

Report to:	EXECUTIVE CABINET
Date:	20 December 2023
Executive Member:	Councillor Jack Naylor, Executive Member for Inclusive Growth, Business & Employment
Reporting Officer:	Nicola Elsworth, Assistant Director Investment, Development and Housing
Subject:	ASHTON OLD BATHS MANAGEMENT PROCUREMENT
Report Summary:	<p>Ashton Old Baths Innovation Centre sits at the heart of the Future St Petersfield masterplan area which will deliver a significant major mixed-use scheme. The masterplan for St Petersfield builds on the success of the Ashton Old Baths redevelopment and together will be the catalyst to driving regeneration in Ashton Town Centre whilst supporting the Council's Inclusive Growth Strategy strategic priorities and encouraging further investment and prosperity in the recently established Ashton Mayoral Development Zone.</p> <p>This report provides an update for Ashton Old Baths Innovation Centre. The existing management agreement with Oxford Innovation Space expires in February 2024. The report seeks approval to extend the partnership arrangement with Oxford Innovation Space by 2 years to allow a full business case review to be undertaken to determine the future of the centre.</p>
Recommendations:	<p>The Executive Cabinet is recommended to:</p> <ul style="list-style-type: none"> (i) Note the latest position of Ashton Old Baths Innovation Centre in respect of financial and economic performance; (ii) Approve a further contract extension to the existing agreement with Oxford Innovation for a period of 1 year with the option to extend by +1 year to enable a wider review of Council assets, whilst a full business case appraisal is undertaken by the Council; (iii) Review the ongoing management arrangement for the centre; (iv) Note the update in respect of the recent successful bid for UK Shared Prosperity Funding and the projects within the centre that the funding will be utilised for.
Corporate Plan:	Key aims of the Corporate Plan are to provide opportunities for people to fulfil their potential through work, skills and enterprise and to ensure modern infrastructure and a sustainable environment that works for all generations and future generations. The interventions that will be supported by the proposed Ashton Mayoral Development Zone will deliver against these aims in the areas of job creation, modern infrastructure and a sustainable environment.
Policy Implications:	The proposed interventions will support the policy aims of the Council's Inclusive Growth Strategy 2021, Tameside Climate Change & Environment Strategy, the Council's growth priorities agreed at Council February 2020 and the draft Greater Manchester Places for Everyone joint development strategy.

**Financial Implications:
(Authorised by the
statutory Section 151
Officer & Chief Finance
Officer)**

There is an annual revenue budget in the Place Directorate for Ashton Old Baths of £0.002m net income. This is a historic budget reflecting the original expectation that the management arrangement for the centre would generate an annual surplus and therefore net income to the Council. In each of the financial years since the contract commenced, the Ashton Old Baths management arrangement has resulted in a net deficit with resulting cost pressures for the Place revenue budget. The deficit budget pressure position in each financial year since the contract began is as follows:

Financial Year	Budget Pressure £m
2016/17	0.020
2017/18	0.062
2018/19	0.153
2019/20	0.051
2020/21	0.053
2021/22	0.091
2022/23	0.051
2023/24	0.002
Total	0.483

Given its strategic importance, the Council has made significant capital investment into Ashton Old Baths and the Data Centre (located in the annex) over the last seven years, funded from Council Reserves, as follows:

Capital Investment	Ashton Old Baths (Main Building)	Ashton Old Baths Annex (Data Centre)
	£m	£m
2016/17	0.537	-
2017/18	0.362	-
2018/19	0.018	0.044
2019/20	-	0.102
2020/21	-	2.929
2021/22	-	0.273
2022/23	-	0.144
Total	0.917	3.492

The Council was successful earlier in 2023 in securing UKSPF grant of £1.215m to support employment and Small and Medium sized enterprises. This grant is being used for both revenue support (through the creation of a new business support officer and other local support to employers) and £0.753m for Capital Investment during 2023/24 and 2024/25 in Ashton Old Baths. The Capital Investment is to create an additional office workspace, install low carbon infrastructure, and to undertake works to the fabric of the building to ensure continued sustainability. The additional office space is expected to generate additional income, subject to occupancy.

This report proposes extending the management contract for Ashton Old Baths whilst a full review of the Council's assets is undertaken, including a full options appraisal to determine the future operating model for Ashton Old Baths. The proposed extension is in line with advice from STaR Procurement and seeks to minimise negative financial and economic impacts of temporarily closing the

facility or bringing the management in house whilst this work is undertaken.

