is critical to further meet demand.

10. In order to ensure the project remains on schedule and provide an early assessment of viability, several appointments have been made at risk. These are as follows:

- Appointment of Project Manager and Quantity Surveyor for a fixed term via an agency or framework. Walker Sime have been appointed to provide Project Management and Cost Management support. They will support Bury Council in procuring additional design team appointments and survey and investigations to help develop a feasibility design and cost plan.
- Commissioning of necessary surveys and structural assessment at risk to enable project commencement.
- An extension to an existing consultancy support contract via a variation order to expedite the development of a feasibility study & market demand assessment and undertake further financial modelling in order to test the financial and demand assumptions, external consultancy support will also be secured to conduct soft market testing and provide an outline business case showing financial returns to the council over a 25-year period.

- Early consideration of appropriate routes for the procurement of a third-party operator in parallel to the above to enable early engagement into the design process and promotion to the market. Radcliffe Works will be managed by a commercial operator with the experience and knowledge of building a brand and generating revenue whilst meeting the needs of the clientele. The operator will be appointed via an open tender process and will operate via a service level agreement to manage the Radcliffe Works Enterprise Centre. The process of identifying an operator will be included in the above consultancy commission to ensure early engagement and allow input into the internal design stage.

11. Financial assumptions – An initial high-level analysis of the potential income and expenditure model for an enterprise centre in the current Radcliffe Library has been undertaken. This is based on 50 desks being available for hire along with two small meeting rooms and one large meeting room. The financial analysis shows the potential for a sustainable model once occupancy builds with the project generating a surplus by year three. A full Business Plan will be developed that will further test these assumptions within the context of the preferred operational option for the enterprise centre.

## **Issues**

12. There are three key issues:

a) Relocation of Library - The grant funding must be spent in full by end March 2025. In line with the project plan and milestones to ensure successful delivery, we need to complete the construction works at the library prior to space being available at the Hub and therefore a temporary site for the library needs to be identified and needs to accommodate the library from the start of library adaptation works in September 2024 until completion of the Hub in August 2025. There is no current budget for the cost of physically moving the library or the leasing of temporary space.

There will be an ongoing effort to find a solution to provide a temporary Library provision, An options appraisal has been prepared and the outline options are now being investigated further. Current options include temporary relocation to the Market Chambers Building, use of a temporary portacabin on the adjacent car park and working with contractors to provide space during the building adaptation works (it is not anticipated to be an intrusive construction programme). All the options are currently being evaluated in terms of cost, durations, availability and size space, locality and suitability.

It is recognised that there is likely to be some additional budget required to support the temporary provision of Library space (Rental of temporary cabins, installation and decant of the library is estimated at £250,000). However, the cost of borrowing is very low as a percentage of the overall project costs, and to break even over a 25-year period the building would only have to generate an annual surplus of £35,000 - this suggests the project could also fund the costs of relocating the Library.

## b) Radcliffe Integrated Neighbourhood Team

The Integrated Neighbourhood Team are operated by the NHS and are situated on the first floor of the building and operate completely independently of the library. They are a team of 8-10 staff. The first-floor offices will form part of the new Enterprise Centre project and it is intended that they will relocate to the Hub on its completion in August 2025. As this department is operated by the NHS, liaison with their management team will be required to ascertain the available options to relocate their teams and these options will have to include assets not owned by the Council e.g., health centres.

c) Library Covenants The library building is that it has Carnegie status and is subject to positive covenants binding on the Council. The Council proposes to take mitigation measures, which would see temporary library facilities in Radcliffe until the new hub and library is open. In addition, this proposal will ensure that there is continued public access to this building not only in providing public access to business support and advice but importantly allowing public access and use of community space in the building. This will be through the provision of bookable meeting space which will be available for rent to both business users and community groups including evening access, wherever possible.

---

### **Links with the Corporate Priorities:**

13. The BID priorities are consistent with the following principles of the Bury 2030 Let's Do It Strategy:

**Local neighbourhoods** – The project will enhance and secure the future of a valuable town centre asset and contribute to delivery of the wider Radcliffe SRF.

**Enterprise to drive economic growth and inclusion** – The project will create more flexible and innovative/digital workspaces to encourage more businesses to open and remain in Radcliffe; helping to ensure residents have the best chance to access good jobs.

**Delivering Together** – Ensuring a sustainable use for the library building is a key community ambition and all opportunities for continued public access will be considered as part of project development.

**A strength-based approach** - the project will; provide managed workspace and business support within a local neighbourhood. This will provide opportunities for community wealth building through new business start-ups, increased local spend and the adoption of new skills whilst reducing the need to out commute.

