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| Report to: | STRATEGIC PLANNING AND CAPITAL MONITORING PANEL |
| Date: | 5 July 2021 |
| Executive Member: | Councillor Oliver Ryan - Executive Member (Finance and Economic Growth). |
| Reporting Officer: | Jayne Traverse, Executive Director for Growth |
| Subject: | GROWTH CAPITAL PROGRAMME UPDATE REPORT |
| Report Summary: | This report provides an update, on the 2020/21 Growth Capital Programme and sets out details of the major approved capital schemes in this Directorate. |
| Recommendations: | <p>That Strategic Planning and Capital Monitoring Panel be recommended to note the report and recommend to Executive Cabinet that the following be added to the approved Council Capital Programme</p> <ul style="list-style-type: none"> (i) The Corporate Landlord Statutory Compliance capital expenditure for the period identified in Appendix 4 of £28,956.16. (ii) That additional budget of £0.060m is allocated to the former Two Trees school site clearance scheme to remove previously undiscovered asbestos. |
| Corporate Plan: | The schemes set out in this report supports the objectives of the Corporate Plan. |
| Policy Implications: | In line with procurement and financial policy framework. |
| Financial Implications: | Appendix 5 provides a summary of the Growth directorate 2020/21 capital programme outturn together with re-phased scheme values that require Member approval. It should be noted that these values are included for approval in the separate Council 2020/21 capital outturn report. |
| (Authorised by the statutory Section 151 Officer & Chief Finance Officer) | |

The current anticipated level of capital receipts of £15.3m is based on the disposal of surplus assets approved by Executive Cabinet in September 2020. The current approved capital investment programme requires a minimum of £22.219m of capital receipts or reserves. Additional Statutory Compliance works are also expected to be approved requiring a further £0.499m of receipts or reserves, bringing the total call on corporate resources to £22.718m. Any additional priority earmarked schemes that are approved by Executive Cabinet will increase the amount of corporate funding needed for the capital programme.

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| Forecast Corporate Funding: | £'000 |
| Capital Reserves | £14,593 |
| Anticipated Capital Receipts | £15,300 |
| Total | £29,893 |
| Funding committed to approved schemes: | |
| 2020/21 approved programme | £7,953 |
| 2021-23 approved programme | £14,266 |
| Statutory Compliance earmarked pot | £499 |

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| Total | £22,718 |
| Balance of forecast funding available | £7,175 |
| Earmarked Schemes previously on programme* | £39,867 |
| Shortfall in funding for earmarked schemes | -£32,692 |

Earmarked schemes previously included on the capital programme (reflected as * in the figures above) are almost £40m. Assuming that the planned disposals proceed there is a forecast balance of £7.175m of capital receipts to fund future earmarked capital schemes – a shortfall of more than £32m - meaning the broader capital ambition of the Council is currently unaffordable until such time as additional capital receipts are generated. Many of the earmarked schemes were identified in 2017/18 and therefore are now the subject of a detailed review and reprioritisation

The Growth Directorate is reviewing the estate and developing a further pipeline of surplus sites for disposal, and a full refresh of the Capital Programme is being undertaken alongside this review of the estate. With the exception of the Statutory Compliance works, all other earmarked schemes will be removed from the programme and subject to review. A refreshed and reprioritised Capital Programme will then be proposed for Member approval in Summer 2021.

Corporate Landlord – Capital Expenditure

The Capital Programme includes an earmarked resource of £0.499m for Property Assets Statutory Compliance works repairs on Council buildings. Works to date and in previous years have been reported to the Strategic Panel retrospectively as work is completed. This report is requesting a further £0.029m from the above earmarked budget. Supporting details are provided in Appendix 4. If approved, the remaining earmarked budget will be £0.470m to fund corporate landlord capital expenditure.

Section 106 Agreements and Developer Contributions

The Section 106 agreements must be spent within a specified deadline and for the purpose that the contribution was provided. An analysis of the S106 and developer contributions currently held by the Council are shown in **Appendices 1 and 2**

Former Two Trees School – Site Clearance

Section 2.4 of the report requests additional contingent budget to remove previously undiscovered asbestos. The area in question was contaminated by asbestos dust after a break in. The area could not be properly surveyed until after an environmental clean. The cost of the work is £0.060m. It proposed that additional budget of £0.060m is allocated to the scheme from the aforementioned forecast capital receipts balance of £7.175m due to the risk of potential clawback of GMCA brownfield homes grant (£0.800m approved for the scheme) if the scheme is not completed.