The future operating model for Ashton Old Baths will need to address the budget pressures currently being faced by the Place Directorate and the wider MTFs for the Council. The future operating model should be seeking to deliver efficiencies and contribute to the Place Directorate's budget reductions targets.

**Legal Implications:
(Authorised by the
Borough Solicitor)**

As outlined in the report approval is sought to extend the existing agreement with Oxford Innovation for a period of 1 year with the option to extend by another year to enable a wider review of Council assets to be undertaken and a decision made on the future of Ashton Old Baths.

The report sets out the various options available at this time with extending the current agreement being the preferred option. STaR Procurement have confirmed this option would be acceptable given the justification provided for extending the existing contract with Oxford Innovation and that by modifying the contract, this would not exceed 50% of the original contract value.

There are limited circumstances under which a contract can be modified without the need for a new procurement exercise and these are set out in Regulation 72 of the Public Contracts Regulations 2015 and replicated in the Council's Contract Procedure Rules. As the criteria in Regulation 72 are met and as the contract value does not exceed 50% of the original value then a modification is permissible.

Risk Management:

See Section 6.

Access to Information:

Not confidential

Background Information:

The background papers relating to this report can be inspected by contacting Damien Cutting, Economic Growth Lead.



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1. INTRODUCTION

- 1.1 Ashton Old Baths (AOB) Innovation Centre (“the centre”) is an iconic Grade II* Listed building and a landmark facility in Ashton Town Centre. AOB is identified in the Tameside Inclusive Growth Strategy 2021 – 2026 for its role in growing the local economy and attracting private sector businesses as well as new jobs to the area.
- 1.2 Ashton Old Baths is managed by Oxford Innovation Space (OI), who took on the responsibility for the overall operation and management of the building in 2017. OI had a five-year agreement with the option to extend the contract by 1 + 1 years. Executive Cabinet approval in December 2020 ([Item 9](#)) enabled this extension of the existing management agreement to be triggered and the contract to be extended until February 2024. Section 5 outlines the Council’s intention to extend the existing contract by 1+1 years with Oxford Innovation whilst the centre is included in a Council wide review of its assets and a full business case is undertaken.
- 1.3 Like many other business centres of this nature, the pandemic and rising energy costs have had a significant impact on the financial performance of the facility. Section 3 includes an overview of the current financial position and forecast for the facility. In recent months, there has been signs of improvement. Working alongside OI, the Council have put in place some interventions that seek to improve the financial and economic performance of the facility which have included the repurposing of under-used spaces to new office space. This new space not only attracts more businesses to the centre but also guarantees a more regular income source.
- 1.4 The initial phase to refurbish Ashton Old Baths focused on the internal works to the fabric of the building and did not include repairs to the external building structure and roof. The building does have some structural issues with the roof and brickwork resulting in water ingress into the building at times of heavy rainfall. Section 3 sets out how the Council are looking to resolve these matters by future-proofing the building and creating new lettable office space following a recent successful bid in securing £1,214,859 from the UK Shared Prosperity Fund.

2. BACKGROUND

- 2.1 Ashton Old Baths is located in the centre of St Petersfield, it has a critical placemaking role within the area and is a key asset within the control of the Council. The area is identified for development in the Future St Petersfield masterplan, recently approved by the Council. Nine development opportunity sites are included in the masterplan for a range of uses including new homes, commercial space, a hotel, and hospitality. Public realm improvements that would better connect St Petersfield to the retail core of Ashton are also proposed. Following a soft market testing exercise in December 2022, the Council is about to begin a procurement exercise in order to appoint a Development Partner to work with the authority in bringing the site to market ([Item 10](#)).
- 2.2 As part of the Eastern Growth Cluster, Executive Cabinet approved the recent designation of the Ashton Mayoral Development Zone on 9 February 2022 ([Item 12](#)). The Ashton Mayoral Development Zone is a key strategic economic growth opportunity encompassing Ashton-under-Lyne town centre, St. Petersfield Digital Creative and Tech Hub, and the large-scale employment development opportunity of Ashton Moss where production of a Development Framework is underway. Ashton Old Baths will play a key strategic role in attracting new SME businesses to the area with the purpose of supporting these businesses to grow. Future St Petersfield will provide the opportunity for ‘grow on’ commercial space for businesses that require additional floorspace and will ensure Tameside is able to retain these businesses and jobs in the borough and avoid businesses needing to look outside of the borough for suitable and available space.

