

## Greater Manchester Combined Authority

Date: 17<sup>th</sup> December 2021

Subject: Local Growth Deal Programme Update

Report of: Andy Burnham, Mayor of Greater Manchester, Portfolio Lead for Transport and Eamonn Boylan, Chief Executive Officer, GMCA and TfGM

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### Purpose of Report

The purpose of this report is to provide the Combined Authority with an update in relation to the progress made on the Local Growth Deal (LGF) Programme (tranches 1, 2 and 3) and to seek expenditure approvals the Oldham Town Centre Regeneration scheme. Additionally, the report provides an update on the health check of the Stockport Mixed Use scheme and seeks expenditure approval of the Mayors Challenge Fund contribution to this scheme.

### Recommendations:

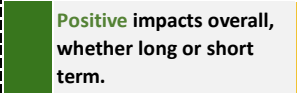
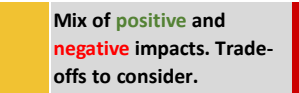
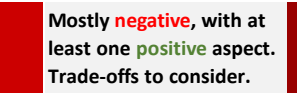

The GMCA is requested to:










1. Note the progress made in relation to the Growth Deal Transport schemes as set out in Section 3 and 4 of this report;
2. Note the progress made in relation to the Non-Transport Skills Capital and Economic Development and Regeneration (ED &R) programmes as set out in Section 6 of this report;
3. In relation to the Stockport Mixed Use scheme; note that the Full Business Case health check has recently been undertaken; further note that GM Chief Executives have (in line with agreed governance) agreed the allocation of Growth Deal programme contingency allowance to the scheme; approve the remaining contribution of £8.845 million from the Mayors Challenge Fund (MCF) to provide the full, overall, contribution to the scheme from the MCF of £11.263 million; and grant Final Full Approval to the scheme to enable a contract for the main construction works to be awarded and for the scheme to progress; and
4. Agree the expenditure approval of £4.645 million of Growth Deal funding for the remaining two packages of the Oldham Town Centre Regeneration works as set out in Section 5 of this report.

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# Equalities Impact, Carbon and Sustainability Assessment:

Impacts Questionnaire							
Impact Indicator	Result	Justification/Mitigation					
Equality and Inclusion							
Health	G	The Growth Deal Programme provides improved public transport links and active travel opportunities					
Resilience and Adaptation	G	The Growth Deal programme as a whole includes a series of measures designed to encourage economic growth through transport improvements to encourage modal shift to public transport and active travel and enhanced access to employment.					
Housing							
Economy	G	The purpose of the Growth Deal programme is to support further economic growth in GM.					
Mobility and Connectivity	G	The Growth Deal programme as a whole includes a series of measures designed to encourage modal shift to public transport and active travel.					
Carbon, Nature and Environment	G	The Growth Deal programme as a whole includes a series of measures designed to encourage modal shift to public transport and active travel.					
Consumption and Production							
Contribution to achieving the GM Carbon Neutral 2038 target		The Growth Deal programme as a whole includes a series of measures designed to encourage modal shift to public transport and active travel.					
<b>Further Assessment(s):</b>		Carbon Assessment					
	Positive impacts overall, whether long or short term.		Mix of positive and negative impacts. Trade-offs to consider.		Mostly negative, with at least one positive aspect. Trade-offs to consider.		Negative impacts overall.

Carbon Assessment								
Overall Score								
Buildings	Result	Justification/Mitigation						
New Build residential	N/A							
Residential building(s) renovation/maintenance	N/A							
New Build Commercial/Industrial	#DIV/0!							
<b>Transport</b>								
Active travel and public transport		The Growth Deal programme as a whole includes a series of measures designed to encourage modal shift to public transport and active travel.						
Roads, Parking and Vehicle Access		The Growth Deal programme as a whole includes a series of measures designed to encourage modal shift to public transport and active travel.						
Access to amenities		The Growth Deal programme as a whole includes new transport links and a series of measures designed to encourage modal shift to public transport and active travel.						
Vehicle procurement		The Growth Deal Programme includes the purchase of new trams which will provide sustainable public transport within GM						
<b>Land Use</b>								
Land use	N/A							
No associated carbon impacts expected.		High standard in terms of practice and awareness on carbon.		Mostly best practice with a good level of awareness on carbon.		Partially meets best practice/ awareness, significant room to improve.		Not best practice and/ or insufficient awareness of carbon impacts.

