

DELEGATED

Acceptance of Foxdenton Local Pinch Point Fund Grant

Report of Elaine McLean - Executive Director Neighbourhoods

Joanne Betts, Senior Transport Policy Officer
Ext. 4346

31st March 2014

Reason for Decision

A grant of £1.741 million has been offered to the Council towards the cost of the highway infrastructure needed to access the Foxdenton Employment Site. The decision to be taken is the formal acceptance of the Department for Transport grant offer and approval to commence the detailed design, procurement and implementation process.

Executive Summary

Oldham Council has made a successful bid to the Government's Local Pinch Point Fund. A grant offer of £1.741 million has been received for delivery of the access infrastructure for the Foxdenton Employment Site comprising a new junction off A663 Broadway and a new access road through the site. The grant is a contribution to a £4.465 million scheme, with the remainder of the cost being met by the new Joint Venture Company that has been established between the Council and the developer. The grant terms and conditions require the scheme to have been completed by June 2015. The purpose of this report is to agree the acceptance of the grant and its associated terms and conditions and to agree to commencement of delivery through a joint venture with Foxdenton LLP.

Recommendations

- That the successful outcome of the Foxdenton Local Pinch Point Fund Grant Bid be noted:

- That approval be given for Oldham Council to the DfT grant offer of £1.741 million:
and
- That approval be given for Oldham Council to progress the delivery of the proposed scheme in conjunction with Foxdenton LLP.

Acceptance of Foxdenton Local Pinch Point Fund Grant**1 Background**

- 1.1 In October 2013, the Department for Transport (DfT) launched a fourth round of its Local Pinch Point Fund competition. The Pinch Point Fund is for highway schemes that will promote economic growth and remove transport barriers to development. Tranche 4 had a bid deadline of 31st October with funding of £55 million available nationally.
- 1.2 Based on the Government guidance and feedback received from the DfT on a previously unsuccessful round one bid submitted in February 2013, the Foxdenton highway infrastructure bid was considered worthy of resubmission and a bid was duly prepared and submitted.
- 1.3 A bid was submitted seeking £1.741 million of DfT grant towards a £4.465 million project to create a new access and service road from A663 Broadway into the Foxdenton development site. The bid is summarised in table 1 below.

Table 1 – Summary of Foxdenton Pinch Point Bid

	2013-14 £000s	2014-15 £000s	2015-16 £000s	Total £000s
DfT funding sought	241	1,500	0	1,741
Local Authority contribution	600	0	0	600
Third Party contribution	390	1,477	257	2,124
TOTAL	1,231	2,977	257	4,465

- 1.4 The scheme does not have any cash implications for the Council as the local authority contribution is in the form of the land required to construct the road.
- 1.5 As part of the Joint Venture agreement the Council will receive a return on its wider landholdings that are invested into the joint venture as approved by Cabinet on the 16th December 2013.
- 1.6 The Council was advised on 13th December 2013 that the bid had been successful.
- 1.7 The DfT subsequently advised that to enable them to maximise the number of the schemes they were able to fund they needed to re-profile the funding for some schemes, including the Foxdenton scheme. The revised funding profile is set out in table 2 below.

Table 2 – Revised DfT grant funding profile

DfT contribution 13/14 (£000s)	DfT contribution 14/15 (£000s)	TOTAL (£000s)
1,231	510	1,741

- 1.8 The DfT required confirmation that we would accept the revised funding profile in advance of making a formal grant offer. On the basis that the grant conditions would allow the Council to carry forward any underspend from 2013/14 into 2014/15, the revised funding profile was accepted by the DfT's deadline of 8th January 2014.
- 1.9 On 20th January 2014, the DfT formally confirmed full approval of the Access to Foxdenton Pinch Point Fund bid, including the provision of a maximum capped funding contribution of **£1.231 million** in 2013/14 and **£0.51 million** in 2014/15 towards an estimated total scheme cost of **£4.465 million**. The DfT's letter required the Council to formally accept the conditions attached to their funding by a 3rd February deadline. A Section 151 Officer declaration was returned to DfT to meet the deadline. The Terms and Conditions are included at Appendix A.

