

Report To: EXECUTIVE CABINET

Date: 28 June 2017

**Executive Member/
Reporting Officer:** Councillor John Taylor – Deputy Executive Leader
Damien Bourke – Assistant Director (Development and Growth)

Subject: TAMESIDE INTERCHANGE (ASHTON-UNDER-LYNE) LAND ASSEMBLY GOVERNANCE

Report Summary: Following approval at the July 2015 meeting of the Strategic Planning and Capital Monitoring Panel this report seeks approval for a land assembly agreement made by Tameside MBC on behalf of Transport for Greater Manchester in securing all the required land for the new Tameside interchange (Ashton-Under-Lyne).

Recommendations: That approval is given to the following inter dependant actions, in order to complete the land-assembly agreements which are necessary to facilitate the new Tameside interchange (Ashton-Under-Lyne) development:

1. purchase by the Council of the Ministry of Justice facility at Francis Thompson Drive together with relocation compensation equating to a total compensation package of £800 subject to £400k being met by Transport for Greater Manchester; purchase by the Council of freehold land at Assheton Close from New Charter of £15,000;
2. payment by the Council of any tax liabilities falling to the Council as set out in the financial implications within this report;
3. delegation of any consequential agreements arising out of the actions approved in this report to the Executive Director Governance, Resources, and Pensions in consultation with the Executive Director of Place to agree and execute, including:
4. Payment by Transport for Greater Manchester to the Council of £400,000 forming 50% of the compensatory payment to be paid to the Ministry of Justice;
5. the transfer of the surplus residual land from Transport for Greater Manchester to the Council for £1 (i.e. the land of the current transport interchange that is not required for the new Interchange) following completion of the development, with any direct receipt split equally between the Council and TFGM, with Governance to be sought at a later date; and
6. To agree with Transport for Greater Manchester how transactional costs arising out of the actions approved in this report, including any tax required to be paid, such as Stamp Duty and Land Tax, and Value Added Tax, and New Charter land costs are to be met.

Links to Community Strategy:

For the purpose of this report a successful outcome will support a Prosperous and Attractive Tameside for the benefit of the wider community.

Policy Implications:

The new Tameside Interchange forms part of a multi-million investment package of measures for the whole of the Ashton town centre area as part of its wider Vision Tameside strategy. Together with the new sixth form college, the proposed shared Administration Centre, the St Petersfield development area and investments to the strategic highway network, Tameside continues to see a major reinvention of the borough's main administrative and retail centre within the borough. To fully complement the work it is important to successfully pursue the project land assembly in order to move forward with the interchange construction.

**Financial Implications:
(Authorised by the S151 Officer)**

It is important to note that a report on the Council's overall capital investment programme will be presented in September 2017 and that the approval of £444,550 at this stage (as per the recommendation) will be an initial call on the available resources. The intention is that approved schemes be financed from the Council's earmarked reserve for capital investment.

The transaction will be exempt from VAT as confirmed with the MoJ, however Stamp Duty will be required to be paid and has to be calculated on the full consideration given i.e. £800k.

The total Stamp Duty liability will be £29,550.

The purchase of the Freehold land at Assheton Close from New Charter at an agreed cost of £15,000 will be initially paid for by the Council and fully recovered from Transport for Greater Manchester as detailed in section 4 of the report.

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

Under s 120 of the Local Government Act 1972, the Council may acquire land by agreement in its area for the purposes of the benefit, improvement or development of the area. S227 of the Town and Country Planning Act 1990 provides a similar power provided the public benefit is identified, whether it be economic, social or environmental. When this matter was first considered some two years ago, on the 15 July 2015, the Director of Place recommended that in return for Tameside funding the costs of the two plots of land on behalf of TfGM and taking on the risk of land assembly and relieving TfGM of the liability of meeting the full costs of land assembly, the Council would receive the freed up area of land which has development potential and that the remodelling of the interchange in this way would be of benefit to the Town centre operation as well as users of public transport. Members were advised at that time that the value of the Commercial land was more valuable than the two plots and any profit on sale will be shared with TfGM on a 50/50 basis and that any potential risks could be better managed by Tameside as we were better placed to manage land Assembly than TfGM. Members were advised by the financial and legal monitoring officers that such benefits could not be guaranteed in the absence of planning consent and successful sale negotiations with a prospective purchaser and consequently Tameside's financial