## **Risk Management**

Risk management considerations are referred in paragraphs 3.10, 5.5, 5.4, 5.5, 5.6, 5.7 and, 5.12 of the report.

## **Legal Considerations**

There are no legal considerations.

## **Financial Consequences – Revenue**

There are no revenue considerations.

## **Financial Consequences – Capital**

Financial Consequences – Capital, are referenced in paragraphs 2.3, 3.9, 4.6, 5.1 – 5.14, 6.1 and, 6.6 of the report.

**Number of attachments to the report:** None

## **Comments/recommendations from Overview & Scrutiny Committee**

N/A

## **Background Papers**

None

## **Tracking/ Process**

Does this report relate to a major strategic decision, as set out in the GMCA Constitution

Yes

## 1. Executive Summary

- 1.1. This report provides an update in relation to the progress made on the Local Growth Deal programme since the last update provided to the GMCA in March 2021. The report sets out progress on the Transport Majors, Minors and Additional Priorities and the Skills Capital and Economic Development & Regeneration (ED &R) Programmes (Growth Deal 1, 2 and 3). Additionally, the report provides an update on the outcome of recently undertaken health check on the Stockport Mixed Use project and seeks expenditure approval of the Mayors Challenge Fund contribution to this scheme; and seeks expenditure approvals for the Oldham Town Centre Regeneration scheme.

## 2. Introduction

- 2.1. The Local Growth Deal (LGF) announcements made by Government in July 2014, January 2015 and November 2016 confirmed capital funding for Greater Manchester in relation to a programme of Major Schemes, Minor Works, Additional Priorities, Skills Capital and Economic Development & Regeneration (ED &R) Programmes (Growth Deal 1, 2 and 3).
- 2.2. In March 2021, in line with the prevailing grant conditions, the Growth Deal Programme reported full spend of all of the LGF grant.
- 2.3. The projects which remain to be completed beyond March 2021 are being funded through utilising non-Growth Deal funding. This will be achieved through using the local flexibility written into LGF under the 'Single Pot' principles following the GMCA approval of the introduction of additional projects into the LGF programme in July 2019 and July 2020. Recycled funding from these projects will be utilised to complete the full LGF programme.

## 3. LGF Transport Major Schemes

### Overview

- 3.1. The Growth Deal Major Transport scheme programme is made up of fifteen schemes, delivered either by TfGM or Local Authority Partners.
- 3.2. Twelve of the Growth Deal schemes have progressed through Full Approval and are now either complete or in implementation (either in their entirety or on a phased Full Approval basis); with a further three schemes having secured Conditional Approval and now working towards the achievement of Full Approval.
- 3.3. Six Major schemes, namely the Wigan Bus Station, MSIRR Regent Road/Water Street, Wigan A49 Link Road, Ashton Interchange, MSIRR Great Ancoats Street and Stockport TCAP projects are complete.
- 3.4. Works are progressing on the remaining scheme elements of the Salford Bolton Network Improvement Programme (SBNI) scheme, which is due to complete in autumn 2022. The Rochdale South Heywood Link Road scheme is progressing well on site and due to complete summer 2022. The A5063 Trafford Road scheme (Salford), which is also on site, is due to complete in summer 2022.
- 3.5. The Oldham Town Centre Regeneration/Accessible Oldham scheme has recently achieved Full Approval for its final packages and is due to complete in summer 2023. The final element of the Metrolink Service Improvement Package is due to complete in the first quarter of 2022.

- 3.6. Advance enabling works are progressing on the Stockport Mixed Use Development and Wigan M58 Link Road schemes.
- 3.7. The Stockport Interchange Mixed Use scheme was granted Full Approval in July 2020 and has recently concluded a Full Business Case 'health check'. Further details and a request to grant Final Full Approval and agree the expenditure approval of the Mayors Challenge Fund contribution to the scheme are set out in section 5 of this report.
- 3.8. Detailed design is ongoing on the Salford Central Station and Carrington Relief Road schemes.

