

Report to:	STRATEGIC PLANNING & CAPITAL MONITORING PANEL
Date:	17 August 2023
Executive Member	<p>Councillor Jacqueline North, First Deputy (Finance, Resources & Transformation)</p> <p>Councillor Denise Ward, Climate Emergency & Environmental Services</p> <p>Councillor David Sweeton, Inclusive Growth, Business & Employment</p> <p>Councillor Vimal Choksi, Towns & Communities</p> <p>Councillor Jan Jackson, Planning Transport and Connectivity</p>
Reporting Officer:	<p>Julian Jackson – Director of Place</p> <p>Ben Middleton – Assistant Director, Strategic Property</p>
Subject:	CAPITAL PROGRAMMES FOR GROWTH DEPARTMENTS
Report Summary:	This report provides an update on the delivery of Capital Projects in the Place Directorate in relation to Growth.
Recommendations:	<p>That the Strategic Planning and Capital Monitoring Panel recommend to Executive Cabinet to approve:</p> <ol style="list-style-type: none"> i) £19.9m capital funding for Stalybridge Town Centre to be added to the Council's capital programme. The grant was accepted by Executive Cabinet on 26 April 2023. ii) £0.730m capital funding for UKSPF as agreed with GMCA to be added to the Council's capital programme. The grant was accepted by Executive Cabinet on 08 February 2023.
Corporate Plan:	A number of the schemes presented in this report continue to support the objectives of the Corporate Plan.
Policy Implications:	<p>The Place Directorate Capital Programme contributes to the 5 focus themes of the Tameside Carbon Reduction and Environment Strategy 2021-2026, specifically:</p> <ul style="list-style-type: none"> • The development of low carbon solutions in a number of schemes driving down consumption across the estate including the streamlining the corporate portfolio of buildings. • Supporting and facilitating sustainable travel options.
Financial Implications: (Authorised by the statutory Section 151 Officer)	This report provides an update on delivery of approved Capital Projects within the Place Directorate in relation to Town Centres, Property and Planning. The report requests approval to add two new capital grants to the programme in respect of Stalybridge Town Centre £19.9m and UKSPF for Ashton Old Baths of £0.730m. All existing projects are being delivered within previously approved budgets. All schemes within this report are funded from either external grants or reserves, there are no schemes funded from borrowing.

Ashton Town Centre

Quarterly progress updates are reported through the Levelling Up Monitoring Framework in respect of the Levelling Up Grant. These quarterly returns provide assurance to the Department for Levelling Up, Housing and Communities (DLUHC) that the terms and conditions of grant are being met.

Levelling Up- Ashton	£m
Prior Year Spend	1.022
2023/24 Projection	4.014
Future Year Projection	14.834
Total	19.870
Funding:	
Levelling Up Grant	19.870

Paragraph 2.1 notes that £4.3m of match funding currently identified in the LUF relating to Mayors Challenge Fund is to be replaced with other match funding from existing approved schemes within the Capital Programme. There is no additional cost to the Council as a result of this change and no impact or change to approved schemes on the programme.

Public Realm

The budget for Public Realm includes £0.665m of Transport for Greater Manchester (TFGM) grant funding and £4.252m of Council reserves. £0.117m of Corporate reserves has been spent in 2022/23.

Public Realm	£m
Prior Year Spend	0.117
2023/24 Projection	0.500
Future Year Projection	4.300
Total	4.917
Funding:	
TFGM Grants	0.665
Reserves/Capital Receipts	4.252

Stalybridge Town Centre

Stalybridge Town Centre was awarded capital funding of £19.9m from the Department for Levelling Up Housing and Communities (DLUHC) in the March 2023 UK Budget. This funding will be added to the Capital Programme in 2023/24 once approved at Executive Cabinet.

Existing works in relation to Heritage Walk and the Shop front Grant Scheme within the Stalybridge Heritage Action Zone (HAZ) are progressing and due for completion later in 2023.