outlay remained at risk up to the point of sale. Unfortunately, for whatever reason the land negotiations with the MOJ to procure the probation site have not proceeded well and elected members now face a dilemma of agreeing to forward fund significant costs in order not to jeopardise the interchange project. The value of the probation premises are about £188K but it will be necessary to compensate the M OJ roughly £800 together with stamp duty payable of roughly £30K on top in order to avoid the very significant costs of delay in the remodelling and/or procurement of the interchange works. Whilst normally TfGM would have been liable for the cost of land assembly and relocation as a consequence of acquiring the probation office, these now fall to us having adopted that risk. It should be noted that these costs are somewhat defrayed as TfGM have agreed to pick up to £400K of these costs. The remainder of the cost will be a first call against any receipt received for the commercial land and consequently the Council runs a risk that it may not be fully recovered, however, in the circumstances these are outweighed by the potential for the interchange project not to go ahead or be delayed significantly which will be of detriment to the viability of the town centre.

Risk Management:

Without an agreed way forward for the land assembly there is every likelihood the proposed new interchange will not proceed, risking the wider Vision Tameside investment strategy for the main administrative and commercial centre for the borough.

The main objective for Tameside in taking forward the land assembly package for the proposed interchange is to ensure the vacant land to the east of the site, once the interchange is complete, is developed in a manner to complement the wider Vision Tameside Strategy. Failure to agree a land assembly package will risk this major development opportunity for the borough.

The financial risks associated with the proposal are set out in section 5 of the report.

Access to Information

The background papers relating to this report can be inspected by contacting the report writer, Nigel Gilmore

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1.0 BACKGROUND

- 1.1 The current Ashton bus station and adjacent Metrolink terminus are located to the north west of Ashton town centre. Situated on Wellington Road it adjoins the Arcades Shopping Centre and is a short walk away from tram stop into Manchester. The current bus station was opened in 1994.
- 1.2 Members will be aware that plans have been in place for a number of years to modernise the existing facility. Initially these were proposed through an expansion of the adjacent Arcades Shopping Centre but following 2008 global downturn and more latterly longer term changes in the retail market this has not progressed.
- 1.3 In March 2014 the Greater Manchester Local Enterprise Partnership and Greater Manchester Combined Authority submitted a Growth and Reform Plan to Government. The plan sought a £400m share of the Local Growth Fund to support the region's transport and infrastructure requirements and within this £33m for a new Interchange in Ashton Town Centre. In July 2014 funding was awarded for three new interchanges across the conurbation at Ashton, Stockport and Wigan.
- 1.4 The Tameside project will see a new interchange constructed primarily on the existing bus station site, but with the footprint shifted to the west to improve links with the Metrolink terminus. The majority of stands will operate from a single concourse building. A small number of additional stands will be located alongside the existing tram stop.
- 1.5 In order to deliver the project, land is required from the Ministry of Justice (National Probation Service) at Francis Thompson Drive and New Charter Housing adjacent to Assheton House.
- 1.6 In July 2015 approval was secured through the Strategic Planning and Capital Monitoring Panel for Tameside to act as 'agent' for Transport for Greater Manchester (TfGM) in securing land required for the initiative.
- 1.7 In agreeing to undertake the land assembly package, Tameside can take full control of the future development opportunities of 3000m² of land to the east side of the site.



Figure 1 – Interchange General Layout Plan

- 1.8 Planning permission was secured in February 2016 and an indicative 3D plan of the proposed facility is shown above at Figure 1 above for information.