## **Financial Update**

- 3.9. The full Growth Deal funding grant was confirmed as spent to 31 March 2021. The projects which remain to be completed beyond March 2021 are being funded by utilising non-Growth Deal funding as set out in Section 2.3 above.
- 3.10. Work has continued with scheme promoters to ensure schedules and financial forecasts are regularly reviewed, and that risks and issues are identified and mitigated. Claims for the reimbursement of expended costs from scheme promoters are being processed on an ongoing basis, in line with the agreed Growth Deal Major Schemes Capital Programme Guidance.

## **4. Additional Priorities and Minor Works**

### **Overview**

- 4.1. The Growth Deal 1, 2 and 3 Minor Works initiatives are being delivered by the 10 GM Local Authorities and the Growth Deal "Additional Priorities" initiatives are being delivered by TfGM.
- 4.2. The Minor Works programme is a package of 75 highways, public realm, cycling, walking and associated measures; with the identified interventions being very much focused on supporting economic growth. The Additional Priorities programme of 15 initiatives focuses on rail, bus and Metrolink passenger improvements, multi-modal ticketing and highways (SCOOT / MOVA) enhancements.
- 4.3. Significant progress has been made in taking forward the Minor Works programme. 57 of the Minor Works and Additional Priority schemes are now fully complete with the remainder either in delivery or progressing towards approval.
- 4.4. 71 mini-Business cases, with support from TfGM's programme management team, have now been approved by GM Transport Strategy Group (TSG). The remaining 4 schemes are either in review or require further development before they can be considered for approval.
- 4.5. It is anticipated that all of the Minor Works and Additional Priorities schemes will be completed by spring 2023.

### **Financial Update**

- 4.6. The Additional Priorities and Minor Works programme was confirmed as spent to 31 March 2021. The projects which remain to be completed beyond March 2021 are being funded by utilising non-Growth Deal funding as set out in item 2.3.

## **5. Expenditure Approvals and funding re-allocations**

### **Stockport Interchange Mixed Use**

- 5.1. Conditional Approval for the original Interchange scheme was granted in November 2015, in line with the agreed Growth Deal governance arrangements.
- 5.2. A further Gateway Review to assess the subsequently developed Mixed Use scheme was concluded in late 2019 and, in turn, approved in line with the agreed Growth Deal governance arrangements in May 2020. The project, which comprises a new transport interchange with a direct link to the rail station, a public park and 196 residential apartments, is being supported through a combination of Local Growth Deal and Mayors Challenge funding, together with a range of public and private sectors funding streams in relation to the residential aspects of the scheme.
- 5.3. Advanced Full Approval for the scheme was granted in July 2020 to enable a staged series of contractual commitments to be entered into with the preferred Main Contractor; noting that a further independent health check would be undertaken once the design and associated costs had been finalised and prior to main works commencing on site.
- 5.4. Subsequent to the granting of Advanced Full Approval, a temporary Travel Shop has been constructed and is now operational within the Mersey Square shopping precinct. A temporary bus station on the site of nearby Heaton Lane car park has also been constructed, and this was brought into operational use in August of this year. An enabling works contract aimed at preparing the site and de-risking the main contract works commenced following the re-location of operations to the temporary bus station and these works are continuing on site.
- 5.5. In working with the preferred bidder for the scheme, Willmott Dixon Construction Limited, a maximum contract price has been agreed to inform the health check noted above and the finalisation of contractual arrangements.
- 5.6. This health check has now been completed across the full range of business case criteria required by the agreed Local Growth Deal governance arrangements, including consideration of legal, risk, financial (both capital and revenue) and strategic fit consequences. The review concluded that these criteria have been substantially met; that the scheme generates significant wider economic benefits enabling it to represent very high value for money; and that the project is in a state of readiness to proceed to the delivery of the main contract works.
- 5.7. The above notwithstanding, Members of the Combined Authority are requested to note the market volatility and inflationary pressures within the construction market (as a result, predominantly, of Covid-19 and Brexit related matters) which have prevailed over recent months and which have been reported separately through the regular Capital Update reports which have been submitted to GMCA during this period.
- 5.8. These pressures have been the predominant cause of an increase to scheme costs in the sum of £6.1 million (in addition to the £61.7 million Growth Deal funding previously approved) which has been experienced subsequent to the granting of Advanced Full Approval in July 2020; the shortfall for which, following agreement by GM Chief Executives (in line with agreed governance), will be met through the allocation of Growth Deal programme contingency allowance.