Stalybridge Heritage Action Zone

A request is being made for a significant increase in the budget for this scheme amounting to £1.139m, compared to the original allocation of £0.559m. The additional funding is to finance additional costs arising from the Stalybridge Civic Hall roof as set out in section 2.17. A separate report requesting approval of this

additional funding will be presented to the Executive Cabinet on 28 July 2021.

If Members approve additional funding for all requests in this report, amounting to a total of £1.199m (Two Trees School Site Clearance and Stalybridge Heritage Action Zone, which is subject to a separate decision), will be in advance of the planned review of the capital programme when all potential schemes will be reviewed at the same time. The obvious consequence would be that the available funding (already limited in value) for all other schemes will be reduced by £1.199m.

Legal Implications:

(Authorised by the Borough Solicitor)

This is a high level report to provide Members with an overview of the progress and issues arising in relation to the growth capital programme.

A number of the projects such as Denton Baths, Two Trees and Droylsden library are being funded by grants which have clawback provisions if certain conditions are not met. It is therefore critical that such projects are particularly robustly managed and Member oversight will be a valuable support to the project managers.

As set out in the main body of the report Godley Green is a major council programme. The majority of the current works are being supported by funding from Homes England.

The funding requires a number of milestones on matters such as submitting a planning application, CPO and undertaking the infrastructure works being met on a certain date, otherwise the funding received to date could be clawed back and future funding may not be forthcoming leaving the council to have to make up the funds. Currently the most critical milestone is in relation to submitting the planning application. The Project Director is working closely with the Homes England relationship manager as the milestone for this has passed and so a new date has to be agreed. Clearly this has to be closely and robustly managed.

There is also a potential increasing financial pressure growing in relation to the build out of the initial infrastructure works which according to the original Homes England Milestones are required by March 2022.

As with any large project Godley Green has a number of critical work streams including planning, CPO, estates, communications, procurement of delivery partner/partners, procurement of the infrastructure works and consultation which are all to a lesser or greater degree governed by the Homes England milestones.

Members will also note the section in relation to land disposals. This work stream is critical to the council's overall budgetary position and again will require particularly diligent project management in the current financial climate.

Access to Information:

The background papers relating to this report can be inspected by contacting the report author Assistant Director Strategic Property Paul Smith by:

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1. INTRODUCTION

- 1.1 This report provides an update on the major capital projects, within the Capital Programme owned by the Growth Directorate. It also provides an update on the prioritisation of some business cases that have yet to be approved and formally included in the Capital Programme
- 1.2 The Growth Directorate also plays a key role in the delivery of Capital projects with other directorates but these are covered by separate reports.

2. APPROVED CAPITAL PROJECTS

2.1 Ashton Old Baths Annexe - Phase 3. RAG STATUS: GREEN

Programme: Completed in May 2021

Budget: Within budget

Remaining Issues: None

- 2.2 **Ashton Town Hall** - The further development of Ashton Town Hall will be considered as part of the Council's Capital Programme prioritisation review currently being undertaken. The prioritisation process will use the methodology previously approved by Board in 2018.

2.3 Denton Baths Site Clearance – RAG STATUS: GREEN

Programme: Completed in May 2021

Budget: Within budget

Remaining Issues: None

2.4 Former Two Trees School – Site Clearance – RAG STATUS: AMBER

Programme: Completed in June 2021 – Delayed by 3 weeks due to additional asbestos removal

Budget: Additional contingent budget is required to remove previously undiscovered Asbestos. The area in question was contaminated by asbestos dust after a break in. The area could not be properly surveyed until after an environmental clean. The Council has been alerted to this via an Early Warning Notice issued from the LEP. The cost of the additional asbestos removal is £0.060m. It is proposed that a budget of £0.060m be allocated to the scheme. The asbestos must be removed in order to complete the demolition scheme and achieve the full amount of GMCA grant funding allocated to this scheme.

Remaining Issues: None

2.5 Droylsden Library relocation and old Library site clearance. RAG STATUS: GREEN

Programme: New Library to open in August 2021. Old library prepared for demolition in September 2021

Budget: Currently on budget

Remaining Issues: None

2.6 Tameside One – Ceiling Voids .RAG STATUS: GREEN

Programme: Invest to Save project – Insurance requirement to install additional fire detection equipment into the ceiling voids of the entire Tameside One building.

