

Classification: Open	Decision Type: Key
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Report to:	Cabinet	Date: 25 September 2024
Subject:	Northern Gateway (Governance / Investment Zone) - PART A	
Report of	Leader and Cabinet Member for Strategic Growth	

Summary

1. To provide an update on Atom Valley / Northern Gateway.
2. To introduce the Greater Manchester Investment Zone (IZ) programme.
3. To seek Cabinet approval of the recommendations as identified in this report.

Recommendation(s)

4. It is recommended that Cabinet:
 - i. Endorses the development of formal of joint working arrangements with Rochdale Council to progress work on Atom Valley and Northern Gateway.
 - ii. Approve Northern Gateway as part of Greater Manchester’s Investment Zone.
 - iii. Note in principle the award of Investment Zone funding from the Investment Zone Flexible Spend fund for the purposes of delivery of the Western Access highway project.
 - iv. Approve the procurement of a consultant to appoint and lead a multi-disciplinary team to advance the Northern Gateway site to a maximum sum of £600,000 to be funded from the IZ funding and in accordance with the Council's Contract Procedure Rules.
 - v. Delegates authority to the Monitoring Officer to finalise and execute any associated agreements.
 - vi. Endorses the Western Access Procurement Strategy at Appendix F and delegates authority to the Executive Director (Place – Business, Growth and Infrastructure) to make adjustments to it as the Northern Gateway project progresses.
 - vii. Endorses the interim governance arrangements for Northern Gateway, including approval of Northern Gateway’s:
 - a. Governance Framework,
 - b. Business Plan as appended to Part B of this report and

- c. Procurement Strategy.
- viii. Authorises officers to explore potential delivery options for Northern Gateway, including exploration of Mayoral Development Corporation (MDC). Further reports will be brought to Cabinet with recommendations following conclusion of this workstream.
- ix. Notes the Rochdale Borough Council's intention to take a similar report to their Executive.

Reasons for recommendation(s)

5. Significant progress is now being made to bring forward Northern Gateway allocations JPA1.1 and JPA1.2, which form part of the Atom Valley Mayoral Development Zone (MDZ). This includes the recent adoption of Places for Everyone (PfE) Joint Development Plan in March 2024 and the designation of Northern Gateway as part of the Greater Manchester IZ.
6. The designation of the Greater Manchester IZ attracts significant funding alongside other financial incentives including the retention of business rates.
7. As result of these policy interventions and funding opportunities, there is a need for more structured and formalised working, resourcing and governance arrangements with Rochdale Council and GMCA to realise the opportunities, confirm the structure to move effectively into the delivery phase and ensure adherence to forthcoming government criteria relating to any funding.
8. Following the adoption of PfE in March 2024 and the on-going work on the Northern Gateway Development Framework (due to come to Cabinet later in the year), priority areas of work have been identified going forward, which are included in this report, informing the recommendation herein.
9. The IZ funding has been allocated from 1st April 2024, with a year-one spend deadline of 31st March 2025, along with other revenue funding, there is a need to move projects forward swiftly and flexibly to respond to these funding opportunities. As such, the report seeks delegations to the Executive Director (Place - Business Growth and Infrastructure), Leader of the Council and relevant Portfolio holder(s) to facilitate these processes and implement the respective Delivery and Procurement Strategies.

Alternative options considered and rejected

10. That the recommendations are not approved, and we do not utilise the funding, with this reallocated elsewhere in Greater Manchester. This presents a risk to delivery of the Places for Everyone joint development plan and specifically, the delivery of Northern Gateway.
11. That the collaboration and delegations are not approved, and further reports are brought to Cabinet to authorise spending in relation to funding at a later date. This introduces risk that monies will not be deployed or spent on time both within

this financial year 2024/25 and future years, with funding reallocated to other projects elsewhere in Greater Manchester.

12. That procurements are dealt with in a piecemeal manner. This would mean lack of consistency of the project team, presenting a risk of abortive work and associated implications in terms of increased cost and time. This approach would also introduce increased risk of not being able to secure a Tier 1 contractor to construct the highway improvements.