2 Current Position

- 2.1 The Authority has been offered the full amount of grant applied for, £1.741 million. A Grant Determination letter was received from the DfT on 4th March confirming that the 2013/14 grant payment of £1.231 million Local Pinch Point Fund will be paid on 14 March 2014.
- 2.2 The Council granted planning permission for the development (outline) and for the access road and junction (full) on 12th February 2014. In order to commence delivery of the scheme, the Council must formally accept the DfT's grant offer.
- 2.3 A new Joint Venture Company has been established between the Council and the developer. The procurement of the design team and contractor will be carried out via the new Joint Venture vehicle.

3 Options/Alternatives

- 3.1 There are 2 options:
- Option A – do not accept the Pinch Point grant and do not enter into any agreement with Foxdenton LLP to deliver the infrastructure;
 - Option B – accept the DfT's grant offer and work with Foxdenton LLP to deliver the scheme in accordance with the DfT's terms and conditions, which include completion of the Pinch Point scheme by June 2015.

4 Preferred Option

4.1 The preferred option is option B, to accept the grant offer of £1.741 million and commence delivery of the scheme.

5 Consultation

5.1 Key stakeholders and their interests have been identified and considered as part of the overall Foxdenton development. A Stakeholder Engagement and Communication Plan was required as part of the Pinch Point bid submission. The delivery of this Plan is ongoing. Internal consultation has been undertaken in respect of acceptance of the Pinch Point grant with relevant officers (including the Foxdenton Project Manager) and representations invited through publication of the Council's intention to accept the grant.

6 Financial Implications

6.1 Capital Implications

6.1.1 As advised above, the Council was notified on 13th December 2013 that its bid was successful and this scheme has therefore been incorporated within the 2014/15 capital strategy/programme which was approved by Council on 5th March 2014.

6.1.2 The approval does not have any direct cash implications for the Council. As with the initial (unsuccessful) bid in February 2013, the Local Authority contribution is in the form of land valued at £600,000 and there is a third party contribution of £2.123m. The Council will however have to forego the potential capital receipt which it might have received if the land had not been used to support the Foxdenton initiative. The Council had not relied upon the capital receipt.

6.1.3 The profiling of the project included in the capital programme report to Council is as set out in the table below. The DfT has confirmed in its capital grant offer letter that the grant will be profiled as anticipated across 2013/14 and 2014/15. The capital programme has therefore been amended to include £1.741m of expenditure and grant funding.

	2013/14 £	2014/15 £	2015/16 £	Total £
DfT proposed profile	1,231,243	510,000	0	1,741,243
Local Authority contribution (Land)	600,000	0	0	600,000
Third Party contribution	390,000	1,476,482	257,000	2,123,482
TOTAL	2,221,243	1,986,482	257,000	4,464,725

6.1.4 A condition of the grant offer letter is that the Chief Executive and Chief Internal Auditor of the Council are required to sign and return to the

Department for Transport by 30th September 2014, a declaration that the grant has been used in accordance with the approval.

(Anne Ryans, Assistant Borough Treasurer)

6.2 Revenue Implications

6.2.1 The revenue implications for the acceptance of the grant are the use of officer time to administer the grant on behalf of the Joint Venture. A proportion of officer time for the administration should be charged against the grant. The majority grant will be received in advance and will need to be classified as a receipt in advance in the 2013/14 Final Accounts.

6.2.2 The grant conditions are not onerous resulting in the risk of the Council having to repay the grant as low.

(Sam Smith, Senior Finance Manager)

7 Legal Services Comments

7.1 It is proposed that the works to deliver the infrastructure are carried out via the new joint venture that has been agreed between the Council and Foxdenton LLP. External legal support from Pannones is in place to protect the Council's commercial and legal interests with regard to this Project. Pannones have suggested the Council should enter into a formal Funding Agreement with the JV to set out the obligations of the JV to deliver the infrastructure and other related terms. Before expending the money the Council should also satisfy itself that all procurement and state aid issues have been resolved. All terms and conditions of the grant need to be monitored and complied with. The Council's Constitution needs to be complied with in relation to the financial and legal regulations.