Budget: Currently on budget

Issues: None

Proposed Godley Green Garden Village

- 2.7 The proposed Garden Village at Godley Green is the key strategic site for residential development in Tameside. The transformational change that is proposed by this development will help to satisfy the needs of current and future households across the spectrum of housing types and tenures, from affordable to executive homes as well as providing the step change required that will contribute to the re-balancing of the Tameside housing market.

- 2.8 The Council entered into a £10m Housing Infrastructure Funding (HIF) award for the Godley Green in December 2019. The Grant Funding allows for an early draw down of £0.720m supporting activity required to get to planning submission stage which has been fully received in 2020/21.
- 2.19 A detailed capital programme plan outlining the spending of the remaining £9.28m grant is being developed and will then be added to the Council's capital programme should planning consent be approved.
- 2.10 On 2 November 2020, the Council's Executive Cabinet approved an additional £2.75m to take the project to the next stage. It is proposed to fund this from the medium-term financial strategy reserve, on the basis that the project if successful will bring significant benefits to the borough and its residents.
- 2.11 Following the Executive Cabinet report, the Council have now initiated negotiations with landowners and have made offers to them all to seek to acquire land via Option Agreements. It is hoped that these discussions will result in an agreement with all landowners by private treaty. However, in the event that it is not possible to acquire these interests through this route a Compulsory Purchase Order (CPO) will be required.
- 2.12 The CPO is an important element of the overall scheme and will run alongside the options agreements to ensure that the land can be secured in a timely fashion. In addition, a CPO is an expedient way of dealing with third party rights and other issues, which may affect the land. In order to make a CPO preparatory work will need to be carried out. To carry out this preparatory work the Council are seeking resolutions and approvals to enable them to carry out all the work up to the making of a CPO.
- 2.13 A report on the CPO Resolution is going to the Executive Cabinet on 23 June 2021
- 2.14 The Council has secured an additional £30,000 capacity funding from Homes England to support the ongoing project management function which is yet to be received. A similar bid for capacity funding will be made in 2021/22.

Stalybridge Heritage Action Zone (HAZ)

- 2.15 Stalybridge town centre was selected as Tameside's focus for the GM Mayor's Town Centre Challenge in 2018. Initial work to plan and progress the delivery of Stalybridge's Town Centre Challenge was co-ordinated by the Stalybridge Town Centre Challenge (STCC) Board and a Stalybridge Town Centre Challenge Action Plan now sets out the aspirations for the town centre
- 2.16 A bid for external funding to deliver on the ambitions for Stalybridge secured £1,275m High Street Heritage Action Zone (HSHAZ) funding through Historic England with £1.275m match funding by the Council. The Grant Funding Agreement was completed on 16 February 2021.
- 2.17 The HSHAZ initiative is designed to deliver physical improvements and cultural activities to revive and regenerate high streets and restore local historic character. The bid for Stalybridge drew on the priorities expressed through the draft Strategy and Action Plan, matched against the criteria for HAZ funding.
- 2.18 The Project Officer has been appointed and with Heritage England a detailed capital programme plan is under review, which will outline the projects and spend of the funding up to 31 March 2024.
- 2.19 Part of the proposed HSHAZ funded scheme is a replacement roof on Stalybridge Civic / Market in 2021/22 for which a budget of £558,950 was allowed. However, as survey work to inform the contract has identified additional works that should be carried out, this includes replacement of the extensive roof lights which are in too poor a condition to re-use and the

replacement of an essential health and safety access system which is also unable to be reused. The estimate for the contract is £1.7m and a report is being prepared for July Cabinet requesting an additional £1,138,721 of Capital funding.

Corporate Landlord – Capital Expenditure

- 2.20 This section of the report provides information relating to statutory compliance works. These costs are scheduled in **Appendix 4**.
- 2.21 The Council has a duty to ensure that its buildings provide a safe physical environment for staff and services to work in. The monitoring and regulation of this is undertaken by a series of statutory checks across a range of requirements e.g. fire safety, asbestos management and electrical safety. These checks are carried out at fixed intervals and reports produced to state condition and inform about remedial works that need to be undertaken to ensure compliancy. These notified repairs and upgrades to building fabric and condition are the subject of this report.
- 2.22 In addition to compliance, issues informed by the regular statutory checks there are in addition repairs and replacements identified during the day-to-day management of our buildings. These may be repairs and replacements brought about by one off events such as vandalism and extreme weather or they may be due to breakage or failure during normal operations. If the issue is deemed to be causing a serious risk, it will require immediate rectification. Where the costs of replacement and repair are deemed to be of benefit in regards to the Councils capital assets then costs are met from the statutory compliance fund.
- 2.23 The ownership and use of property carries with it a number of risks including health and safety, economic, financial, service delivery, statutory compliance and maintenance risks. It is therefore proposed to develop a risk register as part of the strategic review of the Councils assets to identify and manage risks.