- 2.3 The building itself has great historic importance and value. In Victorian times, the building operated as the local swimming baths before eventually closing in 1974 to the public. From 2016, significant investment from the Council along with external grant funding has enabled the transformation and refurbishment of this building into a modern space for innovation and business growth whilst retaining the heritage of the building fabric including important historic features. The latest refurbishment works were completed in July 2021 and included the completion of the 'Annexe' creating a new Data Centre, reception area, business lounge, meeting space and office space.
- 2.4 The Council recently secured £1,214,859 of UK Shared Prosperity Funding as part of the E22 SME Workspace intervention. The outputs and outcomes of the funding are linked to three key projects:
1. Appointment of a Business Support Officer to be based at Ashton Old Baths providing business advice and guidance to businesses operating in the centre;
 2. The creation of 240sqm of new SME floorspace in the centre, and
 3. Improvements to the building fabric. This includes repairs to the internal and external structure of the roof, brickwork and coping stones.
- 2.5 The Business Support Officer role was filled by the Council in May 2023 and internal repairs to the roof will commence in August 2023. A programme for the creation of the new SME floorspace and roof repairs are currently being finalised before work commences.
- 2.6 The work to restore and refurbish Ashton Old Baths into an incubation centre involved the internal refurbishment of the building. This work did not include improvements to the external building fabric. There are problems with leaks from the flat roof and brickwork chippings. The proposed works to the building using UKSPF will be required to future proof the building structure as part of the final phase of works to the building. This work will be completed by March 2025.

3. ASHTON OLD BATHS OPERATIONS

- 3.1 The high-quality refurbishment works to Ashton Old Baths and the new Data Centre has received national and international acclaim, having been nominated and winning a number of awards for its contribution to architecture including the Global Data Centre Architect Award 2021. The facility contributes to the visitor economy of Tameside by attracting visitors from around the country and beyond who are interested in the history of the building but also keen to see the recent refurbishment of the facility. Oxford Innovation Space regularly hosts visitor tours to the general public as part of the Heritage Open Days which are always very popular.
- 3.2 Despite suffering from the recent economic impacts of the pandemic and economic downturn, AOB has demonstrated a high level of resilience throughout. At the beginning of 2020, AOB had an occupancy of 95 per cent. This fell to 61 per cent in June 2020 (the height of the pandemic). Occupancy is currently at 89 per cent, which does fluctuate but has been on a steady upward trajectory for the last 6 months. This occupancy figure includes the recently converted meeting rooms of Fire Shed, Locker Room and Turkish Baths (1,151sqft) and has an average rental price of £38.38 per square foot which is way above the borough's average and brings the total number of offices in the centre to 26.
- 3.3 There are 23 businesses residing within AOB that together, form a Design, Creative Industry and Tech sector cluster, which is unique to the Borough. In terms of employment, there are currently 147 FTE and 12 PTE people employed within those businesses who reside in AOB. In addition, there are six dedicated desks (two of which are occupied), two membership licence agreements and three virtual licence agreements. Further income is generated

through conferencing, utilities (such as WiFi) and ad hoc filming location opportunities where AOB has been the location for some recent Netflix and TV series.

