

**Report to CABINET**

# **United Utilities Green Recovery Fund Grant Acceptance**

**Portfolio Holder:**

Cllr Arooj Shah, Leader and Cabinet Member for Reform and Regeneration

**Officer Contact:** Emma Barton, Executive Director for Place and Economic Growth

**Report Author:** Alex Shaw Principal Engineer, Highways & Engineering Ext. Teams

**18<sup>th</sup> March 2024**

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## **Reason for Decision**

Cabinet are asked to approve the acceptance of the £1,991,000 United Utilities Green Recovery Fund (UUGRF) grant allocation following confirmation of award from United Utilities Plc in October 2023.

Oldham Council Highways & Engineering Team submitted applications seeking financial support for increasing the National Capital Value (NCV) of Oldham. The submissions were based on four emerging projects in Oldham town centre, namely: -

- West Street
- Rock Street
- Market Street
- Curzon Street

All projects are to be delivered by March 2025 and this grant award will supplement and match fund the Mayor's Cycling & Walking Challenge Fund already secured for the projects.

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## Recommendations

Cabinet is asked to:

- i) Approve the acceptance of the £1.991m UUGRF grant against the increased National Capital Value criteria specified by Ofwat in collaboration with United Utilities Plc. The grant will be broken down for spend against the following schemes:
  - **West Street** – allocation of **£441,000** to increase sustainable urban drainage capacity and reduce surface water volume entering the combined sewerage system, and increase amenity space - dwell space, pedestrian/cycle provisions and increase soft landscaping infrastructure;
  - **Rock Street** – allocation of **£700,000** to increase sustainable urban drainage capacity and reduce surface water volume entering the combined sewerage system, increase amenity space on former brownfield site, improve connectivity for disabled and vulnerable road users i.e. pedestrian/cycle provisions and increase in soft landscaping infrastructure to facilitate a new public amenity space in the form of a park;
  - **Market Street** – allocation of **£600,000** to increase sustainable urban drainage capacity and significantly reduce surface water volume entering the combined sewerage system, increase amenity space i.e. dwell space, pedestrian/cycle provisions and increase in soft landscaping infrastructure;
  - **Curzon Street** – allocation of **£250,000** to increase sustainable urban drainage capacity and significantly reduce surface water volume entering the combined sewerage system, increase amenity space i.e. dwell space, pedestrian/cycle provisions and increase in soft landscaping infrastructure.
- ii) Delegate authority to the Deputy Chief Executive (Place) or their nominated representative to agree the terms of the Legal Agreement in respect of the grant award in consultation with the Director of Legal Services and approve appointments of professional teams and contract award in respect of the agreed budgets.
- iii) Delegate authority to Director of Legal Services or their nominated representative to finalise and enter into the Legal Agreement issued by United Utilities Plc in respect of the grant award subject to the completion of any necessary due diligence on subsidy control compliance and authority to agree and complete any project change requests under the Agreement.
- iv) Delegate authority to the Director of Economy or their nominated representative to agree monitoring and evaluation of defined outputs and negotiations thereupon as required over the grant delivery period of 2023/2024 – 2024/2025.
- v) Note that as accountable body for UUGRF, United Utilities Plc, has issued a Legal Agreement in respect of the grant, along with supporting documentation, which is currently under review by the Council's Legal Services Team.
- vi) Note and endorse that the internal governance and administration for the UUGRF grant will be performed via the Creating a Better Place Programme Board (CAPB) structures alongside a dedicated Delivery Group for which Terms of Reference will be agreed by the Director of Economy or their nominated representative.

