

Report to:	STRATEGIC PLANNING AND CAPITAL MONITORING PANEL
Date:	Monday, 8 July 2019
Executive Member Reporting Officer:	<p>/ Councillor Oliver Ryan, Executive Member for Finance and Economic Growth</p> <p>Jayne Traverse – Director of Growth</p>
Subject:	CAPITAL PROGRAMME - GROWTH
Report Summary:	<p>This report provides an update on the 2019/2020 Growth Capital Programme key projects. The report sets out, in Section 2, details of the major approved capital schemes in this Directorate. In addition, Section 3 of this report provides an update on the prioritisation of individual new business cases within the Directorate.</p>
Recommendations:	<p>That Strategic Capital Panel Members note the report and recommend to Executive Cabinet the following be added to the Council Capital Programme:</p> <ol style="list-style-type: none"> i. a sum of £1.137m of 2019/2020 funding from Ministry of Housing, Communities and Local Government (MHCLG) for adaptations, and also a sum of £0.200m for non-adaptations as set out in sections 2.7 and 2.9 of this report. ii. the corporate landlord capital expenditure associated with statutory compliance capital work for the period identified of £0.156m. iii. a S106 education contribution of £0.069m as detailed in 2.30.
Corporate Plan:	The schemes, set out in this report, support the objectives of the Corporate Plan.
Policy Implications:	In line with policy.
Financial Implications: (Authorised by the statutory Section 151 Officer & Chief Finance Officer)	<p>The financial implications within this report can be summarised as follows:</p> <p>Disabled Facilities Grant</p> <p>There is currently £4.252m of budget available for adaptations, which includes the grant allocation from MHCLG for 19/20 of £2.511m. There is £1.508m of this funding already included in the 2019/2020 Capital Programme and this report requests that a further £1.137m is added to facilitate the expected demand this year. This will bring the total budget for £2.645m as per the table in section 2.2. Unused allocations can be carried forward to future years.</p> <p>Following the approval of the new Housing Assistance Policy 2018-2023 at Executive Cabinet 27 March 2019, it is also proposed that £0.200m be added to the Capital programme to fund 2 new discretionary schemes. There is currently £0.999m available as per section 2.5 the non-adaptations schemes and the balance would be used to fund future year's requirements.</p>

Hattersley Station Passenger Facilities

This scheme is fully funded by GMCA and TfGM with £0.750m included in the capital programme. Grant claims need to be submitted on a quarterly basis. The expenditure on this project and timelines must be monitored closely to ensure the project does not overspend and work is completed prior to the deadline of 31 March 2021.

Ashton Old Baths Phase 3

An approved budget of £3.847m is included within the capital programme which includes £0.840m for the data centre and £0.250m of Department of Culture, Media and Sport (DCMS) funding. This is currently going through the tender process with works expected to start in October 2019.

Corporate Landlord – Capital Expenditure

The Capital Programme includes an earmarked amount of £1.593m for Property Assets Statutory Compliance works. Works to date in previous years have been reported to the Strategic Panel retrospectively as completed. This report is requesting a further £0.156m from the above budget. An itemisation of the expenditure is shown in more detail in the table in section 2.2.

Section 106 Agreements and Developer Contributions

The S106 agreements must be spent within a specified deadline, the agreement will also detail the purpose of the contribution, and a record of this is maintained within financial management. A breakdown of the funds currently held is shown in detail in Appendix 1a and 1b. A request to drawdown £0.069m of Section 106 funding to be allocated to Education Capital Programme.

Legal Implications:
(Authorised by
Borough Solicitor)

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None arising from the report. Advice on the legal implications of the individual projects and programme areas covered by the report is given when required.

Risk Management:

This is covered in the reports on individual projects

Access to Information:

The report is to be considered in public

Background Information:

The background papers relating to this report can be inspected by contacting: Nicola Turner



Telephone: 0161 342 2623



e-mail: nicola.turner1@tameside.gov.uk

1. INTRODUCTION

- 1.1 This report provides an update on the major capital projects, within the Capital Programme managed by the Growth Directorate.
- 1.2 The Capital Programme delivers a number of the Council's objectives ranging from statutory responsibilities to regeneration ambitions. Education and leisure projects are covered in separate reports but also form part of the Council's capital programme.

