

Report to: **STRATEGIC PLANNING AND CAPITAL MONITORING PANEL**

Date: 6 July 2020

Executive Member / Reporting Officer: Councillor Oliver Ryan - Executive Member (Finance and Economic Growth).
Jayne Traverse, Director of Growth

Subject: **GROWTH 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.
Appendix 1 attached shows the list of approved capital schemes within the Growth Directorate capital programme along with the 2019/20 capital outturn position.

Recommendations: That Members note the report and RECOMMEND to Executive Cabinet the following be added to the Council Capital Programme that the budget for adaptations in 2020/21 is approved at £2.322m, funded from the Disabled Facilities grant and £0.100m of other external contributions.

Corporate Plan: The schemes set out in this report support the objectives of the Corporate Plan.

Policy Implications: In line with Policy

Financial Implications: **Disabled Facilities Grant**
(Authorised by the statutory Section 151 Officer & Chief Finance Officer)
We will be seeking approval to include £2.322m on the 20/21 Capital Programme for adaptations, which will be funded from £1.050m remaining balance of the 2019/20 Disabled Facilities Grant, £1.272m of the 2020/21 grant, and £0.100m of other contributions. The Council has been allocated £2.511m of Disabled Facilities Grant for 2020/21, the balance of which will be used in future years. As of 30 April 2020 there has been expenditure incurred of £0.136m and it is currently expected that the £2.322m budget will be spent in full (subject to the effects of the Covid19 pandemic). Of the total budget, there is £0.200m allocated for non-adaptations, with a potential spend of £0.080m resulting from enquiries to date.

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 and the scheme must be completed by March 2021 to enable the full amount of the grant to be claimed, this means this project must be monitored closely. The scheme is currently expected to be completed in financial year 20/21 and within budget.

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 DCMS funding. The budget for the data centre has previously been reported within the Digital Tameside directorate but as this is managed as one project, they have now been

combined. The scheme works commenced in March 2020 but were put on hold due to the COVID19 pandemic. Work has now resumed but delays to completion of the scheme may result in budget pressures if additional costs are identified.

Ashton Town Hall

The Capital programme included an earmarked resource of £10.000m for Ashton Town Hall. On the 24 July 2019, Executive Cabinet approved the release of £0.100m of the earmarked budget to fund further market testing, and a further £0.270m on the 18 December 2019 for emergency works to the building parapet and to establish a high level cost and programme. This has now been added to the Programme, leaving an earmarked balance of £9.630m.

Corporate Landlord – Capital Expenditure

The Capital Programme includes an earmarked value of £0.728m for Property Assets Statutory Compliance works. Works to date in previous years have been reported to the Strategic Panel retrospectively as completed.

Survey work undertaken by the Council, has identified the need for emergency repairs to Hartshead Pike. In order to address the immediate concerns the lantern has been removed from the top of the tower at a cost of £0.023m (funded from existing revenue budgets). Approval has been given to undertake additional work to arrest the pikes deterioration and to reinstate the lantern structure. The cost of the works, estimated to be £0.061m, is to be funded from the Property Assets Statutory Compliance Budget.

Proposed Godley Green Garden Village

Godley Green is proposed to be developed as a Garden Village, there is currently £0.369m already in the Capital Programme to assist with the early preparations. The Council has applied for a £10m grant from Homes England which has now been approved and agreed. Following the award of the funding, £0.720m is available for drawdown to fund the design of infrastructure to open up the site for residential development. The first claim for £298,900 has been made and received.

A detailed capital business case outlining the spending of the £10m grant now needs to be developed. A full business case will outline the planned infrastructure expenditure that will enable the development of the whole site. It is expected that the Council will generate a capital receipt from the eventual sale of its own land interests in the development. The value of the receipt will be subject to the market conditions and the overall success of the scheme, but is expected to be a significant sum that will contribute to funding the Council's wider capital investment programme.

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 2**.

The Council's capital programme ambition is currently unsustainable. The current committed programme requires

£18.8m of corporate resources, with only £14.6m available in reserves, leaving a £4.2m shortfall which needs to be met from the proceeds from the sale of surplus assets. Whilst this report is not identifying significant cost pressures at this stage, incremental cost pressures across a number of schemes will soon result in substantive additional resource requirements. Any cost pressures arising as a result of Covid-19 or other factors will increase the resources needed to deliver the approved programme, and the current shortfall of £4.2m will increase.

The broader ambition of the Council points to a further requirement of £33.2m of corporate funding to pay for schemes identified as a priority and subject to future business cases. Clearly these will be unable to progress until additional capital receipts are generated. The Growth Directorate are reviewing the estate and developing a pipeline of surplus sites for disposal.

