

TRAFFORD COUNCIL

DELEGATED EXECUTIVE MEMBER DECISION REPORT

Report to: Executive Member for Economic Growth and Planning
Date: on/after 12th January 2015
Report for: Decision
Report of: Corporate Director for Economic Growth, Environment and Infrastructure

Report Title

Altrincham Initiatives

Summary

The report provides an overview of the proposed Fabrication Laboratory (Fab Lab) for Altrincham and the funding requirements to enable its delivery. The report seeks a financial contribution from the Council's existing revenue budget and the allocation of Section 106 monies (Lyon Industrial Estate, Atlantic Street, Broadheath, Altrincham) for the project. The report also seeks an allocation of Section 106 monies for the Altrincham Business Neighbourhood Plan.

Recommendation(s)

It is recommended that the Executive Member for Economic Growth and Planning:

- 1) Approves the financing of the initiatives as detailed in the report.
- 2) Authorises the Corporate Director for Economic Growth, Environment and Infrastructure to negotiate final terms of any necessary legal agreements.
- 3) Authorises the Director of Legal and Democratic Services in consultation with the Corporate Director for Economic Growth, Environment and Infrastructure to prepare and enter into the appropriate legal agreements, including but not limited to, a suitable funding agreement necessary to give effect to the above.

Contact person for access to background papers and further information:

Name: Stephen James
Extension: 4330

Background Papers:

Section 106 Agreement relating to Lyon Industrial Estate, Atlantic Street, Broadheath, Altrincham (Planning Reference - 79984/FULL/2013)

Implications:

Relationship to Corporate Priorities	The project fits with the following Corporate Priorities: <ul style="list-style-type: none"> • Economic Growth and Development • Excellence in Education
Financial	<i>The estimated net cost of the Fab Lab is £469,000 over the three year period and will be financed from a combination of Council revenue support, developer contributions (ie. Sec 106 Broadheath), grant and external contributions.</i> Details are contained in Section 3 of the report and in Appendix 1. <i>The £12,000 contribution to support the Business Neighbourhood Plan will be financed from the High Street Renewal Initiative element of the Sec 106 Agreement (Lyon Industrial Estate, Atlantic Street, Broadheath, Altrincham).</i> <i>The estimated cost of £15,000 to relocate the CAB will be financed from the existing public building repairs capital budget.</i>
Legal Implications:	<i>The Council will enter into a suitable sub-lease and funding agreement as well as any necessary legal documentation that may be required.</i> <i>The allocation of some monies from the High Street Renewal Initiative element of the Section 106 Agreement (Lyon Industrial Estate, Atlantic Street, Broadheath, Altrincham) to the Business Neighbourhood Plan is considered to be a reasonable and appropriate use of those funds.</i>
Equality/Diversity Implications	<i>None</i>
Sustainability Implications	<i>Not applicable</i>
Resource Implications e.g. Staffing / ICT / Assets	<i>The asset management implications are set out in the report</i>
Risk Management Implications	See section 5.0
Health & Wellbeing Implications	<i>Not applicable</i>
Health and Safety Implications	<i>Not applicable</i>

1.0 Background

1.1 A Fab Lab is a fully equipped fabrication workshop to stimulate the conversion from ideas and concepts into a manufactured prototype or product. The main beneficiaries of a Fab Lab are the local community of all ages where using the equipment and ‘learning through play’ develops a spirit of creativity, design and manufacture. Entrepreneurs and businesses are also a key market for a Fab Lab to support product design, prototype development and manufacture. By providing the equipment, a Fab Lab can greatly assist in reducing the overall costs of entrepreneurs and businesses.

1.2 The Fab Lab concept derived from the Massachusetts Institute of Technology (MIT) in 2005 and has spread worldwide. In the UK there are currently eleven¹ Fab Labs and more are in the pipeline. The Manufacturing Institute (TMI) in Trafford Park has the agreement with MIT to develop a network of Fab Labs across the UK and Ireland.

2.0 Altrincham Fab Lab

2.1 Due to the current/planned regeneration and development activity, its position as the Borough’s principal town, and its existing business base, Altrincham has been identified as the optimum location for a Fab Lab in Trafford. Also, the Trafford College campus and the primary and secondary schools located in and around the town provide a further catchment for a Fab Lab. The ground floor of Clarendon House has been identified as the preferred location for the Fab Lab due to its central position in the town centre, and its adjacency to

¹ Manchester, Airedale (Keighley), Nerve Centre (Derry), Belfast, Ellesmere Port, BEC (Cockermouth), Ironbridge, Makernow (Falmouth), Cardiff, Lime Wharf (London), Strathclyde Uni (Glasgow)

the new Interchange and the advantages of being able to tap into the pedestrian flows from the Metrolink and bus station. It is also in close proximity to the area of commercial offices to the north of the town centre.