2. APPROVED CAPITAL PROJECTS

Disabled Facilities Grant and Other Related Adaptation Funding

- 2.1 Total budget available for adaptations in 2019-20 will be £4,251,885 including the current financial year's allocation from Ministry of Housing, Communities and Local Government (MHCLG) of £2,511,180.
- 2.2 The Capital programme budget for 2019/2020 will include funding allocated to Housing Adaptations and financial support for three schemes being promoted by Adult Services. The schemes to be included in this year's program are:

Adaptations for residents referred to Housing Adaptations as per new RRO policy	£2,000,000
Funding to support Pilot for Single Handed Care Scheme (Adult Services)	£375,000
Funding to support a new Disability Assessment Centre (Adult Services)	£250,000
Funding to support pilot for "Brain in Hand" (Adult Services)	£20,000
Total Estimated Expenditure for 2019/2020	£2,645,000

- 2.3 To fund this expenditure £1,508,000 has been re-profiled from 2018/2019 and £1,137,000 of the 2019-20 allocation from MHCLG will be added to the capital programme. Actual expenditure on Housing Adaptations is heavily dependent upon referrals from Adult's and Children's Occupational Therapists and the recommendations contained therein. The support for the Adult Services schemes will be an internal transfer of funds.
- 2.4 The allocation for 2019-20 is the final year of the 5 year Government agreement for Adaptations funding from MHCLG. There is no indication at this time what level of future funding may be. Unused adaptations funding can be carried into 2020-21 to underpin potential reduction in allocation or for new initiatives.

NON-ADAPTATIONS

- 2.5 The total budget for non-adaptation works is £999,289 including repayments from previous capital schemes. The intention is to offer some of this budget to fund 2 new discretionary repair schemes highlighted in the new RRO Policy: over 65 Stay Put Scheme and a Home Repair Assistance for vulnerable families. Each scheme will have £100,000 allocated. Depending upon take up the remaining funds will be used to maintain the program over future years.
- 2.6 The non-adaptation schemes are discretionary and are contained within the approved Financial Assistance Policy 2018-23. Capital, including additional in-year repayment of previous grant will be used to supplement finance and underpin further schemes within the lifetime of the policy.
- 2.7 The table below provides a high level summary of the key project risks.

Risk	Mitigation	Status
Financial – prioritisation of DFG funding	Prioritise this element of budget	AMBER
Partnership working -	Ensure close working arrangements are in place with Adult and Children's services to achieve agreed output targets	GREEN

Hattersley Station Passenger Facilities

- 2.8 Improvement works to Hattersley Rail Station Passenger Facilities, constituting a new ticket office, improved public realm and car park extension form Stage 2 of the ongoing works to improve the station. Following the Stage 1 improvements made to Hattersley Road West and the station car park in 2016, passenger numbers using the station have increased substantially, from 51,982 in 2014/15 to 88,926 in 2017/18.
- 2.9 The station is owned by Network Rail and is leased and operated by the current Northern franchise operator Arriva Rail North.
- 2.10 This scheme is fully funded by GMCA and TfGM through Growth Deal 2 grant which has a value of £750,000. In order to draw down the total value of this grant all works must be completed by the 31 March 2021.
- 2.11 The spend to date on this scheme is £73,508 and the projected spend for the next phase of the project is £107,816. The remaining funding envelope for this project is £568,676.
- 2.12 The table below provides a summary of the high level project risks:

Risk	Mitigation	Status
Financial – spend to be achieved by March 2021	<ul style="list-style-type: none"> Value for Money will be confirmed by Arriva Rail North Ltd. Close monitoring of project to ensure works are delivered by the 31 March 2021 in order to secure grant funding. Rigorous change control process implemented. 	GREEN
Stakeholder Engagement / Reputation	<ul style="list-style-type: none"> Stakeholder engagement ongoing. 	GREEN
Economic Benefits	<ul style="list-style-type: none"> Economic benefits to be evaluated at end of project life. 	GREEN

Ashton Old Baths Phase 3

- 2.13 The full business case for the Ashton Old Baths Phase 3 project, involving the redevelopment of the Annexe as offices and a new Data Centre, was approved by Executive Cabinet on 12 December 2018. Executive Cabinet also approved a waiver of Procurement Standing Orders for the award of the contract for the supply and installation of a new Electricity Sub-Station to Electricity North West (ENWL) and for the award of the main contract through a two-stage design and construct procurement process.
- 2.14 The approved budget for this project is £3.847m.

