

Report to:	STRATEGIC PLANNING AND CAPITAL MONITORING PANEL
Date:	22 November 2021
Executive Member:	Councillor Oliver Ryan - Executive Member (Finance and Economic Growth).
Reporting Officer:	Ian Saxon, Director for Place Paul Smith, Assistant Director Strategic Property
Subject:	GROWTH (PLACE DIRECTORATE) CAPITAL PROGRAMME UPDATE REPORT
Report Summary:	This report provides an update, on the 2021/22 former Growth Directorate Capital Programme and sets out details of the major approved capital schemes. These are now transferred to the Place Directorate.
Recommendations:	<p>That Strategic Planning and Capital Monitoring Panel be recommended to:</p> <ul style="list-style-type: none"> (i) note the report including the consolidation of various remaining funding streams for Godley Green to create one capital scheme with a total value of £12.599m (section 2.7 table 1 refers). (ii) In addition, note that a £1m budget was approved by Executive Cabinet on 29 September 2021 for statutory compliance (section 2.18 refers). (iii) Recommend that an uplift to the Planning Obligation Calculator of 11% (in line with CPIH, March 2016-August 2021) is approved by Executive Cabinet (section 3.12 table 2 refers).
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: (Authorised by the statutory Section 151 Officer & Chief Finance Officer)	<p>Appendix 4 provides a summary of the Growth (Place directorate) 2021/22 capital programme as at 30 September 2021.</p> <p>Members should note that Appendix 5 provides an update on the key milestones for relevant schemes</p> <p>Tameside One – Ceiling Voids</p> <p>Section 2.3 informs Members of the insurance requirements to deliver this scheme in the entire Tameside One building. Discussions are ongoing with Tameside college about access and any impact on the Council's insurance costs.</p> <p>Proposed Godley Green Garden Village</p> <p>Set out in sections 2.4 to 2.11 of this report are details of the consolidation of various remaining funding streams to create one capital scheme with a total value of £12.559m.</p> <p>Stalybridge High Street Heritage Action Zone (HSHAZ)</p> <p>The 2021-22 budget of £3.083m includes the additional £1.139m of Capital funding approved by July 2021 Executive Cabinet for</p>

Stalybridge Civic Hall roof works. The Future years capital budget total £0.606m brings the total capital budget for the scheme to £3.689m.

Corporate Landlord – Capital Expenditure

Sections 2.18 to 2.21 of the report provides information relating to statutory compliance works. Members are requested to note that a £1m budget was approved by Executive Cabinet on 29 September 2021 for statutory compliance.

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 provided in **Appendices 1 and 2** and are explained in section 3 of the report.

There has been one request for the drawdown of a S106 of £0.060m receipt as set out in section 3.5 of this report. The scheme is included within the Operations and Neighbourhoods service report with a recommendation for inclusion within the approved capital programme.

Planning Obligations Calculator

Section 3.12, table 2, sets out the proposed uplift of rates in the Planning Obligations Calculator. Recommendation 2 requests approval of these rates by the Executive Cabinet.

Land disposals

Section 4 of the report provides an update of land disposals with supporting details for each site included within **Appendix 3**. Members are reminded that a critical source of funding required to finance the Council's capital programme is capital receipts from the sale or disposal of Council owned land and buildings. The existing approved capital programme requires a minimum of £15.4m of capital receipts which is based on the disposal of surplus assets approved by the Executive Cabinet on 30 September 2020.

The confidential **Appendix 6** provides a guide of the estimated lower and upper disposal values that may be realised for each asset.

Resources available to fund the Capital Programme

The Council has limited resources available to fund Capital Expenditure. On 29 September 2021, Executive Cabinet approved the allocation of the remaining capital reserves to immediate priorities. No new capital investment will be agreed until the revenue budget position for 2022/23 is clearer and the Council has a sustainable medium term financial plan. A further review of Capital Priorities and the affordability of future borrowing to fund Capital Expenditure will be undertaken following conclusion of the 2022/23 budget setting process. No further capital projects will be approved in the short term unless the schemes are fully funded from external sources.