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Background

Atom Valley Mayoral Development Zone

13. Atom Valley MDZ was designated in 2022 and spans the local authority areas of Rochdale, Bury and Oldham. It aims to deliver a nationally significant area of economic activity along the M62 corridor from junction 18 (Simister Island) to junction 21 (Milnrow) through parts of Bury, Rochdale and Oldham and supported by a significant increase in new homes.
14. The MDZ is the single largest economic opportunity within Greater Manchester. It provides a critical opportunity for inclusive growth to rebalance and enhance productivity within the Greater Manchester city-region, contributing to national economic growth and Levelling Up.
15. One of the key purposes of the MDZ is to develop an international mega-cluster of advanced manufacturing research, innovation, manufacturing and logistics activity, with the potential to deliver 1.3 million square metres (sqm) of additional employment space with 3,400 new homes by 2040, in addition to existing consented developments.
16. The focus of the MDZ is on three strategic growth sites now allocated for development the PfE joint development plan adopted in March 2024. These sites are:
 - Northern Gateway (within Rochdale and Bury);
 - Stakehill (within Rochdale and Oldham); and
 - Kingsway (Rochdale).
17. Of the three growth sites above, Northern Gateway is the largest and includes two sites: Heywood/Pilsworth (allocation JPA 1.1 of PfE) and Simister/Bowlee (JPA 1.2). Heywood/Pilsworth allocation JPA1.1 includes the South Heywood consented mixed use development at M62 J19 and the link road, Queen Elizabeth Way located within

the Borough of Rochdale. Two residential phases of the consented development are under construction and a third is due to commence shortly.

18. To identify and explore the potential opportunity of the MDZ, a Strategic Outline Business Case was commissioned to identify the potential benefits.

19. The table below shows the economic potential across the MDZ and specifically, Northern Gateway:

Benefit	Atom Valley	Northern Gateway
Commercial floorspace	1.3 million sqm	1.06 million sqm
New gross direct FTE jobs	23,900	18,900
Gross direct GVA per annum	£1.7 billion	£1.3 billion
Net additional GVA	£1.3 billion	£1 billion
Annual business rates income	£40 million	£32.5 million
Annual council tax receipts	£7.6 million	£3.8 million

*Figures based on an indicative split between Advanced Manufacturing, which is the focus of the IZ, and other sectors - subject to market demand therefore may vary

20. Northern Gateway, which is the largest employment allocation within PfE, and will be a key driver in delivering growth ambitions, to make Bury stand out as a place that is achieving faster economic growth than the national average, with lower than average levels of deprivation.

21. The wider benefits and outcomes of the MDZ include:

- Innovation and enterprise
- Wage uplifts
- Health and wellbeing
- Attracting inward investment
- Skills and training
- Clustering and agglomeration related productivity
- Reducing socio-economic disparities and inequalities
- Placemaking and wider area impacts
- Low/net zero carbon benefits
- Systems benefits from addressing health and worklessness.

22. The Northern Gateway site straddles the Districts of Bury and Rochdale and the project should be designed without the constraints of the district boundaries. Working collaboratively with Rochdale Council and GMCA will ensure that the site is not built out in a fragmented way and the economic opportunities and attraction of the site for investment can be maximised.

23. An Atom Valley Business Plan containing a three-year Action Plan and annual programme of priorities for each site within Atom Valley is being developed. A separate Northern Gateway Business Plan has also been developed to guide activity over the next period whilst delivery mechanisms are being explored (attached in Appendix B – Part B).

Greater Manchester Investment Zone

24. The refocused Investment Zones programme was launched by Government at Spring Budget 2023 and provides IZ areas with a £160 million envelope over 10 years to catalyse local growth and investment. These interventions will include new research and innovation, sector-focussed skills programmes, local infrastructure enhancements, and targeted business support.
25. The IZ for Greater Manchester is now one of six confirmed Investment Zones to date in England. Government set out details of how Investment Zones will use the funding envelope available, which includes offering tax reliefs to attract businesses to these Zones, and initial investments in a range of interventions including on skills, research and innovation, and infrastructure.
26. The Greater Manchester IZ will drive growth and innovation in the advanced manufacturing and materials sector. Funding will be used to accelerate Atom Valley, the Innovation District Manchester and Salford Crescent with support for research and innovation to grow the knowledge economy and infrastructure funding to unlock laboratory and manufacturing space.
27. Additional funding will be provided for opportunities across the city region to strengthen the wider innovation ecosystem, including a multi-million-pound revolving investment fund to provide debt and equity finance to local advanced manufacturing and materials businesses across the whole of Greater Manchester, and £5 million to support skills development.
28. It is anticipated that the Great Manchester IZ will create 32,000 jobs and leverage £1.1 billion investment over the next 10 years.
29. Following discussions with Leaders, Chief Executives and GMCA, and in consultation with Government, Greater Manchester identified two geographical areas totalling 600 hectares to be allocated within the IZ to receive enhanced status through new business rates initiatives, with a 25-year business rate retention scheme without a reset.
30. The two proposed Investment Zone Enhanced Business Rates Areas are:
 - i. **Northern Gateway**: Boundary covers sites in Bury and Rochdale, total hectares: 388.27ha.
 - ii. **Manchester “Smile”**: Boundary covers sites in Manchester and Salford, total hectares: 209ha. It includes Mayfield, ID Manchester and Salford University.
31. An initial allocation of £80 million of IZ Flexible Spend, which includes revenue and capital, to be spent over five years from 2024/25 has been determined, based on a spend profile set out for each year. Beyond the first five years, the spend profile is subject to a forthcoming timetable to be set by Government.
32. Northern Gateway has been allocated £10m over a 5-year period from 2024/25 to advance the delivery of the Western Access project - a local highway scheme spanning the Districts of Bury and Rochdale, which will create additional capacity