- 2.15 The project has progressed through RIBA stage 3 and as agreed by Executive Cabinet on 12 December 2018, a design team (MCAU) has been appointed using the Bloom Framework to progress the project through to RIBA 4.
- 2.16 The tender process is underway and scheduled to be complete by September 2019.
- 2.17 Subject to the outcome of the tender exercise works are anticipated to start on the 21 October 2019 and be complete by August 2020.
- 2.18 The table below provides a summary of the high level project risks:

Risk	Mitigation	Status
Failure to develop an appropriate business case	<ul style="list-style-type: none"> Experienced specialist cost consultants engaged to provide cost information to inform a robust business plan High level of interest/commitment from future occupiers 	GREEN
In appropriate redevelopment of a Grade II listed building	<ul style="list-style-type: none"> Early and ongoing engagement with Historic England and TMBC Planning team Listed Building application approved 	GREEN
Delays with Electricity North West to the delivery of substation	<ul style="list-style-type: none"> Assurance given by EWN to deliver a new substation within 12 weeks of placing order Planning application for substation approved 	GREEN
Insufficient funding available to complete all aspects of the project	<ul style="list-style-type: none"> The project is subject to close monitoring to ensure overall costs are contained within approved budget Fit out costs included within the budget Appropriate contingency established as part of Stage ¾ costs 	GREEN

Corporate Landlord – Capital Expenditure

- 2.19 This section of the report provides details of the corporate landlord capital expenditure in regard to statutory compliance repairs on the Councils buildings during the period covered by this report totaling **£155,723.84**.
- 2.20 The Council has a duty to ensure that its buildings provide a safe and effective physical environment for staff and services to operate from. 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 also inform in regard to 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.
- 2.21 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.

2.22 The table below provides details of itemised spend during the period:

Building	Work Undertaken	Cost
Union Street Hyde	Demolition of unsafe buildings	52,750.00
Ashton Market Hall	Fire safety work	1,026.33
Ashton Market Hall	Electrical safety work	1,517.84
Ashton Market Hall	Emergency lighting remedial work	3,130.40
Ashton Market Hall	Gas safety work	1,438.35
George Lawton Hall	Fire safety work	404.59
320 Stockport Road	Fire safety work	357.23
St Lawrence Road	Roof and ceiling repair	1,284.97
Clough Fold	Fire safety work	1,739.51
Ashton Old Library	Fire safety work	664.77
Wilshaw House	Fire safety work	278.08
Wilshaw House	Access and safety remedial construction	758.61
Loxley House	Access and safety remedial construction	12,374.07
St Peters Children Centre	Fire safety work	322.98
Linden Road Children Centre	Electrical safety work	9,523.00
Heginbottom Mill	Fire safety work	255.26
Tame Street Depot	Lighting compliance/safety refurbishment	41,190.00
Tame Street Depot	Roof and ceiling repair	436.56
Dukinfield Town Hall	Emergency lighting remedial work	1,270.98
Dukinfield Town Hall	Fire safety work	1,201.00
Ridgehill Children Centre	Fire safety work	518.95
Stamford Park	Floor safety work	299.60
Margaret Street Offices	Lighting repairs	528.42
Ryecroft Hall	Fire safety work	5,261.90
Blocksages Playing Field	Gas safety work	699.51
Dukinfield Crematorium	Gas safety work	1,026.70
Dukinfield Library	Access and safety remedial work	342.40
Denton Resources centre	Water safety work	526.48
Droylsden Library	Access and safety remedial construction	3,067.62
Stalybridge Library	Lighting repairs	382.85
Tame Street Engineers	Access and safety remedial construction	5,266.54
Various sites:	FRA and asbestos checks /remedial work	5,878.34
	TOTAL EXPENDITURE	155,723.84

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.”

Section 106 Agreements and Developer Contributions

2.24 This section of the report summarises the financial position as at 30 April 2019 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.

2.25 The current position for s106 Agreements is £1,182,000 in credit, as at 30 April 2019 as detailed in Appendix 1a.

2.26 The position for Developer Contributions as at 30 April 2019 was £131,000 in credit, less approved allocations of £42,000, leaving a balance of £89,000, as detailed in Appendix 1b.

New Section 106 Agreements

i. 18/00304/FUL – Village Hotel Ashton, Pamir Drive, Ashton-under-Lyne, OL7 0LY

Planning permission was granted for the erection of a 48 bedroom extension with link bridge connecting to the existing Village Hotel, Ashton, including reconfiguration of the existing car park, landscaping and associated works. It was considered by the Speakers Panel (Planning) at their meeting on 25 July 2018 and approved, as recommended, with conditions, subject to the applicant entering into a Section 106 agreement securing off site highway improvements. Specifically, this was for the sum of £16,992 to be paid by the Owner to the Council prior to the commencement of development and used for cycle improvements to the Lord Sheldon Way.

