

Greater Manchester Combined Authority

Date: 27 October 2023

Subject: UKSPF – E22 SME Workspace – Project Change

Report of: Councillor David Molyneux, Portfolio Lead for Investment and Resources and
Steve Wilson, Portfolio Lead Chief Executive for Investment and Resources

Purpose of Report

In January 2023, GMCA agreed to allocate £15m of UKSPF Intervention E22 funding to a number of projects to support SME workspace across a number of GM's town and city centres, subject to further due diligence.

The location of the scheme in Oldham town centre will, subject to GMCA agreement, now change from creating SME workspace in the Prudential Building to SME workspace in The Spindles Centre. The UKSPF funding requirement and purpose will remain the same.

This report seeks the agreement of GMCA to this change, noting that this will not impact on GMCA's ability to achieve the outputs and outcomes set out in the GM UKSPF Investment Plan agreed by GMCA in July 2022.

Recommendations:

The GMCA is requested to:

1. Agree that the UKSPF E22 investment in SME workspace in Oldham town centre will support the creation of SME workspace in the Flexible Workspace project in the Spindles Centre and not the Prudential Building.
2. Agree that any UKSPF E22 underspend under the £15million total allocated is reassigned to E22 projects that had to reduce grant ask in 2023, up to the maximum E22 total of £15million agreed by GMCA in January 2023.
3. Note the overall UKSPF investment to the end of March 2025 remains the same overall at £1.462million, but is to be split £1million capital investment and £0.462million revenue investment.
4. Note the revised outputs and outcomes proposed and the positive contribution they will make to achieving those set out in the GM UKSPF Investment Plan

Contact Officers

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Equalities Impact, Carbon and Sustainability Assessment:

Recommendation - Key points for decision-makers		
Insert text		
Impacts Questionnaire		
Impact Indicator	Result	Justification/Mitigation
Equality and Inclusion	G	
Health		
Resilience and Adaptation		
Housing		
Economy	G	
Mobility and Connectivity		
Carbon, Nature and Environment		
Consumption and Production		
Contribution to achieving the GM Carbon Neutral 2038 target	The overall Spindles development will be built to the latest development standards lead by Oldham Council.	
Overall	G	Positive impacts overall, whether long or short term.
	A	Mix of positive and negative impacts. Trade-offs to consider.
	R	Mostly negative, with at least one positive aspect. Trade-offs to consider.
	RR	Negative impacts overall.

Risk Management

The grant funding will be conditional upon the satisfactory outcome of detailed due diligence and ongoing monitoring that the scheme is being delivered satisfactorily. With regard to the DLUHC UKSPF grant funding agreements, all conditions will be mirrored in the agreements between the GMCA and the Districts (who are promoting the respective projects). This will ensure any risk is mitigated by the GMCA. Legal Considerations

Legal Considerations

Recommendation 1 supercedes a scheme set out in paras 3.1, 3.3, 4.2, 4.3 in GMCA Item 15. Communities and Place Local Authority Investment Proposals to Deliver UKSPF Intervention E22 January 2023.

Financial Consequences – Revenue

Any revenue costs associated with overseeing UKSPF Intervention E22 will be absorbed into the overall management costs of administering the UKSPF programme.

Financial Consequences – Capital

There are no capital consequences for the GMCA as all capital expenditure associated with the projects will be funded via the grant allocations.

Number of attachments to the report: 0

Comments/recommendations from Overview & Scrutiny Committee

N/A

Background Papers

- UK Shared Prosperity Fund - Greater Manchester Investment Plan – GMCA July 2022
- Greater Manchester UK Shared Prosperity Fund - Investment Plan – GMCA October 2022
- Communities and Place Local Authority Investment Proposals to Deliver UKSPF Intervention E22 – GMCA January 2023
- Officer and Mayoral Decisions - Progression to Grant funding agreement of LA proposals for SME Workspace funded by UKSPF – 10 May 2023

Tracking/ Process

Does this report relate to a major strategic decision, as set out in the GMCA Constitution

Yes

Exemption from call in

Are there any aspects in this report which means it should be considered to be exempt from call in by the relevant Scrutiny Committee on the grounds of urgency?

No

GM Transport Committee

N/A

Overview and Scrutiny Committee

N/A

1. Introduction/Background

- 1.1 It was previously agreed by the GM UKSPF Local Partnership Board on 19th October 2022 and the GMCA at its 28th October 2022 meeting that £15m of the GM UK Shared Prosperity Fund (UKSPF) allocation would be utilised to set up a Small and Medium Sized Enterprises (SME) Workspace Fund, that GM's Local Authorities would bid into.
- 1.2 All ten GM Districts submitted final bids in October 2022. The bids were received under UKSPF Intervention E22 – “Investing in enterprise infrastructure and employment / innovation site development projects which will support growth in places” which is the source of the funding allocation for the SME Workspace Fund. Each of the Local Authorities prioritised a single bid in line with the agreed approach to fund only one project in each Local Authority area.
- 1.3 Following clarifications, bids totalling £15,927,769 were received. These were assessed and evaluated against the pre-agreed Prioritisation Criteria by the GMCA Delivery Team. The assessment criteria covered deliverability, strategic fit, demand and supply, value for money and leverage and finally outputs and additionality.
- 1.4 Eight projects scored over the 50% threshold, with two requiring further development with all successful projects subject to extensive due diligence.
- 1.5 As a result of the process set out in 1.4, one project will not progress in Trafford, and a scheme in Bury is now agreed, which will create 9 new SME workspace projects or programmes across GM, increasing the diversity of high streets and providing much needed space for small businesses in town centres.
- 1.6 All funded projects reviewed their grant ask downwards to ensure the UKSPF allocation of £15m for E22 – SME workspace would not be exceeded. Should there be any

underspend against the £15m allocation, it is proposed that the original grant ask is reinstated if underspend elsewhere allows.