and improved flow on the local and strategic highway and see the introduction of active travel and public transport measures. The Western Access project has a critical interface with M66 J3 and work is ongoing with National Highways in respect of this.

33. Bury Council is the accountable body for the IZ funding for both Bury and Rochdale, and will procure and deliver and required works and services on behalf of both Bury and Rochdale Councils.
34. Following approval by Cabinet, the IZ funding will be awarded. Any appointments required to facilitate the project are subject to the award of funding. Allocation of future years spend profile will be agreed with GMCA as the project progresses. Due to the terms of the IZ funding, monies will be spent up front and subsequently drawn down from GMCA.
35. Future work will build upon recent completion of advance early surveys, optioneering, Strategic Outline Business Case and preliminary designs for the Western Access.
36. Procurement Strategy recommendations detailing the general approach to delivering the Western Access are presented for endorsement. It is recommended that the scheme is developed up to and including Outline Business Case (OBC) / planning design stage (aligned to RIBA Stage 3 – spatial coordination and planning design) and Full Business Case (FBC) / detailed design stage (aligned to RIBA Stage 4 – technical design), the scope of which is to be confirmed during conclusion of the OBC stage. The OBC stage will shortly be initiated and progressed. Subject to further technical work being undertaken during OBC stage, it is currently anticipated that the Western Access scheme will be constructed as one single package of works, rather than in phases, with early contractor involvement at design stage providing further advice in this respect and reducing construction risk.
37. The detailed Procurement Strategy setting out recommendations of the most appropriate route to procurement is also presented for endorsement. It is recommended that an external appointment is made for a multi-disciplinary consultant team to lead the development of an Outline Business Case and associated feasibility and planning designs in addition to managing risk, land acquisition and Planning, with a contractor appointed separately to reduce risk and increase certainty of cost and deliverability. Appointments will also be made to progress an associated Funding Strategy that will need to be linked to infrastructure delivery and proposals for an emerging developer clawback mechanism and necessary legal orders. It is envisaged that the Procurement Strategy may be subject to modest adjustments as the project progresses and circumstances naturally evolve.
38. The development of a Funding Strategy will seek to address the funding gap between the high-level estimates of the Western Access and the award of the Investment Zone monies. Amongst others, this is likely to include developing mechanisms for securing developer contributions, as well as any wider local and national funding opportunities.

Northern Gateway

39. The Council has worked closely with Rochdale Council for a number of years to get the site allocated through the Places for Everyone plan. In March 2020, Rochdale Council granted planning permission for the first phase of development at Northern Gateway, a £400m mixed-use scheme at South Heywood, which included the Queen Elizabeth Way link road to J19, 1.8m. sq.ft of industrial and warehousing floorspace and 1,000 new homes.
40. Going forward, the recent policy interventions and funding opportunities necessitate more structured and formalised working, resourcing and governance arrangements with Rochdale Council and GMCA to realise the opportunities and to reflect the sites status as an IZ.
41. A Northern Gateway Business Plan has been developed to set out priority activities and key workstreams for the forthcoming 12 months.
42. The Business Plan provides detail of how these priorities will be delivered through presentation of a Project Plan, and a pipeline then develops this detail further by setting out funding requirements. A process of monitoring will be put in place to ensure activities remain on plan or are escalated within the agreed Governance Framework as necessary.
43. In order to identify key priorities and actions, a critical path analysis has been carried out, to be taken forward by the councils in collaboration with public sector partners and developers/landowners to progress delivery of Northern Gateway identifying the following key workstreams:

42.1 Vision:

- 42.1.1 A strategic development vision for Northern Gateway has been developed by the partners and endorsed by the Atom Valley MDZ Board.

