

Report to CABINET

Growth Deal 3 Major Scheme: Oldham Town Centre Regeneration and Connectivity

Portfolio Holder:

Councillor Arooj Shah, Cabinet Member for Neighbourhood Services

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Reason for Decision

The purpose of this report is to:

- Update Cabinet on progress to date in relation to the development and future delivery of the Growth Deal 3 Major Scheme: Oldham Town Centre Regeneration and Connectivity, which is part of the Greater Manchester Transport Capital Programme.
 - To advise Cabinet of the Governance process associated with Growth Deal Major Schemes and the implications this has for Oldham, particularly in terms of resources and funding.
 - Seek delegated approval for a number of matters to ensure that delivery timescales can be met and grant take-up is maximised.
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Executive Summary

Oldham Council has been awarded a £6 million Local Growth Deal 3 grant by the Greater Manchester Combined Authority for a major scheme 'Oldham Town Centre Regeneration and Connectivity'. The spend deadline for this funding is March 2021.

The scheme has so far been granted Programme Entry status in the Greater Manchester Transport Capital Programme. The Combined Authority's governance process requires us to prepare and submit Conditional and Final business cases to TfGM for approval before we can access the grant. Under the GMCA governance process, the scheme contingency will be held centrally by Transport for Greater Manchester (TfGM) in a single pot, rather than at individual scheme level.

Following submission of an outline programme to TfGM in June 2017, work is now underway to finalise the programme of works that will make up the scheme and to develop the Conditional Business case for submission to TfGM for approval. The programme is being designed to complement a final Town Centre Masterplan once agreed.

The report seeks various delegated approvals which are intended to ensure that the programme can be delivered within the March 2021 spend deadline and grant take-up is maximised. The options available for procuring the works are also set out in the report.

Recommendations (relevant paragraph number in the report is indicated in brackets after each recommendation)

To note:

- That the Greater Manchester bid to the third round of the Local Growth Fund in July 2016 included a £25 million bid for funding towards the Oldham Town Centre Regeneration and Connectivity scheme (1.1).
 - That the Growth Deal 3 Major Scheme Oldham Town Centre Regeneration and Connectivity has been allocated £6 million and gained Programme Entry status in the Greater Manchester Transport Capital Programme on the basis of the Strategic Outline Business Case produced by Oldham Council for the June 2016 bid (1.3).
 - That an outline programme for the £6 million was submitted to Transport for Greater Manchester in June 2017 (1.4).
 - The GMCA governance process and guidance associated with Major Growth Deal funded schemes (2.1).
 - That there are two main gateways to obtaining Full Approval following Programme Entry Status: Conditional Approval and Full Approval and that passing these gateways will be done through the submission of business cases (2.3).
 - That TfGM has agreed that a hybrid governance process is more appropriate for this scheme which will involve obtaining Conditional Approval via GMCA for the overall programme under the Major Scheme governance process and subsequent Full Approval for sub-packages of work under the minor works governance process, which is delegated to the GM Transport Strategy Officer Group (2.6).
 - That under the GMCA Governance Process, scheme promoters, including Oldham, are required to initially cash-flow their own scheme development and business case preparation costs. Subject to eligibility these will be recoverable on gaining Conditional Approval (3.1).
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- That under the GMCA Governance Process, the contingency allowance for Growth Deal 3 schemes will be held centrally by GMCA, not by the scheme promoter, and will be at programme level rather than at individual scheme level (3.2).
 - That Unity has been commissioned to progress scheme design, which is required to obtain Conditional Approval, and to ensure that delivery timescales align with the wider town centre regeneration programme. This involves spending Council resources which will be recovered from the £6 million Growth Deal 3 allocation on gaining Conditional Approval (4.3).
 - That some schemes in the proposed GD3 programme already have scheme design and delivery budgets available in Oldham's transport capital programme, for example King Street Bridge (M0127) and Retiro Street (within M0121), which are being used to develop those schemes to Conditional Approval status. Achieving Conditional Approval status will enable scheme design costs to be reclaimed, which will free up resources in the transport capital programme. Further resources associated with scheme delivery will also be freed up when Full Approval status has been achieved (4.3).
 - That delivery of some elements of the package has commenced, for example Middleton Road Bridge which is providing match-funding (4.5).