Oxford Innovation Space

- 3.4 Oxford Innovation are a private company that specialise in the management of business centres across the UK and Greater Manchester including Salford, Stockport and Ashton Old Baths. Oxford Innovation Space have managed Ashton Old Baths for the last seven years. There are 2.5FTE members of staff employed by Oxford Innovation Space to manage and maintain the centre. Oxford Innovation Space are committed to creating a high quality business environment and vet all new companies to ensure they share the same cultural values, prior to leasing premises. Specifics of their roles include responding to enquires, promoting available space to the market, dealing with customer enquiries and providing support for events and conferencing. In addition, and taking a partnership approach with Tameside Council, Oxford Innovation Space have built strong links with local business in the borough, Greater Manchester Growth Hub, and Greater Manchester Chamber of Commerce, providing essential business advice, networking, and access to funding for residents. Ashton Old Baths regularly hosts business networking events including the recently launched Tameside Business Network event which attracts businesses from across the Borough.
- 3.5 There are several commercial and operational benefits in the Council working with organisations such as Oxford Innovation Space in order to manage specialist facilities like AOB. These include:
- Operations – Specialist knowledge and support for the on site team, such as guidance on all statutory maintenance via their Compliance Toolkit; oversight and input to Standard Operating Procedures; supporting the procurement of contractors and suppliers; energy conservation management; management of strategic IT & Telephony provision, support with planned & reactive maintenance projects; management of capital fit-out and replacement projects.
 - Finance – Production of monthly accounts and reports; billing, invoice, and payment management; debt management; purchase and sales ledger management; review of local spending and monitoring of procurement policies; annual budgeting and forecasting; management of Money Laundering Regulations; management of business rates & reliefs (SBRR/EPFR), operation of client bank accounts; credit control.
 - Commercial – Line management and performance management (including appraisals); recruitment and short-term cover support (as needed); management and review of the gateway policy; best practice guidance on customer service and support; strategic support on space utilisation; regular legal review of contracts (e.g. Licence Agreement); review of market insights and pricing assessments.
 - Marketing – Management of strategic agencies; knowledge sharing and best practice of marketing strategies & tactics; development of online and offline assets; leadership in market trends and technology advancements; website updates.
 - HR – Coordination of training and recruitment, induction, review of salary benchmarking and management of salary review process; mental health awareness and support; payroll management and bonus payments.
 - Business Support – Access to a national network of business support professionals; stakeholder engagement & partnerships; support to raise finance and access to our networks.
 - Business Development – Access to expertise when considering additional locations such as grow on space; access to our professional network including membership organisations.
 - Part of a network of centres to share best practice on a wide range of topics.
 - Specialist knowledge of delivering a high quality, commercially focused, professional innovation space – and all that this entails.

- Understanding of the Council's objectives from the space and its role in the wider master plan; adjusting and refining activity accordingly.

- 3.6 The Council holds regular monthly monitoring meetings with Oxford Innovation Space staff including the Centre Manager along with colleagues from Investment, Development and Housing, Estates and Finance. This provides an opportunity for OI to report on the current position regarding Revenue and Expenditure for the month (including profit and loss against the budget), new businesses coming into the centre, renewals due and any businesses whose licensing agreement has come to an end.
- 3.7 Oxford Innovation staff receives excellent customer satisfaction results from businesses in the centre and recently scored 100 per cent on a recent customer satisfaction survey. Council staff have also received positive feedback from businesses and from those who have visited the facility.

Economic Update

- 3.8 Ashton Old Baths is considered as being integral to the Council's growth programme for Ashton town centre. The recently approved Future St Petersfield masterplan celebrates the heritage value and economic impact of the centre and identifies Ashton Old Baths as being the catalyst to the regeneration, placemaking and attractiveness of the St Petersfield area to the market and further investment in the Borough. The Council has recently established the Ashton Mayoral Development Zone and the Future St Petersfield masterplan area identified for the development of a mix of uses including residential and additional employment space in the form of a hub for innovation and the growth of the digital, creative and tech sector in the long term, to complement the completed Ashton Old Baths scheme. Ashton Old Baths has the potential to support the growth of innovative businesses in the locality with future pathways to both larger office premises in the St Petersfield area and advanced manufacturing and materials science employment space at Ashton Moss.
- 3.9 As outlined above, the centre is home to 23 businesses and provides a number of highly skilled jobs in the Tameside area and many of which have formed partnership and collaboration opportunities. A number of these businesses are growing and requiring further office space with some taking on multiple offices. However, the importance of delivering further commercial space in St Petersfield will ensure that those who are successfully growing can be retained in the area instead of moving outside of the Borough.
- 3.10 The success of AOB since opening in 2017 include:
- Peak of 148 Full Time Equivalent jobs created. An increase of 67 from May 2019.
 - Local suppliers spend 2017-2023 YTD is £273,117k.
 - 53 companies supported through licenses since 2017.
 - More than 500 visitors to the centre over the last year including events, school visits and tours.