Stalybridge HAZ	£m
Prior Year Spend	1.650
2023/24 Projection	2.038
Future Year Projection	0.000
Total	3.688
Funding:	

Historic England Grant	1.275
Revenue Contributions	0.311
Reserves/Capital Receipts	2.102

Godley Green Garden Village

The budget for Godley Green includes £10m of Homes England Grant funding. £0.720m of this grant has been spent to date; the remaining £9.280m is subject to challenging milestones, which require delivery by 31 March 2024. It is extremely unlikely that these delivery milestones will be met and discussions are in progress with Homes England and GMCA regarding future funding.

April 2023 Executive Cabinet approved a budget report for Godley Green which provides for the repurposing of some reserve funded budget to enable conclusion of the planning process. Once the planning process is complete, it is expected that the business case, including the financial modelling, will be refreshed and options for delivery of the scheme subject to Executive Cabinet decision.

Godley Green	£m
Prior Year Spend	4.185
2023/24 Projection	4.883
Future Year Projection	5.304
Total	14.372
Funding:	
Homes England Grant	10.000
Council Reserves	3.860
Other Grants	0.584

Decarbonisation of the estate

The residual works to be delivered by the end of 2023 are funded from school condition grant and reserves/capital receipts.

Decarbonisation of the estate	£m
Prior Year Spend	2.046
2023/24 Projection	0.442
Future Year Projection	0.000
Total	2.488
Funding:	
GMCA Grant	1.574
School Condition Grant	0.330
Reserves/Capital Receipts	0.354
Retrofit Grant	0.230

UK Shared Prosperity Fund

The Council has recently secured grant funding from the UK Shared Prosperity Fund (UKSPF) as set out in paragraph 2.8. The grant was accepted by Executive Cabinet on 08 February 2023. The total grant allocation is being split between Revenue and Capital for Investment and Development and Operations and Greenspace. £0.730m is being allocated for Capital Expenditure in Investment & Development and will need to be added to the Council's capital programme.

Capital Receipts from Property Disposals

Capital receipts from the sale or disposal of Council owned land and buildings are a critical source of funding for the Council's Capital Programme. Other sources of finance available include Government grants, borrowing (that requires repayment via existing revenue budgets), capital reserves and revenue financing (although due to increasing pressures on revenue budgets, this is no longer viable in many cases).

The current capital programme (2023–2025) includes £15.107m of schemes which will need to be funded from Capital Receipts and existing Capital Reserves; £10.162m is required for approved schemes and a further £4.945m for earmarked schemes. The current programme assumes £15.410m can be achieved in Capital Receipts from assets approved for disposal (based on approvals up to 30 September 2020).

Excluding capital reserve balances held specifically in respect of Godley Green and Stalybridge Heritage Action Zone, there is only £0.022m available in capital reserves for 2023/24 and beyond. The 2023/24 Capital Programme is therefore entirely dependent on the timely realisation of capital receipts from the disposal of assets. Should the capital receipts not be achieved, or be delayed in their achievement, the Council will have to either reprofile its Capital Programme to realign expenditure with income receipts or consider alternative sources of capital financing, such as loans from the Public Works Loans Board (PWLB), resulting in costs to the General Fund. The Council will have to consider if the costs of borrowing, at a point in time when they are required, represent value to the Council in delivering its strategic objectives outlined in the Corporate Plan.

Any additional priority schemes that are put forward for consideration and that are not fully grant funded will need to be evaluated, costed and subject to separate Member approval. There will be a revenue cost for any new capital schemes that are not fully funded from alternative sources and the implications of this will need to be carefully considered, given the on-going pressures on the revenue budget.

The Council needs to be reassured that there is timely and proactive disposal of assets approved for disposals, and that the actual receipts are in line with projections. The Disposals Programme is considered and monitored by Asset Management Panel.

Legal Implications: (Authorised by the Borough Solicitor)

This report provides Members with an update on the progress being made on the various projects. With the exception of the recommendation for Cabinet to approve the addition to the capital budget no decisions are being sought in relation to the projects by this report.