To agree:

- That authority is given to the S151 Officer and the Deputy Chief Executive People and Place to sign off the business case for submission to Transport for Greater Manchester (TfGM) for Conditional Approval of the overall programme (2.8).
 - That authority is given to the S151 Officer and the Deputy Chief Executive People and Place to sign off the mini business cases or shift statements for submission to TfGM for Full Approval of sub-packages of work (2.8).
 - That Authority is given to the S151 Officer and the Deputy Chief Executive People and Place to sign off any requests to draw down central contingency during scheme delivery (3.2).
 - To ringfence any freed up resources to the transport capital programme for delivery of other transport priorities to be agreed by the Cabinet Member for Neighbourhoods in consultation with Capital Investment Programme Board (4.4).
 - That authority is given to the relevant Cabinet Member to make any changes to the GD3 programme deemed necessary after Conditional Approval has been attained (ie between Conditional Approval and Final Approval, and potentially during the scheme delivery phase (4.10)).
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Growth Deal 3 Major Scheme: Oldham Town Centre Regeneration and Connectivity**1 Background**

- 1.1 In July 2016, Greater Manchester (GM) submitted a bid to the third round of the Local Growth Fund (LGF3) which included a proposed transport spending programme. The programme included the Oldham Town Centre Regeneration and Connectivity Major Scheme, a £29 million package of works seeking an LGF grant of £25 million. The Oldham bid submission forms a Strategic Outline Business Case for the scheme.
- 1.2 GM was awarded £130.08 million in total through the national LGF3 allocation, of which £40.08 million was dedicated to the transport programme. GM was also allocated a further £7.3 million for local transport spending in 2017/18 through the Government's new National Productivity Investment Fund (NPIF). The two funding pots have been combined, making a total of £47.38 million available to support delivery of the LGF3 transport programme.
- 1.3 In March 2017, GMCA agreed a proposed spending programme for the £47.38 million in which £6 million was allocated to the Oldham Town Centre Regeneration and Connectivity Scheme. At this point the scheme was granted Programme Entry status in the GM Growth Deal Majors Capital Programme.
- 1.4 Following achievement of Programme Entry status, Oldham officers submitted an outline programme for the £6 million to TfGM in June 2017. The outline programme was developed in partnership with regeneration and highways teams and in consultation with the then Cabinet Member for Environmental Services and Capital Investment Programme Board. The outline programme reflected highway and regeneration priorities at that time as well as what was deliverable by March 2021, which is the spend deadline for the grant. The outline programme had no call on unidentified Council resources for match-funding purposes.
- 1.5 The scheme will support delivery of the Council's Corporate Plan objective to create an inclusive economy where people and enterprise thrive by investing in the town centre and supporting the delivery of key regeneration projects that are growing the business base, creating jobs and transforming opportunities.

2 GMCA Governance Process

- 2.1 As Growth Deal grant is devolved capital funding, an assurance and governance process must be in place that meets the Government's Single Pot Assurance Fund guidance. GMCA has agreed the governance process for Growth Deal funding.
- 2.2 The governance process is administered by TfGM on behalf of GMCA.
- 2.3 The governance process for major schemes, which are defined as schemes costing £5 million or more, requires us to pass through two main gateways following Programme Entry attained on the basis of a Strategic Outline Business Case. These gateways are:
 - Conditional Approval; and
 - Full Approval.