42.2 Governance:

- 42.2.1 In July 2024 GMCA Executive agreed to the In Principle establishment of a Northern Gateway MDC. A project plan, which will be taken forward subject to Cabinet endorsement, has been developed to explore various mechanisms and delivery options, including the potential to pool resources and expertise across the various public sector partners.
- 42.2.2 To demonstrate a commitment from the parties to shared objectives and pooling of resources going forward, it is requested Cabinet endorses the development of formal joint working arrangements with Rochdale Council to progress work on Atom Valley and Northern Gateway.
- 42.2.3 Until such time as a delivery mechanism is established, and in recognition of the need to progress project delivery, interim governance arrangements have been developed to establish a Governance Framework which includes a clear reporting and decision-making structure, delegations for approval of workstreams and spend, Terms of Reference and a Northern Gateway Procurement Strategy.
- 42.2.4 To support effective, managed delivery a Project Management Office (PMO) is being established and will initially be coordinated within Bury Council. Resources are to be

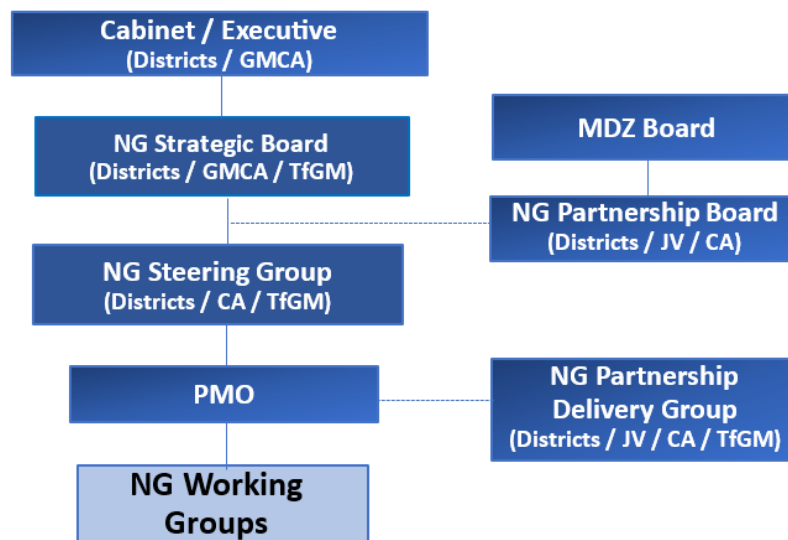
identified from Bury and Rochdale Councils, GMCA and TfGM to work with PMO to deliver all workstreams associated with Northern Gateway. It is likely that the PMO structure will be moved into the MDC, should one be established, and governance arrangements will be reviewed.

42.2.5 The following interim governance arrangements have been included for endorsement by Cabinet:

- a. Northern Gateway Governance Framework,
- b. Northern Gateway Business Plan as appended to Part B of this report and
- c. Northern Gateway Procurement Strategy.

42.2.6 The Northern Gateway project is overseen by a Strategic Board, which is a sub-group of district Cabinets and GMCA Executive. The Strategic Board, which is chaired by the Chief Executive of Bury Council, sets the strategic direction for Northern Gateway, providing key decisions to enable the project to progress, resolving obstacles to its delivery and working to mitigate risk. Strategic Board is led by officers from Districts and GMCA and its decision-making process is through Districts. Updates and decisions required relating to the Project Plan and Pipeline will be directed through Strategic Board, with coordination from the Northern Gateway Project Management Office (PMO).

42.2.7 The Atom Valley MDZ Board oversees the alignment and agreement of long-term aspirations and strategy for the sites within the MDZ, whilst developing and maintaining strategic relationships with key external stakeholders. In addition, it provides a centralised and consistent forum for the resolution of high-level issues for delivery of projects within the MDZ:



42.3 Comprehensive masterplans and wider planning strategy:

42.3.1 Allocation within PfE requires planning applications to accord with an agreed masterplan. Bury and Rochdale Council teams are currently working in partnership to develop a draft Supplementary Planning Document (SPD) which will be presented

to Cabinet / Full Council in due course. The SPD will be developed alongside an Infrastructure Phasing and Delivery Plan.