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

This is a high level report to provide a progress update and to provide an opportunity for the Panel to ask questions and seek any clarity if required in relation to the projects included in this report.

The Panel is not a decision maker in relation to these projects, which are all subject to their own due diligence, governance and decision making. This includes addressing such matters as whether there are contractual obligations as set out in para 2.16.

The Panel is being asked to recommend whether additional funding should be allocated to certain projects. In considering this Members will no doubt be mindful of the Council's overall budgetary position and seek reassurance that any additional spend is necessary and represents good value for the Council and the Residents of Tameside.

The role of the Panel is to ensure that any projects agreed under the Council's capital programme are delivered on time and on budget and if they are impacted adversely in any way to understand why and to be assured that sufficient focus is being made to get back on track whilst meeting the Council's statutory requirements to deliver a balanced budget and ensure delivering vfm. Members need to be satisfied that the reports and information provided to them enables them to make that judgment and if not to ask for further information and assurance.

Risk Management:

This is covered in the content of the report

Access to Information:

By contacting the report author.

Background Information:

The background papers relating to this report can be inspected by contacting Paul Smith



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1. INTRODUCTION

- 1.1 This report provides an update on the major capital projects, within the Capital Programme managed by the Growth Directorate. It also provides an update on the prioritisation of business cases yet to be approved and formally included in the Capital Programme.
- 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 The total grant funding available for adaptations for 2020-2021 is £4.105m. The budget being requested for approval in 20/21 is £2.322m for Adaptations based upon the previous years' expenditure. This includes a request for £0.020m for Personal Wheelchair Budget and £0.100m for a pilot to assist in the provision of 2 homes for disabled people with complex needs. The balance of unspent Disabled Facilities grant allocation for 2020/21 will be carried forward to underpin possible future reductions in funds or for new initiatives.
- 2.2 There is no provision within the Disabled Facilities Grant to provide wheelchairs to meet the specific needs of people with severe mobility issues. Wheelchair users often require specific and tailor made chairs that current budgets in children's services and adult services are struggling to meet. Often families are not in a position to fund the top-up costs required. By allowing wheelchairs to be specific to the needs of the individual it will assist with independence and assist with reducing other care related costs. An initial £20,000 is request by the Wheelchair Service to trial a top-up scheme. Additional funding could be made available through the year should it be required.
- 2.3 There are a number of people with severe and complex disabilities living at home with their families where the family takes on the majority of the care provision. This effectively saves the council considerable sums in care costs. For some families the stress of providing this care is becoming an issue that could see the care being moved to the Council. Adult Services and Children's Services would like to investigate the possibility of providing purpose built homes to house these families. In two particular cases the properties in which the families live have been subject to considerable adaptations and cannot be adapted further but still don't meet all the assessed needs or allow a reasonable family life for other siblings. The ideal solution is to provide purpose built properties that will meet the needs of these people and be constructed such that they will meet the needs of future occupants with some alterations. The properties would be owned by a Social Housing Provider and they would co-fund the development and build. The footprint of these properties would be larger than a traditional house due to being potentially single storey or two storeys with an extensive ground floor, including useable outside space. Discussions with housing providers in the borough are at an early stage. A sum of £100,000 transferred to Adult Services would be used as a contribution towards the build costs of these two new homes.
- 2.4 Disabled Facilities Grants – the financial information reported below for adaptations is valid as at end of April. The Covid19 pandemic had little effect on delivery and completion of adaptations at the end of 2019-20. During the first 2 months of 2020-21 however Covid19 did have a serious effect on delivery of adaptations: residents did not want any council staff or contractors to attend their home plus contractors were unable to deliver due to supply chain issues resulting in staff being furloughed. The situation however has changed following the relaxation of restrictions resulting in residents more willing to allow access; work has now resumed although at a reduced level. There are still some supply issues around specialist toilets, curved stair lifts and through floor lifts. The number of referrals

from both Adult and Children's Services has fallen dramatically since early April due to staff being relocated to support other areas and no being able to carry out assessments in person. There is currently enough work in the service for the next couple of months but if this situation does not change soon it will have a serious effect on delivery of adaptations and on income for the service. The program to replace old stair lifts and hoists currently on the service and maintenance program will continue during 2021 but this too is currently on hold due to factors around Covid19 although emergency replacements are still being actioned where possible. Until lifting and hoisting contractors resume a reasonable level of production only urgent and emergency installs are being carried out. This program of replacements is still expected to reduce revenue costs within Adult Services who fund the maintenance service and reduce care costs when old units do fail and cannot be repaired.