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- 2.4 To obtain Conditional Approval, TfGM requires a detailed business case which reflects the five Department for Transport cases: the Strategic Case, the Economic Case, the Financial Case, the Commercial Case and the Management Case.
- 2.5 Further business case elements are required for Full Approval, which include:
- Confirmation that scheme costs and benefits remain valid following receipt of final /tendered scheme prices;
 - Planning permissions and consents;
 - Confirmation via a Shift Statement that all elements reviewed at Conditional Approval stage have not changed materially.
- 2.6 A more streamlined GM governance process is in place for minor schemes (ie schemes under £5 million each) and TfGM has agreed that the package nature of the Oldham scheme requires a more flexible approval process, which will apply elements of both major and minor scheme governance processes (ie a hybrid approval process). This is likely to take the form of a Conditional business case for the full programme, which will require GMCA approval, then mini business cases or shift statements for final approval of sub-packages of work. These mini business cases or shift statements will require GM Transport Strategy Group approval, which has been granted delegated powers to approve minor works business cases. (The Transport Strategy Group is a GM Officer Group on which all GM districts are represented).
- 2.7 A hybrid approval process is also beneficial as there is a cost associated with passing through each of the two major scheme gateways. We will only incur this cost once under the hybrid process and it will be charged to the scheme budget. The fee is for the independent scrutiny of the business case.
- 2.8 Approval is sought for authority to be given to the S151 Officer and the Deputy Chief Executive People and Place to sign off the business case for submission to Transport for Greater Manchester (TfGM) for Conditional Approval of the overall programme. Approval is also sought that authority is given to the S151 Officer and the Deputy Chief Executive People and Place to sign off the mini business case submissions or shift statements for submission to TfGM for Full Approval of sub-packages of work.
- 3 GMCA treatment of preparation costs and contingencies
- 3.1 In accordance with the agreed GMCA governance process, the grant is held centrally by GMCA and scheme promoters must initially cash flow their own scheme development and business case preparation costs. These can be claimed back on achieving Conditional Approval status.
- 3.2 The contingency element of major schemes will be held centrally by GMCA, not by the scheme promoter, and will be at programme level rather than within the individual projects. Any change requests to draw-down substantive resources from this contingency fund will need to be submitted in the first instance to TfGM (acting on behalf of GMCA) and then, following review / comment by the Transport Strategy Group, the TfGM Chief Executive will report to the AGMA Chief Executives' Investment Group seeking their agreement to approval of draw down from contingency. At the time of writing, the contingency allowance within the Oldham scheme is not yet finalised. It will be fixed at the point we gain Conditional Approval and will be identified as a separate item in the Oldham transport capital programme given that draw down is not guaranteed. It is recommended that authority be given to the S151 Officer and the Deputy Chief Executive People and Place to sign off any requests to draw down central contingency during scheme delivery.
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4 Current Position

- 4.1 Officers are currently preparing a business case with a view to gaining Conditional Approval for the full programme before the end of the 2018/19 financial year. This process requires significant staff resource and as such external support has been procured to work on the business case with costs being met from within the scheme budget.
- 4.2 At the time of writing, the intention is to seek Full Approval for the first package of works alongside Conditional Approval for the programme. The individual works packages are currently being determined. Obtaining Full Approval would enable us to recover costs associated with the delivery of the first sub-package of works once incurred.
- 4.3 Unity has been commissioned to progress scheme design which is required to obtain Conditional Approval and to ensure that delivery timescales align with the wider town centre regeneration programme. This involves spending Council resources which will be recovered from the £6 million Growth Deal 3 allocation on gaining Conditional Approval. However, some of the schemes in the proposed GD3 programme already have budgets available in the transport capital programme, for example King Street Bridge (M0127) and Retiro Street (within M0121), which is being used to develop the schemes to Conditional Approval status.
- 4.4 Achieving Conditional Approval status will bring resources back into the transport capital programme associated with scheme development and achieving Full Approval will release any existing scheme delivery budgets. It is recommended that as these resources are freed up they are ringfenced to the transport capital programme for delivery of other transport priorities to be agreed by the Cabinet Member for Neighbourhoods in consultation with Capital Investment Programme Board.
- 4.5 Unity has also been commissioned to deliver some elements of the programme in advance of achieving Conditional or Full Approval such as the Middleton Road Bridge scheme which is providing match-funding and for which funding has been secured elsewhere.
- 4.6 Officers are working closely with TfGM to develop the programme, produce the documentation required for Conditional Approval, including the business case, and to comply with all GM governance and reporting requirements.
- 4.7 In order to ensure there is a programme of works deliverable by March 2021 that fully utilises the grant available an options report is being prepared which will identify reserve schemes that can be brought into the programme if necessary.
- 4.8 The outline programme will be subject to change up to the point at which the Conditional Business case is signed off for submission to TfGM as the deliverability and priority of schemes changes to reflect the needs of the wider regeneration programme and as other funding and bidding opportunities arise. The King Street Bridge scheme, for example, will be removed from the GD3 programme as funding for this scheme has subsequently been secured from elsewhere (the scheme gained Programme Entry status in the Mayor's Cycling and Walking Challenge Fund on 27th July 2018). It is also anticipated that the Waterloo Street/Rhodes Bank junction improvement scheme will be transferred to the Growth Deal 2 minor works programme to maximise take-up of the Growth Deal 2 grant.
- 4.9 At the time of writing, the details of the changes outlined in paragraph 4.8 are being worked through but should leave circa £1 million of GD3 resource unallocated. Alternative schemes from the original bid will be identified during the Conditional Approval business case development process. As such, Cabinet is requested to approve a £6 million outline programme for inclusion in the transport capital programme at this stage and to grant
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delegated authority to the S151 Officer and the Deputy Chief Executive People and Place, in consultation with the relevant Cabinet Member where changes are deemed to be significant, to approve the final programme for inclusion in the Conditional Business Case.