42.4 Infrastructure investment, funding and delivery strategy:

- 42.4.1** This will include strategic and local highway interventions, active travel and public transport, to link the sites to the surrounding motorways and town centres and create access to employment for local residents.
- 42.4.2** Work is already underway on a number of the above, with TfGM and National Highways engaged. The councils are working closely with TfGM to identify modelling requirements, sustainable transport solutions and active travel routes to support Northern Gateway.
- 42.4.3** Priority active travel corridors have been identified and the next step will be to develop outline designs for these corridors with accompanying cost estimates to aid the development of a Funding and Delivery Strategy.
- 42.4.4** Draft, high-level bus costs have been developed by TfGM and a prioritisation exercise, which includes developing understanding of trip demand patterns as well as considering future scenario planning, is now needed to determine which routes / services will be agreed for the baseline packages for bus.
- 42.4.5** National Highways have commenced a project to identify infrastructure improvements on the Strategic Road Network (SRN) in relation to Heywood / Pilsforth. Interventions on the M66 and M62 are critical to realising the full scale and potential of this site.
- 42.4.6** As detailed in Sections 30 – 38, funding has been secured to continue work on developing local highway interventions that will be required to deliver the Western Access project. Western Access, coupled with improvements at M66 J3, will provide additional capacity, movement and sustainable travel infrastructure to support delivery of Northern Gateway and enable infrastructure into the wider site.
- 42.4.7** Funding has also been secured to undertake optioneering and develop preliminary designs for the A576 / M60 J19 project, which will support the development of JPA1.2 through responding to constraints on the network and identifying active travel and sustainable modes provision. Working closely with Northern Gateway PMO, Bury, Rochdale and Manchester Councils, and National Highways, TfGM will lead this project.

42.5 Advanced manufacturing and materials:

- 42.5.1** Further work to understand public sector approach to preparing sites to attract existing and new Advanced Manufacturing and Materials businesses to relocate, consolidate and expand.
- 43** To realise the funding opportunities and adhere to government spend requirements and IZ Flexible Spend profiles, resourcing will be required as dealt with within the proposed interim governance arrangements. Further reports will be presented to Cabinet in respect of resourcing and governance of any future delivery mechanism in due course.

Links with the Corporate Priorities:

Please summarise how this links to the Let's Do It Strategy.

- 44** A key part of the Places for Everyone Plan is to rebalance the Greater Manchester economy by significantly boosting the economic output from the north through the delivery of new housing and employment that will benefit both Bury and its residents. The plan sets out strategic site allocations that will guide future growth and development in the Borough. The 'Let's Do It' strategy specifically refers to Places for Everyone as having a key role to play in the delivery of its objectives and priorities, in addition to the Corporate Plan 2024/25 seeks to deliver the Vision for 2030 which is for the Council to Achieve Economic Growth.
- 45** As Bury's largest employment allocation within the Places for Everyone plan, Northern Gateway supports delivery of the Vision 2030 and 'Let's Do It!' to stand out as a place that is achieving faster economic growth than the national average, with lower than national average levels of deprivation through the development of employment space to enable job creation and upskilling of residents, leading to economic growth:

Local – The project will generate jobs for local people, enhance economic regeneration and provide links with existing and new communities.

Enterprise - the project will drive economic growth and inclusion by creating more employment space for existing businesses to expand into and to encourage more local, national and international businesses to open in the Borough; helping to ensure residents have the best chance to access good jobs.

Together – Ensuring sustainable access into the site to maximise inclusivity and access to opportunities for members of the local community and working with partners to maximise social value opportunities to shape outcomes.

Strength - the project will provide space for new and expanding local business within a site that is well connected to local communities. This will provide opportunities for community wealth building through new business start-ups, increased local spend and the adoption of new skills whilst providing opportunity for all through provision of sustainable transport modes.

Equality Impact and Considerations:

*Please provide an explanation of the outcome(s) of an initial or full EIA and make **specific reference regarding the protected characteristic of Looked After Children**. Intranet link to EIA documents is [here](#).*

- 46** The attached Equality Impact Assessment concludes that impacts are positive and will continue to be assessed as the project progresses.