Gross Value Added (GVA) contributions of:

- £2,486,075 Gross Value Added to Tameside economy in 2017/18
- £4,168,850 Gross Value Added to Tameside economy in 2018/19
- £3,191,270 Gross Value Added to Tameside economy in 2019/20
- £2,182,750 Gross Value Added to Tameside economy in 2020/21
- £2,674,000 Gross Value Added to Tameside economy in 2021/22

Spend of £41,933 by Oxford Innovation on Tameside suppliers since 2017

Annual business rates payable to the Council of:

- 2017/18 - £ 51,891

- 2018/19 - £ 47,707
- 2019/20 - £ 56,913
- 2020-21 - £50,640
- 2021-22 - £78,048
- 2022-23 - £37,954 (includes £40k refunds from 2017-21)

*Source of information and data: Oxford Innovation Space

Financial Update

- 3.11 Ashton Old Baths Innovation Centre has faced several challenges since it opened in 2016 where the business plan for the centre demonstrated that a surplus would be generated and by Year 4 (2020/21). Up until the COVID-19 pandemic, the centre had experienced high occupancy rates which then significantly decreased through this period. Additionally, the works to complete the Annexe, which opened to businesses in July 2021, also caused elements of disruption to the overall operation of the centre. However, compared to other nearby business centres, Ashton Old Baths demonstrated a higher resilience and recovery with occupancy maintained around 50 per cent before steadily increasing as the economy and businesses started to recover. In addition to the impacts of the pandemic, Despite these challenges it has performed well since its opening and now has the opportunity to realise its full potential.
- 3.12 Table 1 provides details of the original business plan projections compared to the actual trading position via the annual accounts provided by Oxford Innovation Space including the forecast for 2022/23. It is noted that the forecast is based on an occupancy of 95 per cent which is accepted to be quite high. However, the current occupancy is 89 per cent which equates to a single vacant office space in the centre. The Council are working closely with Oxford Innovation to ensure that there is a targeted marketing strategy in place to generate enquiries for this office unit and to ultimately, attract an occupier. It should be noted that if the occupancy was to decrease further, this is likely to have a negative impact on the overall profit/loss for 2022/23.

Table 1

Year	Financial Year	Business Plan Projection	Oxford Innovation Actual	Council Accounts – Management Agreement
		() = Deficit	() = Deficit	() = Deficit
		£	£	£
0	2016/17	(82,434)	0	(19,999)
1	2017/18	(11,681)	(54,800)	(61,604)
2	2018/19	72,312	(6,605)	(153,115)
3	2019/20	73,003	(31,293)	(50,921)
4	2020/21	74,696	(69,657)	(53,098)
5	2021/22	(65,583)	(19,024)	(90,588)
6	2022/23	(82,417)	140	(51,472)
7 - Forecast	2023/24	(18,537)	(4,843)	(1,810)

- 3.13 Due to the disruption of the pandemic and cost of living crisis, and like many other Council assets, the centre has experienced adverse impacts on both expenditure commitments and income. Utilities including gas and electricity costs have increased significantly. Income

generation has also been impacted with the reduction in enquiries, occupancy levels and conferencing.

- 3.14 Despite the above adverse impacts, recent indicators suggest an improved financial forecast for the centre, albeit the forecasts for 2023/24 still indicate an overall deficit. The centre has made a surplus for the last six consecutive months which is the first time since the centre opened in 2017. The financial details in Table 1 demonstrate the income of the centre is on an upward trajectory in the last 18 months and the financial monitoring reports indicate a consecutive surplus has been achieved in recent months. For example, last year the facility forecast a deficit of £82,417 which was eventually £51,472. The forecast for this Financial Year shows a deficit of £18,537, however based on the performance of the centre this financial year, the deficit is likely to be much less.

Creation of new SME floorspace

- 3.15 In addition to the signs of financial recovery outlined above, the Council has successfully secured UK Shared Prosperity Fund bid of £1,214,859. The funding will be used to create new SME floorspace in the centre by converting underused meeting space into new office space. This will lead to an additional 2,457sqft of SME office space increasing the total lettable space in the centre to 10.588sqft.

Table 2 New SME Floorspace using UKSPF.

New SME Office	Additional Lettable Sqft	Additional Monthly Rental Charges	Sqft Rate
Fire Shed	204	£680.00	£40.00
Locker Room	538	£1,799.00	£40.12
Turkish Baths	409	£1,400.00	£41.00
Top Deck 1	613	£2,145.50	£42.00
Top Deck 2	613	£2,145.50	£42.00
Former Reception	80	£300.00	£45.00
Total	2,457	£8,470.00	£41.69
Total Potential Additional Annual Income		£101,640.00	

- 3.16 The new office space will provide space for a further 6 new businesses in AOB and create approximately 30 new FTE jobs. The costs to convert the three office spaces in 2022 is to be reclaimed using UKSPF. The repurposing of this space has the potential to generate additional income of up to £101,640.00 per year however, Fire Shed, Locker Room and Turkish Baths are already operational and currently contribute to the income of the centre.
- 3.17 Work to create the additional SME space is underway and it is anticipated that part of the new office space will be available to occupy by the end of the financial year, although some space might be available sooner.
- 3.18 The funding can also be used to cover revenue expenditure costs linked to the creation of new SME floorspace, as outlined above. This includes staffing costs, utilities, and general maintenance and will be calculated based on the percentage increase of new SME floorspace.