2.2 Clarendon House is on a long lease to the Council and the ground floor is required for the Fab Lab. This space is currently occupied by the Citizens Advice Bureau (CAB) and it is proposed that the CAB is relocated to available space on the first floor of Clarendon House. The Council will need formal landlord’s consent for the change of use together with a licence to sub-let the ground floor of Clarendon House to TMI to run the Fab Lab. Discussions with the landlord have not identified any issues with these agreements. A change of use in planning terms will also be required.

2.3 The Altrincham Fab Lab will contain the standard tried and tested equipment found in other Fab Labs including:

- Computer controlled lasercutter
- Numerically controlled milling machine
- Vinylcutter
- Precision milling machine
- Electronics assembly
- Programming tools for high speed embedded processors
- Sewing and embroidery equipment
- 3D printer

3.0 Financial Implications

3.1 Following the initial draft concept proposal which identified costs and potential funding sources, a series of meetings have been held with TMI to review those costs in light of more up to date information from the Manchester Fab Lab. Since it has been in operation for just over three years, the Manchester Fab Lab has been used as a baseline to determine costs and potential revenue for the Altrincham Fab Lab. The Fab Lab model is based on a three year funding requirement with the facility becoming self-financing in year four and beyond. The forecasts include the costs of TMI setting up and providing the management function for the Fab Lab. This is seen as essential due to their extensive skills, experience and knowledge in managing other Fab Labs in the UK, including Manchester.

3.2 The estimated cost of the Altrincham Fab Lab over a three year period is £456,000 and a summary breakdown of costs and funding is detailed in Table 1 below (a full breakdown is provided in Appendix 1).

Table 1. Summary of costs and funding

Costs	000's
Set Up and Running	£488
Accommodation	£129
TMI Support Services	£15
TMI Management Service	£136
Contingency	£32
Total	£800
Revenue	-£344
Net Cost	£456

Funding	000's
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Council support	£129
S106 Fab Lab	£100
S106 HSRI***	£90
High Street Renewal Award	£90
Third Party Funding (Capital Funding)	£50
THT	£10
Total	£469

3.3 This includes £43,000 per annum for property costs which relate to a proportion of the costs of Clarendon House. Included in the figure is an amount of £13,000 which is a notional cost relating to the foregone market rent. The running costs of the property are included within the Council's existing revenue budget. The nature of the Fab Lab is such that there is a potential for a minor increase in utility costs above those currently budgeted for the building, and these will be monitored. There is an option to meet any such additional cost through savings in business rates. This may be achievable if the Fab Lab seeks a separate assessment for the ground floor of Clarendon House, on the basis that the Manufacturing Institute is a charitable body and would qualify for mandatory rate relief. The remaining costs are financed from a combination of developer contributions (ie. Section 106 Agreement - Lyon Industrial Estate, Atlantic Street, Broadheath, Altrincham), external grants and third party support. Including the value of Council support, these total £469,000 and exceed the net cost of the scheme by £13,000. This is shown in Table 1 above and Appendix 1.

3.4 It is expected that the new Altrincham Library will open in 2017. At this stage the budget for the premises costs of the existing library at Clarendon House will be required to cover the running costs of the new library. In this event the third year running costs of the Fab Lab, which the Council will be committed to support, will be met from the surplus resources of £13,000 referred to above and any savings in rates, with any shortfall being met from the High Street Renewal Initiative element of the S106 Agreement (Lyon Industrial Estate, Atlantic Street, Broadheath, Altrincham). The Council support is limited to three years after which it is predicted that the Fab Lab will be self-financing.

3.5 An element of refurbishment cost will be required to relocate the Citizens Advice Bureau at an estimated cost of £15,000. This will be financed from the public building repairs capital budget,

3.6 Section 106 Agreement (Lyon Industrial Estate, Atlantic Street, Broadheath, Altrincham)

3.7 The Section 106 Agreement identifies an amount of £150,000 for 'High Street Renewal Initiative' (HSRI) linked to the Altrincham Forward Action Plan 2012/2013. To deliver the project, it is proposed that £90,000 is allocated from the HSRI element of the Agreement to the Fab Lab since it fully accords with the objectives of the HSRI.

3.8 It is also proposed that £12,000 is allocated from the HSRI element of the Section 106 Agreement to support the development of the Altrincham Business Neighbourhood Plan. In July 2014, the Executive formally approved both the designation of the Altrincham Town Centre Business Neighbourhood Area and Altrincham Town Centre Business Neighbourhood Forum. The Business Neighbourhood Plan aims to ensure that Altrincham evolves into an economically, environmentally and socially attractive and dynamic centre and will include a wide range of policies, including site specific and development management for areas such as residential, retail and office development and public realm/open space. The developer has approved this proposed allocation and it is considered that this is a reasonable and appropriate use of this contribution given that there

is a clear fit between the aims and objectives of the Plan and the HSRI element of the Agreement.