4.10 New funding opportunities may arise and changes may occur to the wider town centre regeneration programme due to factors outside the Council's control once Conditional Approval has been attained, either before Full Approval has been attained or during the delivery of the programme. In order to ensure a full programme is delivered and we maximise the grant available, it is recommended that authority be given to the relevant Cabinet Member to make any subsequent changes to the GD3 programme following Conditional Approval.

5 Scheme delivery

5.1 Unity Partnership is developing a delivery programme for Growth Deal 3 as part of the development of the Conditional Approval business case. The schemes will be procured through a combination of means primarily via the Councils Low Value Construction & Highways Services Framework (LVCHSF) and Oldham Council's Highway Operations teams as follows:

- Highways Operations: Oldham's internal Highways Operations team has the expertise and resources to deliver a large proportion of the Growth Deal 3 schemes. They will be used to deliver the programme when the schemes fall within their skill set.
- Mini Competition: Packaged schemes will be procured via the LVCHSF (Lot 13 Highways Carriageway Surfacing) & (Lot 15 Bridges & Structures and Drainage) via a mini competition exercise with the five suppliers on each Lot. Tenders packaged as individual schemes with values in line with Framework value thresholds over £50,000 and under £500,000 total will be sourced via this route. These tender awards are the ones proposed to be delegated to save time in programme delivery.
- Invitation to Tender: Schemes with combined values over £500,000 will be procured via an appropriate tender route.

6 Options/Alternatives

6.1 Option 1 – to proceed with developing and delivering the Growth Deal 3 Major Scheme Oldham Town Centre Regeneration and Connectivity by approving the recommendations. This will ensure that the project meets the GMCA governance requirements and secures the necessary GMCA approvals to enable us to develop and deliver the programme by March 2021 and maximise the take-up of the £6 million available.

6.2 Option 2 – not to approve the recommendations. This would lead to delays in the development and delivery of the programme which could result in the loss of grant funding and compromise our reputation at GM level as an authority that delivers, which could impact on our ability to secure grants through other GM bidding opportunities.

7 Preferred Option

7.1 Option 1 is the preferred option.

8 Consultation

8.1 Relevant Cabinet Members, Capital Investment Programme Board, internal teams including Regeneration, the Unity Partnership and Transport for Greater Manchester are all involved and helping to inform the development of the scheme. The business case

being produced for Conditional Approval will include a communications and stakeholder management plan.

9 Financial Implications

9.1 Capital Implications

9.1.1 This report is seeking approval for a number of recommendations in support of the process for the development, delivery, management and governance of the Growth Deal 3 Major Scheme - Oldham Town Centre Regeneration and Connectivity, as outlined in the Executive Summary.

9.1.2 The Oldham Town Centre Regeneration and Connectivity scheme currently has Programme Entry status within the Growth Deal 3 programme. Officers are working on a business case to obtain conditional approval for the programme before the end of the 2018/19 financial year. TfGM have advised that the Council will be able to submit claims for scheme development costs once we have obtained conditional approval.

9.1.3 The original Growth Deal 3 bid was for schemes totaling £28.818m comprising £24.950m of Growth Deal 3 funding and Council match funding of £3.868m against total scheme costs of £28.9m. However, the prioritised programme currently being progressed is for schemes totaling £10.023m comprising £6.000m of Growth Deal 3 funding and £4.023m of Council match funding.

9.1.4 The £6m Growth Deal 3 monies are currently included in the Transport Capital Programme, along with the Council match funding and the current budget profile of the Town Centre Regeneration and Connectivity Scheme Growth Deal funding is shown in the table below: -

Year	Growth Deal 3 Budget (£000)	Match Funded Budget (£000)	Total Budget (£000)
2017/18	96	244	340
2018/19	1,404	2,247	3,651
2019/20	3,000	1,502	4,502
2020/21	1,500	30	1,530
Total	6,000	4,023	10,023

9.1.5 The above figures include a proportion relating to contingency monies to be held centrally by GMCA as detailed in paragraph 3.2. An indicative amount of £595k was included originally within the £6m as contingency.