Structural Condition

- 3.19 Ashton Old Baths is a Council owned asset and statutory responsibility for the safe maintenance and repair for the entirety of the buildings structure currently sits with Corporate Facilities Management. As a Council owned asset, the building is included in the Council's Corporate Landlord portfolio with corresponding budget allocation for repairs and maintenance, which will be ascertained via information from a full building condition surveys.
- 3.20 The redevelopment and investment of Ashton Old Baths has primarily included the internal fabric of the building and whilst some work to the structure of the building have been carried out in recent years, the overall condition of the building requires improvements and investment. A cost plan for these works and associated fees and surveys is included in Appendix A. The repairs required include:
- Repairs to the slates on the roof,
 - Coping stone replacement,
 - Flat roof repairs,
 - General lead work repairs,
 - Brick/corbel detail repairs,
 - External brickwork waterproofing treatment.
- 3.21 The costs of the repairs will be expended by UKSPF.

4. DATA CENTRE

- 4.1 The Data Centre was constructed and completed at the same time as the Phase 2 Annexe was delivered at Ashton Old Baths. The recently updated Greater Manchester Digital Blueprint (2023) identifies the importance of digital infrastructure in growing the economy, supporting digital and tech clusters, and fuelling productivity and prosperity across the North. The Data Centre within Ashton Old Baths provides the necessary infrastructure for growth in Ashton Old Baths and the wider borough and in doing so has the potential commercial opportunities to generate additional income. Whilst not included as part of this report, a separate review of the data centre is necessary.
- 4.2 The IT Directorate has an annual revenue budget to cover the costs of the maintenance of the Data Centre. This budget is expected to cover maintenance, security, power and other associated costs directly related to the operation of the Data Centre (not the wider building within which the Data Centre is located).
- 4.3 The Data Centre offers potential commercial opportunities to generate additional income for the Council although there been no assumptions included within the Council's financial plan on additional revenue that may be realised.
- 4.4 The Data Centre is managed as a separate asset to Ashton Old Baths Incubation Centre. It is anticipated that the Council's IT Directorate are to review the operation of the Data Centre as part of the Council's wider Digital Strategy.

5. FUTURE USE OF ASHTON OLD BATHS

- 5.1 This report identifies a number of economic benefits that the centre offers the borough in terms of inward investment, job creation and attracting new businesses to area. There have been several financial challenges as a result of the pandemic, cost of living crisis and the ongoing building work within the centre, however, the financial forecast of the centre is improving year on year and is now on an upward trajectory. Section 3.5 outlines the benefits of appointing an external management company to run the centre, however, the existing management agreement is due to end in February 2024 and the Council will need to consider

options as to the future of the centre and a full business case review going forward. These include:

1. Disposal of the centre on the open market,
2. Bringing the management of the centre back under the control of Tameside Council,
3. Bringing the facilities management of the building in house whilst appointing an organisation to consider the more specialist requirements of this facility such as business support, marketing, market knowledge,
4. Temporary closure of the facility whilst a full business case appraisal and procurement exercise is undertaken.

5.2 In the interim, the Council are proposing to extend existing agreement with Oxford Innovation by 1+1 years to enable the centre to be considered as part of a wider review of Council assets. The Council will continue to closely monitor the operation of the building with Oxford Innovation to ensure that the facility continues to generate a surplus. In addition, this will:

- Provide some short-term stability to the management of the centre and the businesses that operate from there,
- Enable the Council to benefit from any revenue surplus including business rates income,
- Council to continue to collect business rates from the centre.

5.3 After the first year and depending on progress of the wider Council review and the performance of the centre in financial terms, a decision will be required as to whether to extend the contract with Oxford Innovation for the +1 year or to end the contract and include the centre within the approach to the wider Council review findings. STaR Procurement have confirmed this option would be acceptable given the justification provided for extending the existing contract with Oxford Innovation and that by modifying the contract, this would not exceed 50% of the original contract value.