(Rebecca Coldicott, Group Lawyer, Corporate)

8. Cooperative Agenda

8.1 The project is being undertaken through a formal joint venture partnership, with the Council working in partnership with the private sector to deliver the development, including the highway and access infrastructure, through the Foxdenton LLP.

9 Get Oldham Working

9.1 The site is allocated in the recently adopted Local Development Framework as a future high quality Employment Area. The highway infrastructure project will act as the catalyst to unlock this site providing thousands of new jobs and economic growth. It is estimated that the development overall will create

1,073 construction related jobs (107 FTE) and a further 3,332 FTE jobs from 2015 onwards as the site is developed.

10 Human Resources Comments

10.1 N/A

11 Risk Assessments

11.1 No comments received.

12 IT Implications

12.1 N/A

13 Property Implications

13.1 N/A

14 Regeneration Implications

14.1 The Foxdenton Employment Area is a Strategic Regeneration (SR) project for the Council. It is identified as a Greater Manchester Strategic Employment site and forms part of the M60 Arc that includes the Hollinwood Junction, Broadway Business Park, Greengate Industrial Zone and Chadderton Technology Park. Development of the site has been brought forward through the Local Development Framework and planning permission was granted for the development, including the access road and new junction off A663 Broadway, on 12th February 2014.

15 Procurement Implications

15.1 The Procurement of the works and consultant appointments are via the JV Agreement and are therefore not required to meet EU Regulations. However the process will be approved by Council Officers to ensure the most cost effective and commercial arrangements are agreed.

15.2 A 2- stage tender route will be followed to secure the principle contractor in order to meet the programme constraints driven by the Pinch Point Funding spend requirements. Karen Lowes

16 Environmental and Health & Safety Implications

16.1 A detailed Environmental Impact Assessment was submitted as part of the planning application which was approved in February 2014. The Foxdenton site will be developed as a high quality Business Park that is well served by

sustainable modes of transport. The design of the highway infrastructure will be subject to a safety audit process.

17 Equality, community cohesion and crime implications

- 17.1 The highway infrastructure works will be designed to meet the needs of all highway users, including vulnerable road users such as pedestrians and cyclists. The scheme will have a beneficial impact on severance through the creation of new pedestrian/cycle crossing points on the strategic highway network which is currently considered a barrier to existing east to west movements across the A663(T) Broadway.

18 Equality Impact Assessment Completed?

- 18.1 No. However, as part of the detailed design process for the scheme an Equality Impact Assessment will be carried out to ensure conformity with the Equalities Act. The scheme will be designed in accordance with the requirements of the Disability Discrimination Act 1995.

19 Background Papers

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:

Local Pinch Point Fund Application Form: Access to Foxdenton Employment Site.

Records held in Neighbourhoods Directorate, Oldham Council, Level 3, Civic Centre, West Street, Oldham, OL1 1UH

Officer Name: Joanne Betts
Contact No: 0161 770 4346

20 Appendices

- 20.1 Appendix A – Foxdenton Pinch Point Fund Grant Terms and Conditions

APPROVAL

Signed Elaine McLean

Executive Director Neighbourhoods

Dated 31/3/14

Signed 

Borough Treasurer

Dated _____

Signed 

Cabinet Member for Finance

Dated 31/03/2014

Foxdenton Pinch Point Fund Grant Terms and Conditions



**Department
for Transport**

**Darren Jones
Director of Developments and Infrastructure
Oldham Council
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Direct Line: 020 7344 6097
e-mail: steve.berry@dtf.gsi.gov.uk

Web Site: www.dtf.gov.uk

20 January 2014

Dear Mr Jones,

**Local Pinch Point Fund - Full Approval
Access to Foxdenton Employment Site**

The Secretary of State for Transport announced on 13 December 2013 that your application for funding through Tranche 4 of the Local Pinch Point Fund has been successful. This letter confirms that Ministers have agreed to grant the scheme funding approval.