Legal Implications:
(Authorised by the Borough Solicitor)

This report intended to provide the Panel with an overview of the capital works to provide Members with an opportunity to review the progress being made particularly in terms of timescales, value for

money and delivery of capital receipts.

Paras 2.18 to 2.21 refer to approval of statutory compliance –where it is noted that a schedule of forward works and those which have been undertaken will be provided at the next meeting.

Appendix 3 and 6 needs to include savings to be made from Revenue account from proposed disposals especially as these will not have been provided at the point of the decision to add to disposal list and provide clarity as to both capital costs to be achieved and Revenue savings to be made.

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 being delivered by the former Growth service's with the Place Directorate.
- 1.2 The Place Directorate also plays a key role in the delivery of Capital projects with other directorates. These projects are covered by separate reports.

2. APPROVED CAPITAL PROJECTS

Recently completed schemes

- 2.1 The following capital projects are now complete. However, they will continue to be highlighted in this report until the relevant final accounts have been agreed:

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

Programme: Completed in May 2021

Budget: Within budget subject to final account

Remaining Issues: None

Denton Baths Site Clearance – RAG STATUS: GREEN

Programme: Completed in May 2021

Budget: Within budget subject to final account

Remaining Issues: None

Former Two Trees School – Site Clearance – RAG STATUS: GREEN

Programme: Completed in June 2021

Budget: Within budget subject to final account

Remaining Issues: None

Hyde Pool Extension. RAG STATUS: GREEN

Programme: Completed in July 2021

Budget: Within budget subject to final account

Remaining Issues: None

Current schemes

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

- 2.2 Programme: New Library opened to the public in September 2021. The demolition of the old is now underway and will be completed by the end of December 2021.

Budget: Currently on budget

Remaining Issues: None

Tameside One – Ceiling Voids .RAG STATUS: GREEN

- 2.3 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: Discussions ongoing with Tameside College To agree access dates Tameside One floors Ground and level -4 have an estimated completion of Feb 2022.

Proposed Godley Green Garden Village

- 2.4 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. An Outline Planning Application was submitted to the Local Planning Authority on 30 September 2021.

- 2.5 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.
- 2.6 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.
- 2.7 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 Council's medium-term financial strategy reserve, on the basis that the project if successful will bring significant benefits to the borough and its residents. **Table 1** illustrates the consolidation of the remaining Godley Green budgets in to one capital scheme with a total value of £12.559m

Table 1

Funding	Value - £m
MTFS Reserve – Executive Cabinet 2 November 2020	2.750
2021/22 Growth Revenue Budget	0.500
Business Rates Reserve	0.029
Homes England Grant	9.280
Total	12.559

- 2.8 Following the Executive Cabinet report, the Council continues to engage with the landowner in order to seek to acquire control of the land via Option Agreements. Where agreement is not possible the council will seek to secure control over the land by way of a Compulsory Purchase Order (CPO) which is required in any event to ensure clean title to the land in question. However it remains the intention of the council to proceed by way of option agreement wherever possible and to that end engagement and negotiation with the various land owners is on-going.
- 2.9 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. Executive Cabinet approved a resolution on 23 June 2021 to enable them to carry out all the work up to the making of a CPO Funding for the preliminary work was also confirmed in the 2 November 2020 report. In due course a further report will be presented to Cabinet seeking permission to commence the CPO process if necessary.
- 2.10 The Council is in dialogue with Homes England for additional capacity funding to support the ongoing project management function. Any additional funding awarded will be included in subsequent reports with a recommendation for inclusion within the approved capital programme.
- 2.11 The Council has also secured £0.125m grant funding from the GM Evergreen Funding Programme for additional project and programme management support to develop the commercial and delivery partner strategies. Again, the funding will be included in subsequent reports with a recommendation for inclusion within the approved capital programme once the proposed use of the grant is confirmed with the Greater Manchester Combined Authority.
- Stalybridge High Street Heritage Action Zone (HSHAZ)**
- 2.12 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