The decision was issued on 26 February 2019 following the completion of the S106 agreement.

ii. 16/00403/OUT – Land formerly Prospect House, Stockport Road, Mossley

Outline planning permission was granted for the erection of 25no. dwellings with associated works (with means of access considered and all other matters 'reserved'). It was considered by the Speakers Panel (Planning) at their meeting on 25 April 2018 and approved, as recommended, with conditions, subject to the applicant entering into a Section 106 agreement securing contributions towards Green Space (for enhancements to the infrastructure, including footpaths, at Roaches), Education (for increasing admission numbers at Mossley Hollins High School), and Highways (for creating controlled pedestrian crossings on the A670 to improve pedestrian access to St Georges and Livingstone Primary Schools).

As the application was for outline permission only, and with no detail on the size of the dwellings that will be proposed, the contributions are based on the following:

Green Space Contribution: £631.84 per property (irrespective of size)

Education Contribution: £867.21 per 2-bed property;
£1,211.34 per 3-bed property; and,
£1,382.35 per 4-bed property

Highways: £783.43 per property (irrespective of size)

The decision was made on 8 March 2019 following the completion of the S106 agreement.

Requests to Draw Down Funding

2.27 Planning permission was granted under planning application 10/00788/FUL for a residential Development comprising 143 dwellings together with associated infrastructure, site remediation and temporary sales signage, on land at the Former Senior Service Site, Ashton Road, Hyde. It was approved, with conditions, and subject to a Section 106 agreement on 4 January 2011.

2.28 The Section 106 agreement included an Education Contribution of £138,960 to be paid as a contribution towards the provision of education facilities in accordance with the Council's

Adopted SPD on Developer Contributions. 50% of this was to be paid prior to the first occupation of the 50th dwelling and 50% prior to the first occupation of the 125th dwelling.

- 2.29 Following a review of local primary school places it was determined to expand the nearby Yew Tree Primary School, Yew Tree Lane. Two additional classrooms were provided so that the school could increase its admission number from 60 to 75 throughout. These classrooms were constructed at a total cost of £469,449 and completed in December 2015.
- 2.30 It is requested £69,480 (representing the first staged commuted sum payment of the Education Contribution) be drawn down from the Community Education Developer Contribution fund. This will allow funding previously spent from the Council's ring-fenced School Basic Need budget to be replenished by this amount. In turn this will fund ongoing commitments to create additional school places in the future.
- 2.31 An update on the latest financial position can be found in **Appendix 1** of this report.

3. RECOMMENDATIONS

- 3.1 As set out at the front of the report.

APPENDIX 1

SECTION 106 AGREEMENTS – FINANCIAL UPDATE

Section 106		Community Services	Engineering Services	Services for Children & Young People	Other	Total
		£000	£000	£000	£000	£000
S106 - Applied - Budget Transferred to Service Area	Balance Transferred Previous Years (2006/07 - 2017/18)	838	1,632	1,250	16	3,736
	Total	838	1,632	1,250	16	3,736
S106 - Not yet earmarked	Brought Forward from 2018/19	(295)	(161)	(712)	(14)	(1,182)
	Received Periods 1 - 3					0
	Received Periods 4 - 6					(1)
	Received Periods 7 - 9					0
	Received Periods 10 - 12					0
	Transferred to Service Area					0
	Total	(295)	(161)	(712)	(14)	(1,182)
S106 - Not yet reached trigger point		(653)	(306)	(595)	(12)	(1,566)

**DEVELOPER CONTRIBUTIONS (SECURED PRIOR TO COMMUNITY
INFRASTRUCTURE LEVY REGULATIONS)**

Developer Contributions	Green Space Contribution	Community Education Contribution	Integrated Transport Contribution	4% Administration Charge	Totals
	£000	£000	£000	£000	£000
Brought Forward from previous years	(42)	(73)	(17)	1	(131)
Received Periods 1 - 3	0	0	0	0	0
Received Periods 4 - 6	0	0	0	0	0
Received Periods 7 - 9	0	0	0	0	0
Received Periods 10 - 12	0	0	0	0	0
Transferred to Service Area 19/20 YE	0	0	0	0	0
Approved at previous SCP for release at year end	42	0	0	0	42
Total	0	(73)	(17)	1	(89)