As part of this approval the Department will provide a maximum capped funding contribution of £1.231 million in 2013/14 and £0.51 million in 2014/15 towards an estimated total scheme cost of £4.465 million.

As your Council agreed within your bid application, Oldham Council will be solely responsible for meeting any expenditure over and above the Department for Transport's maximum funding contribution. Funding will be paid to your Council as capital grant under Section 31 of the Local Government Act 2003. I will write to you separately with a formal letter of grant once we have received confirmation that your Council is content with the following conditions attached to our funding:

- We expect the Council to keep us closely informed of progress with, and expenditure on, the scheme – the simplest way to deal with this is for you to complete and return a quarterly monitoring report by the due dates and to keep us informed of other significant developments as soon as they occur. We will send you a template which we would expect to be completed and returned to the Department each quarter.
- We would expect any savings that materialise as the project develops to be shared with the Department on the basis of funding split for the total scheme costs. For example, if your authority is requesting a 70% contribution towards the total scheme cost from the Department, we would expect to receive 70% of any savings.
- If there is any change in the scope of the project from that submitted in your application then we would expect to be alerted as soon as possible. Ministers reserve the right to reconsider their decision on funding if there are any significant changes to the scheme or its scope.



**Oldham
Council**

- You are expected to fund and undertake a monitoring/evaluation of the scheme in line with the Monitoring and Evaluation Framework for Local Authority Major Schemes; details of the type of data you will be expected to collect and analyse will follow shortly. We recognise that the evaluation needs to be proportionate and would request you discuss with us if the requirements are unclear. Although all scheme promoters are expected to produce evaluation plans, we only expect the evaluation plans produced for schemes that have an outturn cost of over £10M to be submitted to the Department. We will provide feedback on evaluation plans, giving advice on best practice and agreeing data collection, analysis and reporting. We would also expect evaluation reports to be made available to the Department and published on the Council's website.
- Infrastructure delivery is a priority for the Government. There is therefore an expectation that your authority will be able to complete the scheme to the timetable set out in its bid to the Department – June 2015. You should be aware that track record of scheme delivery may be used as determining factor in future funding decisions by the Department.
- The Department expects to be informed prior to any media events being undertaken by the authority for Local Pinch Point Fund schemes; for example for start or completion of works. We should be grateful if you could send us a short media plan (i.e. no more than half a side of A4) setting out key dates and likely media activities within four weeks of receipt of this letter.
- We also wish for the Government's contribution to the scheme to be acknowledged in any publicity information that you produce. Ministers want to see all local schemes which have been built or are being built, where a contribution from the Department is being provided, to display the Department for Transport's corporate logo. A copy of the logo is attached. May I suggest that this is used on any signs and promotional material for the scheme. For your information, the colour on the DfT logo is coded from the Pantone Matching System as PMS 3298.

I should be grateful if you could provide written confirmation by completing the template at Annex A that your Council agrees to the terms and conditions set out within this letter, including certification from your Section 151 Officer that your Council accepts the above terms.

Ministers look forward to seeing progress with your scheme and to its subsequent completion. As part of the media plan, it would be most helpful if you could inform me as soon as possible when this scheme is expected to commence construction as we may wish to consider further publicity.

Yours sincerely,



Steve Berry
Head, Highways Maintenance Branch (inc. Local Pinch Point Fund, Light Rail,
PFI and Cableways)

ANNEX A

CONFIRMATION OF AGREEMENT – LOCAL PINCH POINT FUND

Scheme details:

Local authority: Oldham Council

Project name: Access to Foxdenton Employment Site

Project manager (key contact) name:

Email:

Telephone number:

Section 151 Officer Declaration:

I certify that as Section 151 Officer for Oldham Council that I agree to the terms and conditions of the Full Approval Letter dated 20 January 2014.

Name:

Signed:

Date:

Please return the signed Confirmation of Agreement by 3 February 2014.