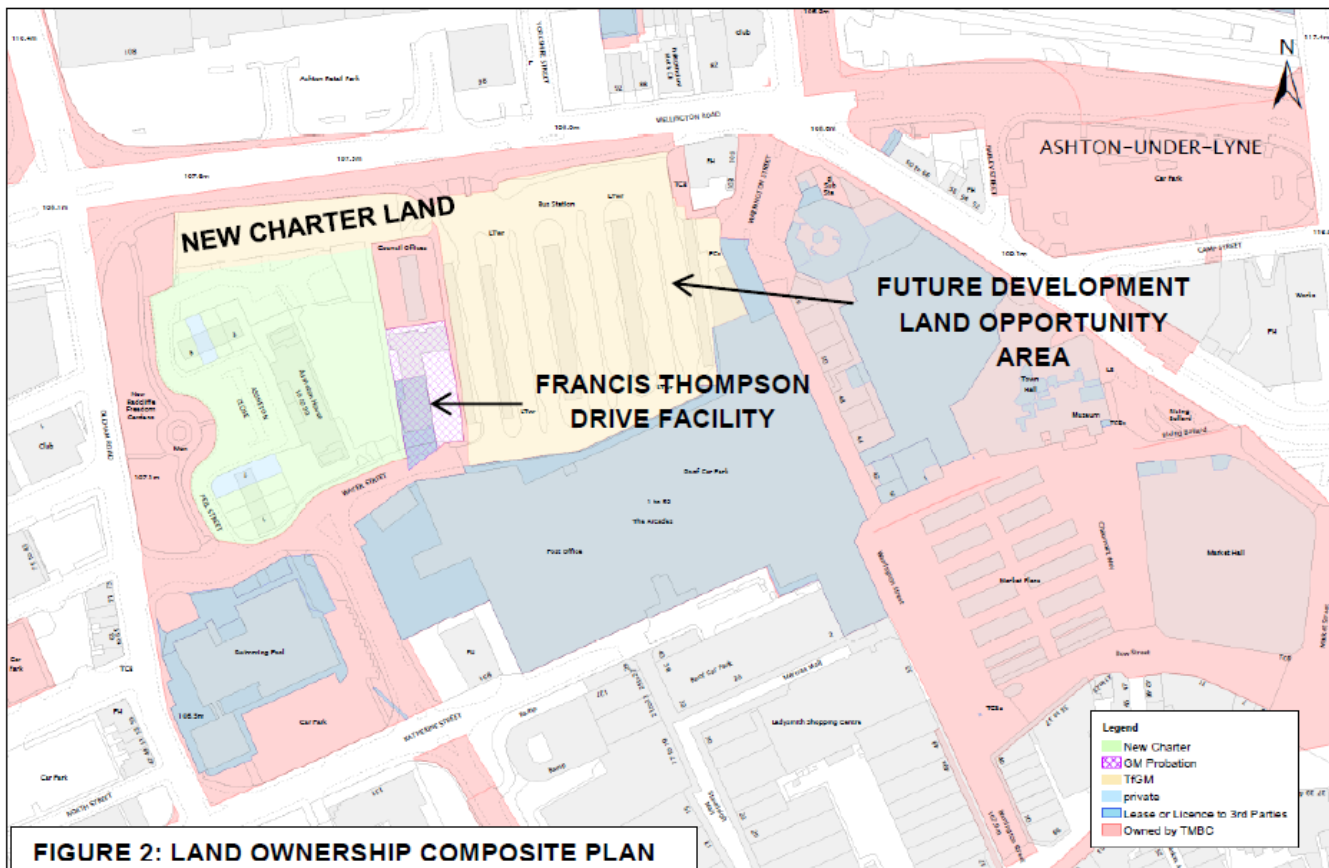
1.9 At the February 2017 Greater Manchester Combined Authority meeting full approval for the Tameside Interchange (Ashton-under-Lyne) was approved with the release of £33m to enable the delivery of the scheme.

1.10 This report provides updates to Members and seeks approval for the release of funds for the MoJ and New Charter areas of land.

2.0 LAND ASSEMBLY CONSIDERATIONS

2.1 In order to facilitate the initiative, a number of property and land interests are required. These are shown below at Figure 2 “Land Ownership Composite Plan”. The areas concerned are:

- The Ministry of Justice (MoJ) Building and associated land (Francis Thompson Drive); and
- Land currently belonging to the New Charter Group.



3.0 THE MINISTRY OF JUSTICE (MOJ) BUILDING AND ASSOCIATED LAND (FRANCIS THOMPSON DRIVE)

3.1 Terms were originally agreed to acquire the Freehold from the MOJ for the sum of £188,250 (exclusive of VAT) which was the mid-point between the two external valuations that were carried out on behalf of the Council and the MOJ. The draft agreement was predicated on the MoJ (National Probation Service) vacating Francis Thompson Drive and decanting into the Birchcroft Building, Crowthorne Road - a facility owned by Groundworks and leased to Tameside MBC.

3.2 The lease was based on a revised Heads of Terms agreement to re-gear the existing Tameside lease for a longer 10 year term to enable the simultaneous sub-letting of two separate parts to the National Probation Service and Community and Community Rehabilitation Company (CRC) on coterminous sub-leases for an initial minimum period of 5 years.