Referrals received in year	41	Urgent and Substantial	From Adults and Children's Services
Approved schemes	78	Urgent and Substantial	Including 55 carried over from 2019-20. 13 approvals on hold due to Covid19
Completions to date	21	Urgent and Substantial	
Scheme currently being worked on – not yet approved	71	Urgent and Substantial	Including 24 on hold due to Covid19
Budget committed	£686,371	Value of schemes approved and ordered	Major and Minor Adaptations
Expenditure to date	£165,265	As per Agresso – includes minor works and fees end of April	as of 28 April
Referrals awaiting allocation	10	Current waiting list for Substantial	Oldest referral is dated 13 April 2020
Referrals cancelled	4		3 Clients passed away. 1 cancelled due to re-assessment
Minor Adaptations Ordered	115	All tenures	Including 70 carried over from 2019-20
Minor Adaptations Completed	13	All tenures	

Funds Transferred to Adults Services in 2019-20

2.5 Moving with Dignity Scheme

The Moving with Dignity scheme was approved on the 24 July 2019 at Executive Cabinet. The investment of £0.375m to fund this dedicated scheme was transferred to Adult Services during last year. This scheme is now operational.

2.6 Disability Assessment Centre (DAC)

£0.250m was allocated for this project last year and has been transferred to Adult Services. A basic layout provision has been prepared for each assessment area identified by OT services and a number of discussions have taken place with Adult Services but no premises have yet been identified. It is considered £0.250m may not be enough to make this operational and further funding may be required from the available grant allocation during this financial year.

2.7 Non-adaptations

The total budget for non-adaptation works is £0.999m including repayments from previous capital schemes.

2.8 The new non-adaptation schemes to assist elderly and vulnerable home owners carry out urgent/ health and safety repairs to their homes has 4 schemes with under preparation and a further 4 at the enquiry stage. Discussions with STAR procurement are underway to encourage small builders to bid for these non-adaptation works. This will take place during the summer. An allocation of £200,000 is earmarked for these schemes for 2020/21.

2.9 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	GREEN
Partnership working -	Ensure close working arrangements are in place with Adult and Children’s services to achieve agreed output targets	GREEN – the number of referrals has increased

Hattersley Station Passenger Facilities

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 A Funding Agreement has been completed for completion of GRIP Stages 1 – 5 and the development of GRIP Stages 4 - Single Option Development and GRIP Stage 5 - Detailed Design are in progress. These stages will produce the outputs of a detailed design of a preferred option and associated costs estimates, together with a project programme. The construction phase of the project (GRIP Stage 6 to 8) will take place as soon as possible following the completion of GRIP Stages 4 and 5. The required approvals to enter into a new funding agreement to complete the project and its respective GRIP stages are currently under consideration and a report will be submitted in due course.

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
Tender returns for the preferred option and other project costs exceed the budget.	<ul style="list-style-type: none"> Undertake value engineering exercise where possible, or seek further budget support through HLB if appropriate. 	AMBER
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 which includes £0.840m for the Data Centre and DCMS Contribution of £0.250m. The budget for the Data Centre (previously included under Digital Tameside) has been moved and consolidated with the budget for Ashton Old Baths (AOB) Phase 3 because the Data Centre is now part of the AOB project. The AOB phase 3 and Data Centre works have been procured and are being managed as one project, and as such for ease of budget monitoring, the budgets have been combined.
- 2.15 The Principal Contractor, the Casey Group Limited, took possession of site on Monday 24 February 2020. The original programme identified a completion date of 18 December 2020 however this has now been impacted due to the nationwide lockdown in response to the COVID-19 pandemic.
- 2.16 The Casey Group closed the site on 27 March 2020 and returned on 12 May 2020. In addition to the delay, the Contractor has also made an application for COVID-19 Hardship consideration which is under review. However, the estimated costs applied for is £7,147.31/ week equating to £42,883.86. The Council will only make a hardship payments to contractors where there is a contractual obligation to do so.
- 2.17 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"> EWN to deliver a new substation within 12 weeks of placing order; order has been placed, starting in April. 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 RIBA Stage 3/ 4 costs. 	GREEN
Impact of delay to programme on the switch over of the digital service from Rochdale to Ashton Old Baths.	<ul style="list-style-type: none"> There is a potential risk to continuity of digital service if the delay is not accounted for in the programmed switch over dates. This is under review. 	AMBER