5.4 When the existing management agreement was put in place, it had been anticipated that Ashton Old Baths would generate a surplus and therefore no budget was identified for the centre. Despite still forecasting a deficit of £18,537 for the 2023/24 year, any future surplus/deficit cannot be guaranteed, however, the financial position will be monitored closely throughout the extension period and the evidence demonstrates that the centre has turned a corner and is beginning to generate a surplus.

5.5 The Director of Place will be required to agree to the budget submitted by Oxford Innovation for 2024/25 and 2025/26 if a decision to implement the +1 year is taken. If the forecasts demonstrate a deficit, the Directorate will need to identify mitigations to offset the impact on the General Fund.

6. RISK MANAGEMENT

6.1 Table 3 provides a summary of the performance of the various approaches against the project objectives, highlighting the key risks and overall rating together with the strategy for mitigating risk (where possible) and the revised rating.

Table 3. Risks

Risk Area	Detail	RAG Rating	Mitigation	RAG Rating
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Programme and Financial	The existing management agreement ends in February 2024. If a new arrangement to manage the centre is not in place by the end of the contract, there could be a gap in the management of the centre. There are significant financial and economic implications of having a gap in the running of the centre which if closed on a temporary basis will lead to the loss of business rates, potential revenue for the Council, loss of jobs and businesses, GVA for the borough and longer-term adverse impacts on the regeneration of the St Petersfield area and Ashton town centre. Any closure of the building could also have an impact on the Council's Business Continuity and Disaster Recovery.		Extend the existing contract by 1+1 years to allow the facility to continue operating, whilst a full procurement exercise, business case and options appraisal is undertaken.	
Financial	No budget agreed for management of the centre.		Forecasts and monthly financial reports are reviewed but are not conclusive and are dependent on wider economic circumstances therefore, no clarity as to whether there will be a deficit or surplus for the centre. UKSPF which can be used as both capital and revenue will mitigate some of the expenditure relating to the management of the facility for 2023/24 and 2024/25.	

7. CONCLUSION AND NEXT STEPS

- 7.1 The Council remains committed to futureproofing and building on the successes of Ashton Old Baths and its role as a catalyst in regenerating the deprived area within the Future St Petersfield masterplan. The role of Ashton Old Baths as an incubation hub for businesses has become even more pivotal to the future economic prosperity of Ashton and the wider Tameside area following the recent establishment of the Ashton Mayoral Development Zone where further growth is proposed to fulfil the potential of St Petersfield and the wider Ashton town centre area as a destination for investment and regeneration.
- 7.2 UK Shared Prosperity Funding will provide the required investment to repair and futureproof this important heritage asset whilst creating new SME floorspace inside the building to support inward investment, creation of new jobs for the local economy, and provide essential revenue to the Council to help to balance the expenditure relating to the operation of the centre.
- 7.3 Due to the existing contract ending in February 2024 and the requirement for a wider review of Council assets, an extension to the existing contract with Oxford Innovation is proposed. As outlined in the report, Oxford Innovation provide a good service with positive feedback from businesses that operate from there. Whilst Ashton Old Baths has not yet generated an annual surplus as previously forecast, there have been influences outside of the Council's or Oxford Innovation's control as to the reasons for the financial performance of the centre to date. There is an acceptance that the centre is not likely to generate significant revenue for the Council, even if occupancy was at 100% all the year round. However, in recent months, there have been some positive signs of recovery that Ashton Old Baths is performing well and has recovered from the Covid-19 pandemic. In the last six consecutive months, the centre has generated a surplus for the first time since opening its doors in 2017 following an upward trajectory in the financial position over the last 18 months. Occupancy is steadily increasing, deficits are reducing month on month, more jobs are being created, and new SME floorspace using UKSPF is to be introduced that will generate further income and future proof the building.
- 7.4 The regeneration and economic benefits are outlined in the report as well as the Council's ambition to deliver development, investment, and regeneration in St Petersfield as identified in the approved masterplan for the area. The centre also supports the Council's profile as a place to do business within the GMCA Ashton Innovation Corridor Growth Location and recently established Ashton Mayoral Development Zone.

8. RECOMMENDATIONS

- 8.1 As set out on the front page of the report