- 2.13 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.
- 2.14 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 HSHAZ funding.
- 2.15 The Project Officer started in post full time in April 2021 and the detailed capital programme plan has been agreed with Historic England. This outlines the projects and spend of the funding up to 31 March 2024.
- 2.16 There are nine projects that make up the High Street Heritage Action Zone. Work commenced in May 2021 on the Civic Hall Feasibility and Market Street Studies and these projects are expected to be complete by the end of October 2021. The Heritage Walk project is at the design stage with physical work on schedule to commence this financial year in accordance with the programme. Contact has been made with properties regarding the Shop Front Grant Scheme and the Community Engagement Programme started with the Heritage Open Day event held in the Civic Hall in September 2021.
- 2.17 Part of the proposed HSHAZ funded scheme is a replacement roof on Stalybridge Civic Hall / former Market in 2021/22 for which a budget of £0.559m was allocated in the original programme design. Survey work to inform the contract identified additional works that needed to 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 on 28 July 2021 Executive Cabinet approved an additional £1.139m of Capital funding. The roof project is currently at design and statutory application stage and work is expected to commence on site early in 2022. The design team was appointed in August 2021, however LEP has advised in September 2021 that due to unavailability of building consultants/surveyors the design and LBC application is delayed by approximately one month.

Corporate Landlord – Capital Expenditure

- 2.18 Members are requested to note that a £1m budget was approved by Executive Cabinet on 29 September 2021 for statutory compliance, £0.5m in 2021-22 and £0.5m in 2022-23. **Appendix 4** includes expenditure to date of £0.205m with a projection of £0.5m to 31 March 2022. A plan together with a schedule of works to date will be included in the next SPCMP report.
- 2.19 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.
- 2.20 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.

- 2.21 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

- 2.21 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.
- 2.22 The station is owned by Network Rail and is leased and operated by Northern Trains, which is now a Government owned company.
- 2.23 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.
- 2.24 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.
- 2.25 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 January 2022 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 31 August 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 £1.733m in credit, less approved allocations of £0.228m leaving a balance available to drawdown of £1.505m, as at 31 August 2021 as detailed in **Appendix 1**.
- 3.3 The position for Developer Contributions as at 31 August 2021 was £0.028m in credit, less approved allocations of £0m leaving a balance of £0.028m as detailed in **Appendix 2**.
- 3.4 No new Section 106 agreements have been entered into between 1 May 2021 and 31 August 2021.
- 3.5 There has been one request for a S106 drawdown. Engineers have requested the draw-down of £0.060m of planning application 18/00188/FUL relating to the installation of a puffin crossing across Lumb Lane, adjacent to the junction with Cryer Street

Planning Obligations Calculator

- 3.6 The Council introduced an online calculator in 2006 to allow applicants to work out the cost of Section 106 contributions in order to make proposed developments acceptable in planning terms.

- 3.7 Agreements are made in accordance with Section 106 of the Town and Country Planning Act 1990, subsequently updated by the Community Infrastructure Levy Regulations (CIL) 2010, which sets out that a planning obligation may only constitute a reason for granting planning permission for the development if the obligation is:
- (i) Necessary to make the development acceptable in planning terms
 - (ii) Directly related to the development; and
 - (iii) Fairly and reasonably related in scale and kind to the development.
- 3.8 The online calculator assists in relation to point 3 by ensuring that the agreements are fairly related in scale to the development.
- 3.10 In March 2009, the Council introduced an uplift to the charge of 4.39% (baselined in 2006) representing 3 years of inflation, using the Government's Consumer Price Index (CPI). This was further reviewed in 2016, however it was not amended at that point due to number of factors at the time.
- 3.11 Recent discussions with Service areas (Education, Operations and Greenspaces and Highways) involved in planning obligations suggest that the calculator needs a further update to better reflect the current cost of the provision of infrastructure and ensure the online calculator continues to be a useful starting point for the negotiation of s106 obligations relating to planning applications. It is therefore considered appropriate to review the values used within the calculator and following a discussion with Finance Officers, it was agreed to propose an uplift in line with inflation, using the Government's latest index, CPIH.
- 3.12 The proposal is therefore that the current rates used within the calculator are uplifted to reflect inflation (from March 2016 to August 2021). The CPIH index indicates an 11% increase in prices, as presented within the **Table 2** below:

