

Classification: Open	Decision Type: Key
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Report to:	Cabinet	Date: 06 November 2024
Subject:	Northern Gateway (Investment Zone / Atom Valley Strategic Outline Business Case) – PART A	
Report of	Leader and Cabinet Member for Strategic Growth	

Summary

1. To provide an update on the status of Investment Zone funding.
2. To provide an update on the Atom Valley Mayoral Development Zone (MDZ), namely the Atom Valley Strategic Case.
3. To seek Cabinet approval of the recommendations as identified in this report.

Recommendation(s)

4. It is recommended that Cabinet:
 - a. Accept receipt of Investment Zone funding, following approval in September for Northern Gateway to be part of Greater Manchester's Investment Zone.
 - b. Delegates authority to the Executive Director (Place - Business Growth and Infrastructure) in consultation with the Director of Law and Governance to finalise the terms of the Investment Zone funding (Appendix A – Part B).
 - c. Delegates authority to the Monitoring Officer to execute any associated agreements including receipt of grant funding.
 - d. Delegates authority to the Executive Director (Place - Business Growth and Infrastructure) in consultation with the Leader of the Council and Cabinet Portfolio Holder, to authorise outputs and end of stage approvals in relation to any Investment Zone funding.
 - e. Endorses the Strategic Outline Business Case for Atom Valley MDZ (Appendix B – Part B).
 - f. Notes that a similar report will be presented to Rochdale Council's Cabinet on 26 November 2024.

Reasons for recommendation(s)

5. Significant progress is now being made to progress the delivery of the Northern Gateway, the largest development site in the Atom Valley 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. The Atom Valley Strategic Outline Business Case (SOBC) sets out the Atom Valley vision and opportunity in the context of Greater Manchester and identifies the potential scale of public sector intervention required to support delivery; the associated socio-economic benefits this site will unlock; and supports delivery partners with positioning the opportunity with sub-regional and national funders and stakeholders.
6. 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

7. 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.
8. 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.

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Background

Greater Manchester Investment Zone:

9. The refocused Investment Zones (IZ) programme was launched by Government at Spring Budget 2023 and provides IZ areas with a £80 million envelope over five 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.

10. 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.
11. 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.
12. 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.
13. It is anticipated that the Great Manchester IZ will create 32,000 jobs and leverage £1.1 billion investment over the next 10 years.
14. 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.
15. 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.
16. 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.
17. 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.

18. 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.
19. In September 2024, Cabinet approved the following items:
 - a. Approval of Northern Gateway as part of Greater Manchester's Investment Zone;
 - b. Noted 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.
20. Following on from these approvals, a Grant Funding Agreement has now been drafted and collaborative discussion between Bury Council Legal department and GMCA Legal is taking place to agree the final terms. Delegated authority to the Executive Director (Place - Business Growth and Infrastructure) in consultation with the Director of Law and Governance has been requested to finalise the terms of the Investment Zone funding.
21. The Grant Funding Agreements sets the terms by which Investment Zone funding must be spent and sets out governance arrangements to ensure robust monitoring of and accountability for spend.
22. Subject to Cabinet approval to accept the receipt of Investment Zone funding and delegated authorities, as detailed above, to authorise expenditure in relation to any Investment Zone funding, external appointments required to facilitate the delivery project can be progressed.
23. 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, with year one funding being sought in January 2025.
24. The development of a Funding Strategy will seek to address the funding gap between the high-level cost estimates of the Western Access and will facilitate 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.

Atom Valley Mayoral Development Zone:

25. 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.
26. 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.
27. 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.
28. 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).
29. 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.
30. To identify and explore the potential opportunity of the MDZ, a Strategic Outline Business Case was commissioned to identify the potential benefits.
31. 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

**Figures based on JPA 1.1 and JPA 1.2, excluding consented South Heywood

32. Northern Gateway 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.
33. 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.
34. 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.
35. Whilst the figures presented above are indicative and predate the existence of the GM Investment Zone and its greater focus on creating jobs and growth in emerging industries, advanced manufacturing and materials, they do indicate the scale of the economic opportunity for the Borough's residents and businesses through the comprehensive delivery of the Northern Gateway site.
36. The development of the Atom Valley SOBC was requested by the Atom Valley MDZ Board and it is recommended that cabinet endorses the SOBC for the Atom Valley MDZ (Appendix B – Part B). Further work is taking place to refine and develop the above metrics and to broaden out the wider economic outputs and benefits across Districts to create a compelling case to Government for investment.

Links with the Corporate Priorities:

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

1. 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.

2. 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](#).*

3. 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 Environmental 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)*

4. 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:

To be completed by the Council's Monitoring Officer.

- 5.1 The Investment Zone Funding from the GMCA requires the finalisation of a Grant Funding Agreement (GFA). The GFA will require the funding to be spent in the current financial year and will contain other restrictions with which the Council must comply to avoid being required to replay the funds. The Council must also ensure that the Purpose for which the funds are given is correctly specified to ensure that the parties' prior understanding of its extent is captured correctly in the detail, or the Council will not be able to use the funding as planned for.
- 5.2 The funding is a subsidy within the meaning of the Subsidy Control Act 2022 and the Council must comply with the act by registering the subsidy and ensuring that its use of the subsidy does not contravene the Act.

Financial Implications:

To be completed by the Council's Section 151 Officer.

6. The CA will only sign the GFA if they have comfort that the Western Access project is delivered in full. This creates a risk as the full cost of the project is not yet known and the Investment Zone monies are needed to fund the work necessary for the Outline Business Case to be brought.

This risk is considered minimal and only short term until the funding strategy has been worked up and approved and, in the unlikely event that this did not happen, all

contracts placed with the contractor and multi-disciplinary consultant will contain break clauses to minimise any potentially abortive costs.

The worst case financially would be repayment of the initial £800k instalment.

Appendices:

Please list any appended documents.

Appendix A – Western Access Investment Zone Grant Funding Agreement (Part B)

Appendix B – Atom Valley Strategic Outline Business Case (Part B)

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.

Term	Meaning
MDZ	Mayoral Development Zone
PfE	Places for Everyone
IZ	Investment Zone
SOBC	Strategic Outline Business Case