Each of the projects are subject to their own due diligence, governance and decision making.


Risk Management:

The approach to risk management is set out at Section 3.


Access to Information:

Not confidential

Background Information: The background papers relating to this report can be inspected by contacting the Report Writers, Mike Reed and Chris Fairbrother

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1. INTRODUCTION

- 1.1 This report provides an update on the delivery of the Place Capital Programme managed by the Departments of Strategic Property, Investment, Development and Housing, and Planning and Place Making.

2. APPROVED CAPITAL PROJECTS

Current Schemes: Town Centres

Ashton Town Centre

- 2.1 As previously reported a total budget of £19.9m is identified in the Capital Programme for the delivery of the Ashton Town Centre Levelling Up Fund. The Council's bid to the Levelling Up Fund included match funding of £4.8m associated with the Ashton Town Centre Mayors Challenge Fund (MCF) scheme. At the present time £4.3m of this MCF funding is classed as unconfirmed whilst the business case for the MCF scheme is being finalised. Therefore £4.3m of existing funding within the Council's approved Capital Programme will be formally substituted as match funding and replace the unconfirmed MCF funding in the LUF programme at no additional cost to the Council.

Ashton Public Realm

- 2.2 The planning application for the proposed works at Ashton Market Square was submitted on 19 June 2023. Engagement is continuing with key stakeholders, including market traders, to plan for the delivery phase. It is proposed that construction on site will commence in early 2024, however, a further report outlining the conclusion of the detailed design works will be submitted to Executive Cabinet in November 2023 for final approval.
- 2.3 The public realm works at Wellington Road have an estimated completion date of 27 October 2023. Upcoming works include the excavation of the northern of carriageway and footway along Wellington Road (opposite Tameside One) to prior to installing planter and paving and the closure of the eastern footway on Harley Street (the Clarendon College forecourt) to commence the new kerb line and paving of the footway.

Former Interchange Site

- 2.4 Approval for the Council to acquire this site from Transport for Greater Manchester (TfGM) was granted at Executive Cabinet on 28 June 2023 ([Item 13](#)). Once the acquisition is completed the Council will be able to commence enabling infrastructure works, comprising land remediation and service diversions, to unlock the site for new uses. This work will be undertaken in the context of longer term opportunities for redevelopment, public realm and movement within the Town Centre.

Ashton Town Hall

- 2.5 Following the completion of the intrusive survey works at Ashton Town Hall the associated updates to the cost plan for the full scope of external restoration and roof replacement provides an opportunity to reconsider the programme of works and the Council's approach to this building in the long term. This will need to be mindful of the impact of significant construction cost inflation over recent months, the need to address immediate health and safety issues and the requirement that the secured Levelling Up Fund grant contribution is utilised by 31 March 2025.
- 2.6 A long term phased approach to the future of the building and further external grant funding continues to be required to deliver future phases. A further more detailed report will be taken to Executive Cabinet later in 2023 regarding the long term strategy and proposals for the building.

Ashton Old Baths, SME Workspace

- 2.7 The Council has secured £730,000 of capital funding from the UK Shared Prosperity Fund (UKSPF) under the SME Workspace investment priority (Intervention E22) to support SME Workspace at the Grade II* Listed Ashton Old Baths. The capital funding will deliver improvement works to the roof and brickwork of the historic building and create additional SME workspace within the building through repurposing of existing spaces. Additional revenue funding from UKSPF has also supported the appointment of a Business Support Officer to be based at Ashton Old Baths.
- 2.8 Overall, this capital funding will ensure that Ashton Old Baths is futureproofed as an important incubation space for the DCT sector. The building sits within the recently adopted Future St Petersfield Masterplan, an important location for new commercial, leisure and residential development.
- 2.9 The Council is currently finalising the relevant grant funding agreement with the Greater Manchester Combined Authority to enable the Council to deliver the UKSPF SME Workplace Place Programme for Tameside and drawdown associated funding.