Environmental Impact and Considerations:

Please provide an explanation of the carbon impact of this decision. Please include the impact on both **Carbon emissions** (contact climate@bury.gov.uk for advice) and **Biodiversity** (contact c.m.wilkinson@bury.gov.uk for advice)

- 47 Environmental impacts and concerns will be assessed and monitored as project delivery commences and will be in-line with existing Council policies. The Northern Gateway Development Framework will seek to meet policy requirements, including physical, social and environmental impacts including biodiversity net gain.

Assessment and Mitigation of Risk:

Risk / opportunity	Mitigation
Inability to deliver IZ funding due to reduced timescales	<ul style="list-style-type: none">• Cabinet endorsement of interim governance arrangements for Northern Gateway• Delegated authority to the Executive Director (Place - Business Growth and Infrastructure) in consultation with the Leader of the Council and Cabinet Portfolio Holder, to authorise expenditure in relation to any funding and authorise associated contractual arrangements, agreements and documents, including receipt of grant funding.• Increased delivery resources• Necessary Legal and Procurement support

Legal Implications:

The Department for Levelling Up, Housing and Communities (DLUHC) has entered into a Memorandum of Understanding (MoU) with GMCA dated 27 March 2024. The MoU sets out the terms upon which funding is allocated to the Investment Zone on an annual basis. The MoU is non-binding as between DLUHC and the GMCA and the GMCA is responsible for spending the funds and delivering the agreed outputs. DLUHC will release funding each year subject to the GMCA satisfying the monitoring and other requirements for the IZ programme.

It is intended that part of the Investment Zone funding awarded to the GMCA under the MoU will in turn be awarded to the Council following the Council's decision to approve the Northern Gateway project. It is anticipated that the funding conditions will require the Council to assume responsibility for delivering certain of the agreed outputs and to commit and/or spend the funds within certain timeframes. The award of contracts in relation to this project (including the appointment of the consultant mentioned in the recommendations above) are dependent upon the availability of this funding and therefore contracts should not be finalised before the terms of the funding agreement have been approved and the agreement completed.

Once accepted the funding must be utilised in a manner that is in compliance with the Subsidy Control Act 2022 and it is recommended that the Council obtains specialist advice in relation to this.

The Council's must also comply with the Public Contracts Regulations 2015 and the Council's Contract Procedure Rules when appointing consultants and other specialists.

If the recommendations set out in this report are approved, it will result in a number of legal agreements, including services and works contracts which should be referred to legal services to finalise and complete in accordance with the arrangements set out in the Council's Contract Procedure Rules.

Financial Implications:

The IZ attracts an initial allocation of £80m Flexible Spend profiled over 5 years from 2024/25. This allocation was increased to £160m at the 2023 Autumn Statement with the time period for investment extended to 10 years.

The agreement for the use of the increased funding allocation beyond the first five years is subject to a timetable to be set by Government and decisions relating to its allocation will be taken forward in due course.

An initial year 1 allocation of £800,000 has been awarded to Bury Council (on behalf of Bury and Rochdale Council) to progress further design work in respect of the Western Access project.

Given the IZ funding has been allocated from 1st April 2024 and has a 12-month spend requirement (to end-March 25), there is a need to move projects forward swiftly and flexibly to respond to these funding opportunities and adhere to spend deadlines - hence the requested that Cabinet delegated authority to the Executive Director (Place - Business Growth and Infrastructure) in consultation with the Leader of the Council and relevant Portfolio Holder(s), to authorise expenditure in relation to the IZ funding and authorise associated contractual arrangements, agreements and documents.

Appendices:

Appendix A - Northern Gateway Strategic Development Vision (Part A)

Appendix B - Northern Gateway Business Plan (Part B)

Appendix C - Northern Gateway Interim Governance Framework (Part A)

Appendix D – Strategic Board Terms of Reference (Part A)

Appendix E -Northern Gateway Procurement Strategy (Part A)

Appendix F - Western Access Procurement Strategy (Part A)

Background papers:

Places for Everyone Plan – available on request.

Cabinet Report July 2022 and associated Appendices – Available on request.

Atom Valley Strategic Outline Business Case - available on request.

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

Term	Meaning
MDZ	Atom Valley Mayoral Development Zone
IZ	Greater Manchester Investment Zone
MDC	Mayoral Development Corporation
PfE	Places for Everyone
PMO	Project Management Office
SPD	Supplementary Planning Document
SRN	Strategic Road Network