Ashton Town Hall

- 2.18 Works to Ashton Town Hall forms the next phase of the Vision Tameside flagship development. The condition of Ashton Town Hall continues to give cause for concern and if significant work is not undertaken to the “envelope” in the short term then this significant heritage asset may be put at risk, and the cost of work required to restore and redevelop the building is likely to increase significantly. In order to arrest any further deterioration of the building, which will inevitably occur whilst alternative development options are explored, governance has been obtained to undertake an “envelope” refurbishment/restoration scheme procured through the LEP, as the first stage of a two stage approach to the redevelopment of the building. In order to establish a high level cost and programme a budget of £0.050m has been established in the Capital Programme. In advance of the proposed envelope scheme emergency repairs works are required to the building parapet and roof. The cost of the emergency repair is estimated to be £0.120m with works planned to take place as a matter of urgency.
- 2.19 The initial plans drawn up in 2017 developed a model for Ashton Town Hall, which delivered the objectives of the Council but with a significant ongoing revenue cost. In the context of the ongoing financial pressures facing the Council, further market testing is required to consider alternative models which could deliver revenue benefits or reduce the revenue costs to the Council. The cost of market testing, estimate to be £0.100m, is to be funded from the approved Capital Programme. Work on the feasibility study is underway and will be informed by the wider Ashton Town centre Regeneration Strategy. A further £0.270m was approved by Executive Cabinet in December 2019 to fund emergency works.
- 2.20 The next phase includes developing a business case and options appraisal for the long term use of the Town Hall within the context of the retail core masterplan. An experienced surveyor has been appointed by the Council to lead the development of the business case and options appraisal for the use of the building. In parallel with developing the Town Hall business case a masterplan is being developed by the two shopping centre owners in consultation with the Council. The masterplan will then inform the Town Hall business case and both are to be completed July 2020. The emergency work and plans for the envelope scheme are being taken forward by the LEP.

Hartshead Pike

- 2.21 The monument tower on Hartshead Pike was built in 1863 and is Grade 2 Listed. The site is owned and maintained by the Council. Survey work, undertaken by the Council, identified the need for emergency repairs to the 1.35m tall mullioned lantern (with wrought iron finial) that sits at the top of the tower some 20m above ground level. The lantern was at risk of falling to the ground posing a significant health and safety risk to passers-by and a risk to the integrity of the heritage asset. In order to address the immediate concerns the lantern has been removed from the top of the tower at a cost of £0.023m. The cost of the removal has been met from existing revenue budgets. Approval has been given to undertake additional work to arrest the pikes deterioration and to reinstate the lantern structure. The cost of the works, estimated to be £0.061m, is to be funded from the Statutory Compliance Budget. Work is due to begin in August subject to Listed Building Consent.

Proposed Godley Green Garden Village

- 2.22 The proposed Garden Village at Godley Green is the key strategic site for residential development in Tameside. Working with the Godley Green Landowners, a locally led public sector intervention of this scale has the potential to deliver up to 2,350 new homes. 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. The £10m Housing Infrastructure Funding (HIF) award for the Godley Green Garden Village was approved on 25 March 2019. Executive Cabinet agreed to enter into the Grant Funding Agreement on 23 October 2019 and was officially signed and sealed in December 2019

- 2.23 The Council has now entered into the Quality Assurance arrangements with Homes England. Homes England has assigned a dedicated Relationship Management Officer to the project. This involves bi-monthly project management meeting to review the £10m Grant Funding Agreement and its associated contract conditions and Milestones.
- 2.24 These new arrangements with Homes England have provided the forum for the Council and Homes England to discuss the project milestones and timescales in absolute detail to attempt to agree a position where the project can advance. The meetings have led to a number of the milestones being re-defined and adjusted or in some cases deleted. There is now far more clarity and certainty on project delivery on both sides.
- 2.25 Following the award of the funding, £0.720m is available for drawdown to fund the design of infrastructure to open up the site for residential development. The first claim for £300,000 has been made and received. A detailed capital programme plan outlining the spending of the £10m grant will need to be developed before being adding the remaining £10m to the Council's capital programme. A full business case will be required once the proposals are developed that outlines the planned infrastructure expenditure that will enable the development of the whole site. It is expected that the Council will generate a capital receipt from the eventual sale of its own land interests in the development. The value of the receipt will be subject to the market conditions and the overall success of the scheme, but is expected to be a significant sum that will contribute to funding the Council's wider capital investment programme for the benefit of the borough and its residents.

Corporate Landlord – Capital Expenditure

- 2.26 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.
- 2.27 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 need to be presented to members for approval.
- 2.28 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 within budget.

Section 106 Agreements and Developer Contributions

- 2.29 This section of the report summarises the financial position as at 31 May 2020 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.
- 2.30 The current position for s106 Agreements is £775,000 in credit, less approved allocations of £197,000, leaving a balance available to drawdown of £578,000, as at 31 May 2020 as detailed in **Appendix 2**.

- 2.31 The position for Developer Contributions as at 31 May 2020 was £70,000 in credit, less approved allocations of £42,000 leaving a balance of £28,000 as detailed in **Appendix 3**.
- 2.32 Details of new Section 106 Agreements can be seen in **Appendix 4**.

Requests to Draw Down Funding

None.

3. RECOMMENDATIONS

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