Stalybridge Town Centre

Capital Regeneration Funding

- 2.10 Stalybridge Town Centre was awarded capital funding of £19.9m from the Department for Levelling Up Housing and Communities (DLUHC) in the March 2023 UK Budget. The Council signed the Memorandum of Understanding with DLUHC for this funding on 16 June 2023 and a delivery programme is now being prepared for the period to 31 March 2026.

Heritage Walk and Public Realm

- 2.11 The Heritage Walk public realm scheme will deliver improvements to pedestrian routes from the train station along Market Street to the Cultural Quarter, including widening of footways and narrowing of the carriageway to reduce vehicle speeds. Market Street remains closed to through traffic from the junction of Water Street to Melbourne Street. Businesses along Market Street remain open and additional signage has been installed. The whole scheme is due for practical completion by the end of 2023.
- 2.12 A strategy for public realm works to continue delivery of the scheme along the remainder of Market Street and other areas of the town centre is now being prepared.

Stalybridge Civic Hall

- 2.13 Works to restore the roof at Stalybridge Civic Hall will start on site in August 2023 with completion scheduled for May 2024. Access to the building during the restoration period will be strictly limited and the decanting of existing occupants of the building to other sites in the Borough is being finalised; all events have now been relocated to alternative venues.

Shopfront Grant Scheme, Market Street

- 2.14 As previously reported the original HSHAZ programme in 2019 identified ten priority properties on Market Street to concentrate activity on vacant buildings. Eight of the original properties identified have had work completed of their own accord before the HSHAZ scheme was formally established. There are two of the original ten properties identified that remain vacant.
- 2.15 Work to one property on Market Street using the shop front grant scheme to the value of c£50,000 is intended to be completed in 2023. Discussions are now progressing with a further property to potentially utilise the shop front grant scheme by the end of the year. A Shop Front Design Guide for Market Street to support and guide future developments in this location will be finalised in 2023.

Current Schemes: Strategic Sites

Proposed Godley Green Garden Village

- 2.16 The proposed Garden Village at Godley Green has been identified in the Greater Manchester Development Plan, Places for Everyone, as the key strategic site for residential development in Tameside. The outline planning application and refreshed Environmental Statement was re-submitted to the LPA on 5 November 2022.
- 2.17 On April 12, Board recommended that £330,000 of the existing approved budget for landowner option fees is repurposed to finance the determination of the outline planning application and also to complete the lease/legal documentation associated with the surrender of the PFI's leasehold interest at Alder High.

Current Position

- 2.18 A small number of technical issues raised by statutory consultees remain outstanding. Once these items are satisfactorily concluded, the Outline Planning Application and addendums to the Environmental Statement can be re-submitted to the LPA.
- 2.19 Due diligence is now underway with a third party organisation to explore options for delivery of the development post planning. This process will include an appraisal of their partnership proposal received in May 2023 as well as options for a competitive process to select a delivery partner from the wider market.
- 2.20 The Council continues to work closely with Homes England regionally and the Greater Manchester Combined Authority (GMCA) to try and ensure that grant funding is retained for the long term benefit of the project.

Current Schemes: Property

Land Disposals

- 2.21 Over the past two financial years, a cumulative total of £0.760m has been achieved through completed sales. Moving into the current financial year, 0.045m has been achieved so far. It is currently forecast that a cumulative total of £5.649m will be achieved from 19 transactions this financial year. The overall risk profile for this financial year is amber, with 12 of the 19 transactions falling within this rating, totalling £3.2 million which represents 57% of the total capital receipts forecast for this year. Similarly 4 transactions have a red risk rating totalling 0.781 million, which represents 14% of the total forecasted capital receipts for this year.
- 2.22 In terms of risk, by the very nature of the property market, selling land and property can never be entirely de-risked. All property transactions carry an inherent degree of uncertainty and depending on the circumstances of each, remain at varying levels of risk, until an unconditional contractual position is achieved. Accordingly, risk levels are mitigated as far as possible, by ensuring that all sales are closely monitored and effectively driven, albeit recognising that the success of any transactional programme, is ultimately determined by local and national economic influences.