Table 2

Education	2016 rate (£)	Uplift due to Inflation	Proposed rate (£)			
Estimated Average Cost per pupil place	649.3	+11%	720.72			
Green Space	2016 Create (£)	Uplift due to Inflation (CPIH)	Proposed rate (£)	2016 Improve/ Enhance	Uplift due to Inflation (CPIH)	Proposed Rate (£)
Category 1 (Play area, general amenity)	95.06	+11%	105.52	27.54	+11%	30.57
Category 2 (playing fields, courts and greens)	15.31	+11%	16.99	4	+11%	4.44
Category 3 (urban parks)	76.2	+11%	84.58	6.44	+11%	7.15
Category 4 (country parks, green corridors and water areas)	N/A	N/A	N/A	1.69	+11%	1.88
Highways	2016 (£)	Uplift due to Inflation (CPIH)	Proposed rate (£)			
Notional per trip cost	123.18	+11%	136.73			

4. LAND DISPOSALS

- 4.1 A revised policy on the disposal of council owned land, along with a list of sites agreed at 30 September 2020 Executive Cabinet, alongside those previously agreed for disposal as part of the Building Schools for the Future Business case.
- 4.2 In terms of progress at the date of this report, a cumulative total of £0.415m has been achieved through completed sales. Disposals of further surplus assets are being actively progressed and are at various stages of the disposal process. A summary is provided in **Appendix 3** showing the current position with each asset in the Disposal Programme. The confidential **Appendix 6** also indicates the potential value of sites declared surplus.
- 4.3 In support of the Disposal Policy, a supplementary policy dealing with the sale of Freehold reversionary interests was approved by Executive Cabinet in January 2021. Since this supplementary policy was approved, 14 cases are actively progressing with a cumulative value of £0.057m.
- 4.4 A Community Asset Transfer policy was also approved by Executive Cabinet on 23 June 2021. The approval of this policy allows the Council to progress the potential disposal of a number of community buildings. Progress is being made with opportunities at Cheethams Park and Egmont Street where marketing has commenced with a closing date of 3 December 2021.
- 4.5 A second batch of surplus sites has been identified. Consultation has taken place with the Cabinet Member initially, with further consultation completed with Ward Councillors. The sites were approved for disposal by the Executive Cabinet on 29 September 2021.
- 4.6 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 establish a significant pipeline of assets to consider bringing forward for disposal over the coming years. An agent, Matthews & Goodman has been commissioned to carry out the property review work and a sizeable amount of property asset information has been shared with them in order to commence the work.

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 £2.284m. On the 14 April 2021 an Executive Decision Notice was signed to give permission to enter into a contract with GMCA to allow the drawdown of the funds. The draw down arrangement works on a monthly basis in arrears on provision of necessary financial information to GMCA.
- 5.2 Work is progressing well with a mixture of enabling and installation works being undertaken.
- 5.3 Building fabric and mechanical and electrical interventions across eleven buildings are predicted to save ITR 5000tonnes of CO2 over the lifecycle of the projects. The programme is physically underway with some of the smaller, more straightforward schemes nearing completion. Planning approval was received for the Air Source Heat Pump component of six of the schemes during early October – enabling those to progress as planned. One scheme requires listed building consent and this is pending a decision in early November with supply-chain standing-by to begin with immediate effect when the decision comes through. Some disruption in supply chain availability has caused minimal disruption to projects, as substitute products have been available. In one case, roof-fabric conditions have delayed the solar PV installation. All projects in the programme are scheduled for completion by the end of March 2022.

6. RECOMMENDATIONS

6.1 As set out at the front of this report