---

### Equality Impact and Considerations:

14. An initial screening has been undertaken (see attached assessment) and as there were no negative impacts identified for affected groups, there is no requirement to proceed to a Full Impact Assessment at this time. The final EIA will be completed as part of project development. Due regard will be given to ensuring the accessibility of this process to all residents.

---

### Environmental Impact and Considerations:

15. The Council has a pledge to be Zero Carbon by 2038. This means that the current estate needs to be rationalised and modernised. This project presents the opportunity to introduce flexible and innovative workspace into the heart of a highly sustainable town-centre, reducing the need to be out commute to a place of work. The library building itself is of a certain age and the opportunity for refurbishment and redevelopment will enable the estate to reduce its carbon footprint over time.

---

### Assessment and Mitigation of Risk:

Risk / opportunity	Mitigation
<p><b>Timescales</b></p> <p>The existing library service will be fully decanted to the new public hub on completion. The Enterprise Centre project will be dependent on this major milestone being met.</p> <p>Planning permission not secured within expected timescales</p> <p>Covenants – Positive covenants are in place regarding the user of the current library building which means that there is a tangible</p>	<p>The project team are currently exploring options for temporary location of the library or a phased fit out for the enterprise centre should the hub not be completed within expected timescales. There will be an ongoing effort to find a solution to provide a temporary Library provision, even if this means working with contractors to provide space during the building adaptation works (it is not anticipated to be an intrusive construction programme).</p> <p>Planning Officers are part of the current project team and will advise accordingly. Planning requirements have been considered within the project programme.</p> <p>Legal advice has been obtained including suggested mitigation measures.</p>

<p>but low risk of successful action against the Council for breach.</p> <p>Utility services - long lead ins currently being experienced on any works associated with incoming supplies.</p>	<p>Early engagement with utility companies. Allowances built into delivery programme.</p>
<p>Failure to attract an operator.</p>	<p>Focus Consultants are already engaging with operators as part of the Ramsbottom Enterprise Centre project. Extension of this contract to include engagement and feasibility work for the Radcliffe project will ensure operator interest is fully understood before further project development and financial commitment.</p>
<p>Lack of demand from business.</p>	<p>Focus Consultants are already testing demand as part of the Ramsbottom Enterprise Centre project. Extension of this contract to include market testing of the Radcliffe project will provide a detailed demand assessment.</p> <p>Officers are working closely with other authorities to understand what businesses want from an enterprise centre ensuring best practice.</p> <p>A funded business/marketing manager will attract occupiers and co-ordinate and deliver a programme of tailored business support alongside partners (Growth Hub, AEB providers, Health and Wellbeing and others).</p> <p>The programme of support to start ups, sole traders and SMEs will include marketing and sales, general business advice, mentoring, networking, training, seminars, workshops, financial advice and access to specialist advice.</p>
<p>Lack of public &amp; political support</p>	<p>Public demonstrated desire to retain building as public asset.</p> <p>Engagement with Radcliffe members alongside arrangements for Hub project engagement.</p>



<p>Increasing capital costs - exceeding budget envelope due to unprecedented cost increases across construction supply chains (albeit suitable contingencies built into the project).</p>	<p>Early engagement of a project manager will be critical in monitoring project cost and budget management.</p> <p>The early engagement of a potential operator will enable their input into the fit-out design ensuring construction is fit for purpose and avoids any unnecessary expenditure.</p> <p>Project delivery and cost changes will be reported to the Regeneration Board to ensure full transparency and mitigation wherever possible.</p>

---

**Legal Implications:**

The relocation of the library from its current building will result in breaches of positive covenants binding on the Council. The Council will ensure that the building continues to be devoted to public use and meets its statutory obligation to continue to provide a suitable library, albeit in a different location, the likelihood of successful court action against the Council is low. Efforts are continuing to obtain indemnity policy cover, but this may not be possible due to the nature of the covenants.

---

**Financial Implications:**

The original Council contribution of £367,000 is already built into the capital programme, the additional £78,577 contribution will be added to the 2024/25 capital programme following approval of Cabinet.

Once the temporary solution for the relocation of the library is agreed these costs will also have to be added into the capital programme. Both of which will have revenue costs of borrowing. However, it is anticipated that the income generated from the operation of the enterprise centre will more than recover these costs of borrowing.

---

**Appendices:**

Appendix 1 - Equality Analysis

---

**Background papers:**

*Please list any background documents to this report and include a hyperlink where possible.*

**Please include a glossary of terms, abbreviations and acronyms used in this report.**

<b>Term</b>	<b>Meaning</b>
UKSPF	UK Shared Prosperity Fund