## UUGRF Grant Acceptance

### 1 Background

- 1.1 In 2020 Ofwat approached UK Water Companies to submit a business case to either accelerate existing spend or propose innovative solutions to identify ways to support the country's green economic recovery from Covid-19.
- 1.2 The ambition is to build back greener from the pandemic: delivering lasting environmental improvements for current and future generations, whilst meeting the economic and social challenges England faces.
- 1.3 As part of their bid, United Utilities Plc included a section on "Accelerating Partnerships to Deliver Natural Solutions" and secured £15m, of which around £9m was allocated to delivering green Sustainable Drainage Systems and Natural Flood Management in the selected strategic catchments.
- 1.4 Selected catchments/areas include – all ten Greater Manchester authorities, Fylde Coast and Eden.
- 1.5 Greater Manchester received approximately £4m, with respective allocations being generated via a 'Call for Schemes' submissions which were evaluated against a funding formula.
- 1.6 Following approval and support from the Portfolio Holder for Neighbourhoods, Oldham's Highways & Engineering Team submitted four schemes that promoted innovation on the strength of emerging Mayor's Cycling & Walking Challenge funded projects which provided adequate match funding opportunities to support the evaluation process.
- 1.7 There are three key investment priorities/objectives the fund aims to provide: -
  - i) Manage water quantity better and reduce flood impacts on the Customer.
  - ii) Help adapt to a changing climate and environment through the installation of nature-based solutions, which not only deliver water management benefits but also the wider natural capital benefits.
  - iii) Learn from these schemes and use the results in the upcoming price review where United Utilities Plc aims to be ambitious in how blue green infrastructure and sustainable water management should be embraced in tackling the challenges and drivers associated with climate change, development, and urban creep.

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## 2. Current Position

- 2.1 Oldham Council's proposals were submitted for evaluation in 2023 after seeking views from the Local Lead Flood Alleviation Officer, United Utilities Plc's Studies, and Investigations Lead Officer.
- 2.2 In December 2023, United Utilities Plc issued a Funding Contribution Agreement (FCA) setting out the terms of the UUGRF grant for each of the four projects. These documents are currently being reviewed by the Council's Legal Services and Finance Officers. The FCA letter confirms the UUGRF grant is to be fully utilized on the agreed infrastructure improvements by March 2025.
- 2.3 The Mayor Cycling & Walking Challenge funded projects identified as the key beneficiaries are currently funded and in various stages of delivery namely: -
- a. West Street – under construction estimated completion June 2024.
  - b. Rock Street – under construction estimated completion August 2024.
  - c. Market Street – in advanced stages of detail design estimated start date Spring 2024.
  - d. Curzon Street – in advanced stages of detail design estimated start date Spring 2024.
- 2.4 The designs encapsulate current active travel and sustainable drainage initiatives derived from Streets for All guidance.
- 2.5 All projects will be delivered within the permissible timescales of both funding streams.
- 2.6 All projects will be delivered via the Accessible Oldham Strategic Partnership Agreement.
- 2.7 All budgets will be allocated to their respective Capital Cost Centre in collaboration with Finance Colleagues within the Transport Capital Budget.
- 2.8 All works will be delivered via the Accessible Oldham Strategic Partnership Agreement via the current delegated approvals process and Call Off mechanism, that includes a Social Value offer.

## 3 Options/Alternatives

- 3.1 Option 1: do nothing. Failure to accept the grant allocation of United Utilities Green Recovery Fund would reflect negatively on the perception of the town and its ambitions. It would have significant implications for delivery on the overarching project budgets and, therefore, the achievement of regeneration ambitions and objectives in Oldham Town Centre.
- 3.2 Option 2: Formally accept the UUGRF award allocation for £1.991m and enter the FCA as set out in this report.

## 4 Preferred Option

- 4.1 Option 2 is the preferred option to help ensure delivery of the projects in the agreed timescales and budgets and, therefore, achieve the regeneration ambitions and objectives in Oldham Town Centre.

## 5 Consultation

- 5.1 Approval to pursue the funding opportunity was granted via the Portfolio Holder for Neighbourhoods on 8 December 2022.
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## **6 Financial Implications**

- 6.1 The Council has been awarded £1.991m of United Utilities Green Recovery Fund (UUGRF) capital grant funding via United Utilities. This report outlines the acceptance of the grant.
- 6.2 It advises that the cost to increase sustainable urban drainage capacity and reduce surface water volume entering the combined sewerage system over four sites in Oldham Town Centre as part of existing capital schemes will be capital expenditure.
- 6.3 This will be funded from within the 2024/25 Transport Capital Programme and will be financed by UUGRF and MCF grant funding. The UUGRF grant will need to be spent in line with the conditions of the grant, noting that the deadline for spending the grant is March 2025.