Tameside One Voids

- 2.23 The status of the Tameside One voids projects remains the same as at Strategic Planning and Capital Monitoring Panel in June 2023. It is proposed that the final phase of work on the project is not progressed at this time and that the matter be reviewed periodically to ensure the Council's insurance position does not materially change as a result of not completing the works.

Decarbonisation of the Public Estate – PSDS 3a

- 2.24 The majority of the works has now been completed across the 4 sites with the remainder of the works to be completed over the coming month/s. Monies relating to the final grant claim have now been received.

- 2.25 Table 1 below shows the current status of the grant and match monies. The current projected costings for the scheme are at £2,258,786. Our total grant amount received is £1,573,472. GMCA will take a top slice (circa £67,486) from this amount for helping to administer the project. This makes the actual amount of grant the Council will actually receive once they take this as £1,505,986. In addition, we were able to claim some of the match monies over the above the amount of £1,573,472. Additional grant monies claimed over the above amount totalling £125,239 will have to be paid back to GMCA and that money will be used for feasibility studies for future projects (as agreed at CX investment group). GMCA will invoice us in due course for a 'contribution towards the decarbonisation feasibility fund'.
- 2.26 The match contribution the Council is expected to pay is less than the original amount which was £776,534 across the 4 schemes. Works are not yet fully complete and we have been advised that the contractor is still targeting further savings if possible on the final elements of the works.

Table 1 PSDS3 Supporting figures - MOST RECENT FIGURES - MAY STILL BE SUBJECT TO SOME CHANGE

Site	Total project cost £	Total grant available £	TMBC contribution £	TMBC %
Active Leisure Medlock	892,611	646,544	246,067	28%
Active Leisure Hyde	697,773	416,588	281,185	40%
31 Clarence Arcade	37,122	37,122	-	0%
Stalybridge Civic Hall & Market	27,232	27,232	-	0%
St Johns Primary School	251,103	146,548	104,555	42%
Stalyhill Junior School	352,944	231,952	120,992	34%
Total	2,258,786	1,505,986	752,800	33%
Plus GMCA Fee 3.5% (TBC)		67,486		
Total grant including GMCA Fee		1,573,472		

3. RISK MANAGEMENT

- 3.1 **Table 2** below provides a summary of the high risks associated with the delivery of the Place Capital Programme. The table also provides a summary of mitigating actions in order to minimise risk.

Table 2

RISKS	MITIGATING ACTIONS
1. Failure to implement the proposed Capital programme will prevent the appropriate allocation of resources by the Authority.	A robust programme of works will be developed to ensure that the objectives underpinning the Department for Transport and other funding allocations will be met and at the same time meet the objectives contained in Tameside's Community Strategy.
2. Inclement weather preventing commencement and completion of schemes.	A comprehensive and realistic programme of works will be agreed between partners to ensure completion by approved dates. However, should the programme not be achieved it may be necessary to arrange for any outstanding financial resources to be transferred into the following financial year.
3. Due to inflation and supply chain pressures there is currently no certainty on the delivery timescales and availability of materials.	Procurement processes will start earlier than normal and the situation will be kept under review and delivery programmes adjusted if necessary. Whilst the Council's Operational Services and external contractors have access to many material suppliers, shortages of materials or delays in delivery may necessitate alternatives to be sourced or approval will be sought to carry forward the project into the following year.
4. Statutory procedures linked to certain schemes could delay implementation.	Should it be necessary approval will be sought to carry over the project into the following year for completion.
5. Failure to deliver projects funded by external grants will impact on the future success of bids.	External consultancy support being commissioned, with support from STaR, to increase design and business case capacity thereby helping to accelerate the development and delivery of projects.

4. RECOMMENDATIONS

- 4.1 As set out at the front of this report.