4.0 Governance

4.1 It is proposed, due to its strategic role in managing the delivery of Fab Labs throughout the UK, its extensive knowledge and expertise in directly managing Fab Labs, and its vast network, that TMI manages the facility. Their role would involve setting up the Fab Lab (equipment and staff) and the on-going facilities management, financial management and reporting and HR responsibilities. TMI would also be the sub-lessee for the ground floor of Clarendon House. A financial agreement will be entered into between the Council and TMI setting out the Council’s contribution, outputs/targets to be delivered and facilitating/safeguarding the transfer of the Section 106 monies which TMI would ring-fence and utilise solely for the Fab Lab. It anticipated that the transfer of funding under this agreement will be on an annual basis over the three year period. Under this agreement, TMI will have responsibility for any financial risks and liabilities in the operation of the Fab Lab.

4.2 The proposed legal structure for the Altrincham Fab Lab is to be a “project inside the charity” in that the Fab Lab will be overseen by the Board of TMI. Under this, a Steering Group will be established to guide and monitor the operation of the Fab Lab. The composition of the Steering Group will need to be determined between the Council and TMI; however the Council will be represented on this group.

5.0 Citizens Advice Bureau (CAB)

5.1 The CAB currently occupies space on the ground floor of Clarendon House which is required for the Fab Lab. To avoid significant disruption to its service delivery, and for it to continue to use the dedicated interview rooms on the ground floor (deliberately excluded from the Fab Lab floorspace required), it is proposed that the CAB is relocated to available space on the first floor of Clarendon House. The cost of the works required to allow CAB to move to the first floor of Clarendon House is estimated at £15,000 and it is proposed that these costs will be funded from the public building repairs capital budget. This is the most feasible and cost effective option, at this time, however, other options will continue to be investigated as they arise. If there are any changes to the proposed CAB move above, a further report will be presented accordingly.

6.0 Risks

6.1 The key risks and mitigation measures for the Fab Lab include:

Risk	Mitigation
Estimated costs increase	<p>The estimates of costs/ revenues have been based on TMI’s experience of developing and running other Fab Labs which has proven to be a successful model. All costs will be closely monitored through the regular project update meetings with TMI. The Steering Group will also have a key role to play in the monitoring of costs/income once the Fab Lab is operational and any mitigation measures required.</p> <p>A small contingency has been built into the set-up costs however any increases to the operational costs will be covered by TMI.</p>

<p>Anticipated usage of the Fab Lab is lower than expected which adversely affects income and the breakeven/profit point</p>	<p>The current income assumptions are based on other Fab Labs operated by TMI. Through the continued close working with TMI and learning from their experience and best practice from other Fab Labs, effective networking, consultation and promotional activity will be implemented before the Fab Lab is operational. This will ensure that interest is generated, potential uses and income are identified and the Fab Lab is 'owned' by the community. The Steering Group will report to TMI and assist with successful delivery, progress monitoring and on-going community engagement. A series of targets/ outputs will be agreed with TMI. TMI will have responsibility for any financial risks and liabilities in the operation of the Fab Lab.</p>
<p>TMI discontinues the project after 3 years.</p>	<p>Implementing a marketing and communications strategy, which the Council will help to promote, will help to maximise revenues and ensure the participation of the local community. This will ensure the longevity of the Fab Lab beyond the initial project period. The steering group will also play a key role in monitoring performance, implementing mitigation measures etc. to ensure the sustainability of the Fab Lab.</p>
<p>The planning permission for Lyon Industrial Estate, Atlantic St, Broadheath (79984/FULL/2013) is not implemented therefore the identified £190,000 Section 106 contributions are not released.</p>	<p>Without alternative funding being identified, the Fab Lab project will not be able to proceed. Other potential funding sources would need to be identified but this could prove difficult and would delay the project.</p> <p>The contributions are due on commencement of development which is expected in early 2015. Until these contributions are secured no financial commitment will be given by the Council.</p>

Note – The Altrincham Business Neighbourhood Plan is not being led/developed by the Council therefore reference to it is not included in Section 6 above.

7.0 Other Options

7.1 Currently, only TMI has the capability and experience to develop a network of Fab Labs across the UK and Ireland, and the ability to tap into the Global Network of Fab Labs and the resources that they provide. Therefore it is not considered that any options exist in terms of delivery of the Fab Lab by another body.

7.2 The 'do nothing' option would not realise the benefits of the Fab Lab to local residents, schools, entrepreneurs and businesses in terms of providing easy access to a range of equipment (which is also free to the public). Manufacturing is about to undergo a radical transformational change through the application of digital technology, which will transform the way goods are made, the nature of their supply chains and their supporting services.