(John Edisbury, Finance Officer)

## **7 Legal Implications**

- 7.1 The Grant Agreements contain typical asymmetrical conditions but are not too onerous. Comments need to be sent back to United Utilities to tidy up the provisions relating to commencement as currently the works are required to commence on signature which is impossible. Oldham Council is required to complete all 4 projects by 31<sup>st</sup> March 2025 and any failure to do so can result in repayment of the funding and payment of United Utilities' costs so it is imperative that these projects are tightly managed and closely monitored. The conditions in the Grant Agreements need to be back to backed in the project agreements with the supplier under the Accessible Oldham Strategic Partnership Agreement.

(Mark Hope, Legal and Democratic Services)

## **8 Co-operative Agenda**

- 8.1 The proposals set out in this report would lead to improved pedestrian access of four streets in Oldham by improving sustainable drainage and reducing surface water. The outcome would be beneficial to our residents and our people using our high streets.

(James Mulvaney, Policy Manager)

## **9 Human Resource Implications**

- 9.1 No HR implications

(Catherine Reed, Strategic HR Lead)

## **10 Risk Assessment**

- 10.1 The report details acceptance of the £1.991m grant from United Utilities for the implementation of the sustainable urban drainage and to reduce surface water. The service should ensure all grant conditions are complied with and there is sufficient monitoring of the projects to ensure they fit in with the timelines for completion in March 2025. The service should also monitor the Mayors Cycling and Challenge Fund to ensure that the grant conditions of the fund, and the size of the fund is still sufficient to continue to fund the £2.709m required for the schemes.

All projects require up to date risk registers to be in place and these need to be kept up to date and under review. Appointment of contractors should be procured in line with the Councils contract procedure rules and all minimum levels of insurance should be in place, and copies of insurance documentation retained.

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(Vicki Gallacher, Head of Insurance, and Information Governance)

## **11 IT Implications**

11.1 The proposals do not require acquisition of or amendments to IT systems.

(Alex Shaw, Highways & Engineering)

## **12 Property Implications**

12.1 No property implications

(Katy Webster, Assistant Director, Property & Projects)

## **13 Procurement Implications**

13.1 There are no direct procurement implications associated with accepting the grant. The project team must ensure the grant conditions are fully adhered. All projects will be delivered via the Accessible Oldham Strategic Partnership Agreement as stated within the report; an agreement that has been competitively procured and is a fully compliant option. The award of any works including design and consultant appointments' will be subject to future delegated approvals.

(Dan Cheetham, Procurement)

## **14 Environmental and Health & Safety Implications**

14.1 N/A

(Alex Shaw, Highways & Engineering)

## **15 Community cohesion, including crime and disorder implications in accordance with Section 17 of the Crime and Disorder Act 1998**

15.1 There are no community cohesion implications arising from the proposals contained within the report.

Natalie Downs (Stronger Communities Manager)

## **16 Oldham Equality Impact Assessment, including implications for Children and Young People**

16.1 Yes

## **17 Key Decision**

17.1 Yes

## **18 Key Decision Reference**

18.1 NEI-05-24

## **19 Background Papers**

19.1 None

## **20 Appendices**

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- 20.1 Appendix A – delegated sign off from Portfolio Holder for Neighbourhoods
  - 20.2 Appendix B – (draft) Funding Contribution Agreement – Market Place
  - 20.3 Appendix C – (draft) Funding Contribution Agreement – Curzon Street
  - 20.4 Appendix D – (draft) Funding Contribution Agreement – Rock Street
  - 20.5 Appendix E – (draft) Funding Contribution Agreement – West Street