Hattersley Station Passenger Facilities

- 2.24 The project will provide a refurbished and extended ticket office at Hattersley Railway Station forming Stage 2 of the ongoing works to improve the facility. Following the Stage 1 improvements made to Hattersley Road West and the station car park in 2016, passenger numbers have increased substantially, from 51,982 in 2015 to 110,646 in 2019.
- 2.25 The station is owned by Network Rail and is leased and operated by Northern Trains, which is now a Government owned company.
- 2.26 This scheme is fully funded by the GMCA/ TfGM through Growth Deal 2 grant, at a value of £0.750m. Whilst schemes need to be completed before the end of the 2020/21 financial year, a number of mitigations for Growth Deal schemes have been approved by AGMA allowing their continuation into the 2021/22 financial year.
- 2.27 Following discussions with Northern Trains and STAR, the potential imposition of VAT on the station rebuild was resolved through the amendment of the funding agreement between Northern Trains and Tameside.
- 2.28 To date £0.189m has been spent on this project. The remaining budget of £0.561m will be spent this financial year to complete the project. Following approval of the final design by Network Rail, Northern Trains will undertake the final stages of this project (GRIP Stages 6 to 8 – Construction and Handover), with a current estimated project completion in late October 2021 although this is still subject to ratification by Northern.

3. SECTION 106 AGREEMENTS AND DEVELOPER CONTRIBUTIONS

- 3.1 This section of the report summarises the financial position as at 30 April 2021 with regard to receipts for Section 106 (s106) Agreements and Developer Contributions and makes comments for each service area. This is followed by clarification on new agreements made until this date and any requests made to draw down funding.
- 3.2 The current position for s106 Agreements is £1.233m in credit, less approved allocations of £0.228m, leaving a balance available to drawdown of £1.005m, as at 30 April 2021 as detailed in **Appendix 1**.
- 3.3 The position for Developer Contributions as at 30 April 2021 was £0.028m in credit, less approved allocations of £0m leaving a balance of £0.028m as detailed in **Appendix 2**.
- 3.4 Details of new Section 106 Agreements are provided in **Appendix 3**.
- 3.5 No requests have been made to drawdown Section 106 contributions

4. LAND DISPOSALS

- 4.1 A revised policy on the disposal of council owned land, along with a list of initial sites has been agreed at 30 September 2020 Executive Cabinet.
- 4.2 A second batch of surplus sites has been identified and will pass through the Disposal process and if declared surplus will be assessed for disposal/ development.
- 4.3 The Council is in the process of mapping all of our operational and non-operational assets with a view to accelerating our disposal plans and to have establish a significant pipeline of assets to consider bringing forward for disposal over the coming years.

5. DECARBONISATION OF THE PUBLIC ESTATE

- 5.1 The GMCA consortium bid to the Decarbonisation of the Public Estate Fund was successful, resulting in grant award of £78.3 million. The Council's allocation of this grant is £2,283,604. On the 14 April 2021 an Executive Decision Notice was signed to give permission to enter into a contract with GMCA to allow the draw down of the funds. The draw down arrangement works on a monthly basis in arrears on provision of necessary financial information to GMCA.
- 5.2 The Panel will be provided with updates on progress of the project.

6. PLAYING PITCH STRATEGY

- 6.1 The production of a Playing Pitch Strategy (PPS) for Tameside is not a Capital matter for consideration by the Strategic Planning Capital Monitoring Panel. However, the creation of the PPS will cut across a number of Capital related developments such as Godley Green. Therefore, regular updates will be presented for information via the Growth Report.
- 6.2 Approval to undertake a Playing Pitch Strategy and Schools Sports Facilities Strategy was approved by Executive Cabinet on 16 December 2020. A specialist consultant has been appointed to develop the PPS and a working group created including representation from Sport England, National Governing Bodies for Sport and key personnel from the Council as required by the Sport England Methodology. It is anticipated that the PPS will be ready for consideration by Members in Late summer 2021.

7. RECOMMENDATIONS

7.1 As set out at the front of this report