7.3 Fab Labs are an important way forward that can help the UK to keep up with fundamental changes to manufacturing. Altrincham has been identified as a suitable location for the Fab Lab and is important to encourage development of skills and entrepreneurship within the Borough. Also the creation of a Fab Lab is complementary to the Council's corporate objective of Economic Growth, to the aims and objectives initially

set out in the High Street Renewal Initiative and carried forward into the Altrincham Town Centre Action Plan 2012/13 and to those of Altrincham Forward.

7.4 The Council is not statutorily obliged to provide financial assistance to those undertaking neighbourhood planning in their area. However, it is acknowledged that the process is complex and would benefit from more than the statutorily required single public consultation which has already been carried out. Without the additional funding identified above, the Forum will be restricted in terms of further public consultation stages, which ultimately could undermine the development of the Plan.

8.0 Consultation

8.1 A full programme of community and business consultation, utilising Altrincham Forward, will be initiated for the Fab Lab following the confirmation that all the funding has been secured. This includes the establishment of a Steering Group on which local stakeholders, including the Council, will be represented.

8.2 In terms of the Business Neighbourhood Plan, the majority of the consultation will be undertaken by the Forum and the first round was completed in November 2014 with a second round planned for February/March 2015. The final, pre-submission round of consultation on the completed Plan will take place in early summer 2015 after which it will be submitted to the Council to undertake a formal period of public consideration and examination by an independent examiner. Once the Council is in receipt of the Examiner's report, a decision will be made in relation to the need for referenda to be held in respect of the Plan.

9.0 Timeframes

9.1 Subject to the release of funding and taking into account the average set up timescales of other Fab Labs, it is anticipated that the Altrincham Fab Lab could be operational by July 2015. This is based on Section 106 funds being released in January 2015, however if the release of Section 106 funds is delayed then that will push back the opening date of the Fab Lab.

10.0 Outputs

10.1 The exact level of outputs delivered by the Fab Lab will be agreed with the MI and form part of the funding agreement. However, as a guide, the following outputs provide indicative figures based on the MI's experience of operating other Fab Labs in the UK:

10.2 Operational Outputs:

- Signed in Visitors = 1000 x visitors per year
- Registered Users = 200 x unique individuals per year
- Recorded, Created and Completed Projects = 50 x unique completed projects
- Businesses engaged = 20 x unique Businesses (prototyping/training)
- Schools engaged = 6 x unique schools participating in workshops
- Skills Events = 2 x focus on outreach schools manufacturing

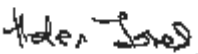
Reasons for Recommendations

To enable the establishment of a Fab Lab in Altrincham and to support the continued development of a Business Neighbourhood Plan for the town centre.

Key Decision (as defined in the Constitution): Yes
If Key Decision, has 28-day notice been given?

Yes

Finance Officer Clearance (type in initials)...PC / GB
Legal Officer Clearance (type in initials)...JLF



[CORPORATE] DIRECTOR'S SIGNATURE (electronic)...

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To confirm that the Financial and Legal Implications have been considered and the Corporate Director has cleared the report prior to issuing to the Executive Member for decision.

Appendix 1

Table 2. Fab Lab Financial Forecasts – Years 1 - 3

	Year 1 (000's)	Year 2 (000's)	Year 3 (000's)	Total (000's)
Set up and Run				
Refurbishment - Capital Cost	£40	£0	£0	£40
Equipment - Capital Cost	£70	£0	£0	£70
Materials	£15	£9	£9	£33
Direct delivery costs	£11	£22	£35	£68
Operating Costs	£23	£23	£23	£69
Staffing	£68	£69	£71	£208
Sub total	£227	£123	£138	£488
Accommodation Costs	£43	£43	£43	£129
TMI Support Services				
Recruitment	£10	£0	£0	£10
Procurement	£0.3	£0	£0	£0
Installation	£2	£0	£0	£2
Training	£3	£0	£0	£3
Sub total	£15	£0	£0	£15
TMI Management Service				
Project Management	£48	£44	£44	£136
Sub total	£48	£44	£44	£136
Total Costs	£333	£210	£225	£768
Contingency	£14	£8	£9	£32
Grand Total Costs	£347	£219	£234	£800
Revenue	-£48	-£106	-£189	-£344
Net Cost	£299	£112	£44	£456

Table 3. Funding

	Year 1 (000's)	Year 2 (000's)	Year 3 (000's)	Total (000's)
Council support	£43	£43	£43	£129
S106 Fab Lab	£16	£ 69	£15	£100
S106 HSRI	£90			£90
High Street Renewal Award	£90			£90
Third Party Funding (Capital Funding)	£50			£50
THT	£10			£10
Total Funding Package	£299	£112	£58	£469