9.1.6 It should be noted that there is currently an amount of uncertainty around the exact mix of projects that will make up the Oldham Town Centre Regeneration and Connectivity scheme. Officers are currently reviewing which schemes will be included in the Conditional Business case, for both Growth Deal and match funding and the programme will be subject to change until this point. This is to reflect deliverability and priority of schemes, and to take account of other funding and bidding as opportunities arise, as per para 4.8. All of the schemes that will form part of the Conditional Business case will need to be eligible for Growth Deal 3 funding; align with the Council's regeneration objectives for the Town Centre and be capable of being completed before March 2021 funding deadline.

9.1.7 TfGM guidance advises that the matched funding contribution commitments need to be maintained at levels relative to that provided within the original bid submission. On the

revised funding of £6m this would equate to approximately £0.920k, and the level of match funding in the Conditional Business Case should not fall below this level.

9.1.8 Should any of the schemes not be completed by March 2021, there is a risk that the Growth Deal 3 monies may not be available to fund the schemes and alternative financing would need to be identified from within the capital programme. Work is currently being undertaken on some of the projects currently expected to be funded by Growth Deal 3 resources. Should any of these projects not feature in the Conditional Business case then alternative financing would need to be identified from within the Councils transport capital programme.

9.2 Revenue Implications

9.2.1 It is envisaged that the Council will have submitted a Conditional Business case for approval by the end of 2018. Costs are currently being incurred on scheme development and business case preparation. These costs can only be capitalised if the scheme progresses. If any of these schemes do not progress, there may be abortive costs that will need to be charged to the revenue budget. (Cath Conlon/James Postle)

10 Legal Services Comments

10.1 None (A Evans)

11 Co-operative Agenda

11.1 The scheme supports the Council's vision to deliver a co-operative future where everyone does their bit to create a confident and ambitious borough. It will help to deliver the strategic objective to create an inclusive economy where people and enterprise thrive by investing in the town centre and supporting the delivery of key regeneration projects that are growing the business base, creating jobs and transforming opportunities.

12 Human Resources Comments

12.1 Not requested.

13 Risk Assessments

13.1 None received.

14 IT Implications

14.1 None.

15 Property Implications

15.1 N/a.

16 Procurement Implications

16.1 The current LVCHSF expires 30th April 2019 and it is proposed that a new multi lot framework will be in place effective 1st May 2019. The sourcing of the required activities will be in accordance with Council's Procurement Rules. (J Thind)

17 Environmental and Health & Safety Implications

Environmental

- 17.1 Environment: The proposals in the Growth Deal 3 programme will support the ambition for Oldham Town Centre to be an exemplar sustainable and low carbon town centre with a number of pedestrian and cycle improvements. (A Hunt)

Health and Safety

- 17.2 During the commissioning/procurement of any contracts, it's important to consider the health and safety roles and responsibilities of all parties. When selecting any contractor or delivery partner, the project manager must ensure that relevant health and safety checks have been made. Key considerations in the selection process should include the historical health and safety record, suitable and effective management systems and competence to both manage and deliver a safe and healthy contract. (Laura Smith)

18 Equality, community cohesion and crime implications

- 18.1 The proposals in the Growth Deal 3 programme will support the regeneration of Oldham Town Centre, creating a more attractive and connected town centre environment that people will want to visit and spend time in. It will help Oldham Town Centre become destination for all members of the community and attract more visitors from outside.

19 Equality Impact Assessment Completed?

- 19.1 An EIA has not been undertaken on this project as it is not expected to have a negative impact on any of the protected groups. It is expected to have a positive impact on some protected groups as it will be designed in accordance with the relevant guidance in the Design Manual for Roads and Bridges and in compliance with all DDA standards which will mean improved accessibility and safety for non-motorised road users including those with a sensory disability, those in wheelchairs and those with prams and pushchairs.

20 Key Decision

- 20.1 Yes

21 Key Decision Reference

- 21.1 NEI-04-18

22 Background Papers

- 22.1 The following is a list of background papers on which this report is based in accordance with the requirements of Section 100(1) of the Local Government Act 1972. It does not include documents which would disclose exempt or confidential information as defined by the Act:

Records held in the Economy, Skills and Neighbourhoods Directorate, Room 310
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