2. Revised Oldham Council SME Workspace Proposal

- 2.1 In January 2023, GMCA agreed that Oldham Council should receive £1,462,282 of UKSPF SME Workspace Fund capital to support the development of the Prudential Building in Oldham town centre into SME workspace.
- 2.2 As a result of time constraints caused by an ongoing compulsory purchase order on the building, it has become clear that the scheme will not be completed in time by the UKSPF end date of March 2025.
- 2.3 Oldham Council have requested that the UKSPF E22 funding allocated to them for the Prudential Building is now allocated to the alternative but equal scheme providing flexible SME workspace within the Spindles Shopping Centre.
- 2.4 The Flexible Workspace project will provide 3,200m² of new lettable office space that will support entrepreneurship, tap into latent demand for accommodation targeted at the creative and digital sectors, and provide space for the new businesses to be created and grow in Oldham town centre. It will specifically support the Social Innovation Hive which forms part of the Flexible Workspace project. Located in the Spindles Shopping Centre, the project will contribute to the repurposing of Spindles to address large amounts of vacant floorspace by condensing the retail offer and freeing up space for Grade A and flexible workspace in the town centre.
- 2.5 A full business case has been approved by Oldham Council and the proposal supports the delivery of the Greater Manchester Strategy, the Local Industrial Strategy and Oldham Council's Corporate Plan and Creating a Better Place Regeneration Strategy.
- 2.6 The new workspace project will also include the Social Innovation Hive, which will build upon and align with the success of the GMVCO Proper Good programme. The programme provides access to loan finance for social enterprises, alongside recent Social Enterprise UK (SEUK) Place Status to support the development of social enterprises and co-operative companies in the Foundational economy. This will be the focal point of Oldham's response to the Foundational Economy policy issues raised in the local Oldham Economic Review Board and will support delivery of the GM Local Industrial Strategy. The ambition is to create a centre of excellence, testing and securing innovation within the Foundational Economy Sectors, initially within health and social care, driving through new ways of working, providing better value for money and better

outcomes but then expanding into other parts of the foundational economy. The space will be a partnership led response with support from Manchester Metropolitan University's Business School, SE:UK, GMVCO, Upturn Enterprise, Greater Manchester Community Led Homes and Registered Social Landlords, Oldham Council and Northern Care Alliance.

2.7 The initial proposal from Oldham Council was for capital investment only. The revised proposal seeks to utilise both capital and revenue UKSPF investment with £1m capital to support the building and fit out of the space, and £0.462m revenue to commission a procured business support programme, building upon the work of the Proper Good programme outlined above, and the Oldham Social Enterprise Network. The revised capital/revenue split is manageable within the GM UKSPF programme. The activity will be procured subject to GMCA approval of this change request with a start date in Q4 2023/24. This will support new business start-ups and growth of existing companies to support the innovation in the Foundational Economy. This will operate alongside the UKSPF Build-a-Business programme and the wider UKSPF Business Support programme.

2.8 The capital element of the programme will be matched with £6million Town's funding and £2.15million of Oldham Council funds.

2.9 Using the same Prioritisation Criteria set out in 1.3 above, the revised project again scores over the 50% threshold at 81%, with the project providing a strong strategic fit with the GM UKSPF Investment Plan, the GMS, the Local Industrial Strategy and with Oldham's economic growth ambitions.

3. Impact of the proposed change on the UKSPF programme.

3.1 Following extensive due diligence working with GM's LAs outputs and outcomes from each UKSPF E22 investment were finalised to ensure they met or exceeded the outputs and outcomes for E22 set out in the GM UKSPF Investment Plan agreed with Government in late 2022.

3.2 The revised outputs and outcomes from the Oldham Spindles project shows an improved distribution of outputs and outcomes from those estimated in January 2023 At that time the original Oldham scheme was forecast to deliver 2,690sqm of commercial space and 156 jobs created. The revised scheme reduces the number of jobs created

from 156 to 80, but will create an additional 40 new businesses, 300 businesses supported and 511sqm of commercial space.

3.3 The table below sets out the final anticipated outputs and outcomes including those that will be delivered in the revised Oldham Council Spindles project.

Borough	Amount of commercial space completed or improved (sqm)	Amount of rehabilitated land	Enterprises receiving non-financial support	Jobs created as a result of support	Enterprises adopting new to the firm technologies or processes	New enterprises created as a result of support
Bolton	5,574	0	8	25	2	4
Bury	832	1,788	150	25	5	2
Manchester	2,358	0	250	20	25	40
Oldham	3,201	0	300	80	0	40
Rochdale	1,179	0	112	16	8	29
Salford	1,218	0	200	100	100	12
Stockport	1,429	0	30	20	10	8
Tameside	240	0	50	33	3	6
Wigan	2,370	4,090	60	20	5	20
Total	18,401	5,878	1,160	339	158	161
GM UKSPF Investment plan targets	2,577	0	1,000	200	100	75
Variance from Investment plan	15,824	5,878	160	139	58	86

3.4 As the table above shows, the revised Oldham proposal makes a positive contribution to the E22 outputs and outcomes, and ensures that collectively the E22 projects will exceed those key outcomes of new jobs and enterprises created set out in the GM UKSPF Investment Plan.

3.5 All E22 projects are closely managed and monitored by the relevant LAs and GMCA to manage any potential slippage and/or underspends.

4. Recommendations

4.1 The recommendations can be found at the front of this report.