- 3.3 In addition to the above further costs related and alterations to the internal layout of the building were to be incurred bringing the overall costs to £230,000.
- 3.4 The provisional agreement had been negotiated over an 18 month period and had been in final preparation for internal Governance at the start of the current calendar year. A very late change in MoJ personnel at the beginning of the year, however, saw a distinct hardening of attitudes by the MoJ.
- 3.5 The MoJ revised stance centred on Birchcroft being unsuitable for their needs (now too small) and their identification of an alternative facility at Orbital 24, at Denton Business Park. In essence the MoJ demanded financial recompense around two scenarios – a £1m cash payment or £875k plus 50% of fees and stamp duty (total cost of approximately £960k) in order for them to purchase the Orbital 24 development outright. These demands are clearly unacceptable to both Tameside and Transport for Greater Manchester as the main scheme promoter.
- 3.6 With the need to commence construction of the new interchange as soon as possible three options were available:
- A complete redesign and subsequent retendering of the facility around the Francis Thompson Drive facility
 - Abandon the project
 - Agreeing to the MoJ demands
- 3.7 Whilst a complete redesign and subsequent retendering of the project is feasible, the costs (estimated at £2.5m) and potential 12 month scheme delay render this as unacceptable at this stage and would prove more expensive than acceding to the MoJ demands.
- 3.8 Abandoning a project that has incurred £2m of expenditure to date is an unacceptable option.
- 3.9 In relation to the £1m scenario as set out in the third option, further negotiation with the deputy Director of the MoJ estates has since taken place and a revised figure of £800k has been suggested as a compromise. Further it was agreed that this would be split equally between Tameside and TfGM.
- 3.10 Included within the above, is the MoJ interest in the Francis Thompson Drive facility being purchased for a nominal £1.
- 3.11 Whilst Member approval for the above would enable the scheme to commence as a priority, further Governance would be required at a later date in respect of the commercial land to the east of the site as set out in paragraph 1.7 above. Tameside officers are working on the premise that the residual land to the east of the site is transferred on completion of the interchange to Tameside and both TfGM and TMBC should benefit equally from any receipt received from the development of the development land.
- 3.12 The clear objective for Tameside is to maximise this receipt in order to recoup some of the extra, unforeseen costs of the MOJ relocation to both partners, and as such work towards retail led disposal as soon as an opportunity arises. TfGM colleagues would be consulted and any views in relation to the disposal will be considered as part of the development and in line with the Vision Tameside Framework.
- 3.13 With Member approval of the above and following their agreement of terms to acquire Orbital 24, the MOJ (National Probation Service staff) would temporarily move to Birchcroft whilst that building is fitted-out. Under the terms of the move a full rental agreement would be put in place during this period. MOJ fit out costs will be approximately £500k which will be borne by themselves

4.0 NEW CHARTER GROUP LAND

- 4.1 Terms have been provisionally agreed to acquire 1,604sq m of amenity land adjoining the current tram stop. The proposed purchase price is £15,000, based on an independent valuation of the land that has been carried out on behalf of TMBC. The area of land consists of a strip between the tram stop and Assheton House – see Figure 2 above. Members are asked to agree the purchase of this land.

5.0 FINANCIAL CONSIDERATIONS

- 5.1 At the time the original approval was granted in 2015 it was anticipated that the land assembly costs would at least be covered by the potential sale receipt from the development land. This was at the time when costs were anticipated to be in the order of £230k (see above).
- 5.2 As outlined above, the site assembly costs have increased significantly and the total outlay is now expected to be in the region of £850k, albeit this will be shared with TfGM, and currently does not include any rental income we have still to agree with MOJ for their decant location in Birchcroft.
- 5.3 Indicative valuations of the valuation site range between £800,000 - £1,000,000 based on assumptions around future use and planning. Therefore the financial position is much more finely balanced. Based on these figures there could be a loss of £50k or a modest surplus of £150k (before any sharing with TfGM) but ultimately this dependant on the development receipt actually received,

6.0 CONCLUSION

- 6.1 The new Tameside Interchange forms part of a multi-million investment package of measures for the whole of the Ashton town centre area as part of its wider Vision Tameside strategy. Together with the new sixth form college, the proposed shared Administration Centre, the St Petersfield development area and investments to the strategic highway network, Tameside continues to see a major reinvention of the borough's main administrative and retail centre within the borough. To fully complement the work it is important to successfully pursue the project land assembly in order to move forward with the interchange construction.

7.0 RECOMMENDATIONS

- 7.1 As stated on the report cover.