- 5.9. The overall funding package for the Stockport Interchange Mixed Use scheme includes a financial contribution of £11.263 million from the Mayor's Challenge Fund (MCF) in relation to the cycling and walking interventions provided for within the scheme, including a 'bridgescape' link to the town's railway station and the pedestrianisation of Mersey Square, all of which have been subject to the necessary design checks and approvals as set out in the agreed MCF governance process.
- 5.10. £2.418 million of this contribution was approved by the Combined Authority on 5 May 2020. In line with the agreed governance arrangements which are in place for the Mayor's Challenge Fund, the Combined Authority is now requested to approve the remaining contribution of £8.845 million from MCF to provide the full overall contribution of £11.263 million and enable, in conjunction with the granting of Final Full Approval, a contract for the Stockport Interchange Mixed Use main construction works to be awarded and the scheme to progress.
- 5.11. Stockport Council, in support of this approval, have confirmed that the construction of the cycling and walking elements of the development will be managed alongside the remainder of Stockport's MCF programme to ensure that the ceiling funding value of £27.5m is not exceeded.
- 5.12. The Combined Authority is requested to note the Full Business Case health check that has recently been undertaken in relation to the Stockport Mixed Use scheme, grant Final Full Approval and agree the expenditure approval of the Mayors Challenge Fund contribution to the scheme as set out above.

## **Oldham Town Centre Regeneration and Connectivity**

- 5.13. Oldham Council has developed the programme for this Growth Deal 3 scheme, which is made up of a series of minor highway and public realm enhancement projects, each with a value of less than £5 million. These projects will be delivered through a phased approval and delivery approach under the Growth Deal Minor Scheme Governance arrangements, as previously agreed, and in line with the approach being adopted for Salford Bolton Network Improvement programme. All three packages have now gained endorsement of its mini-business case from GM Transport Strategy Group and works are complete on the first package.
- 5.14. Oldham Council has entered into a Strategic Partnership Agreement with a delivery contractor for the remaining works packages. The remaining two packages are forecast to commence on site in 2022 and be complete by summer 2023.
- 5.15. In line with the Growth Deal governance, it is requested that expenditure approval be agreed for the remaining two packages to the value of £4.645 million in line with the LGF allocation.

## **6. Non Transport Update**

- 6.1 GMCA's Skills Capital 2017-2020 Programme has now completed its commissioning. The £79 million programme has now been allocated to 14 FE Capital projects, seven of which have now been completed and seven of which are in delivery. All projects are either completed or making significant progress towards completion and we have an established programme monitoring function in place to monitor the agreed outputs of our investments for the next 3-5 years, following completion.
- 6.2 Skills Capital delivery highlights to date include:

- Completion of an Advanced Skills Centre for Tameside College located within the Tameside one shared service centre, which was shortlisted for the GM Chamber of Commerce Building of the Year award in 2019.
- The creation of Future Skills 3, Salford City College based at Media City.
- Refurbishment of Wigan & Leigh College Pagefield and Leigh campus to create centres of excellence in Engineering, Construction, Digital and Creative.
- Tameside College Construction centre achieved building handover from contractors in November 21. The college will complete fit out works ready for teaching in January 22. The centre has been designed in consultation with construction employers with aims to bridge the skills gap in the construction industry.
- The Manchester College City Centre Campus Digital & Creative centre is also progressing well in its delivery. The College's part refurbished/ part new build Openshaw Campus has completed and is hosting an official opening in December 21.
- Construction and building handover completed on Oldham College's Construction Centre in March 21 and the facility has been in use since the start of the academic year in September 21.
- Bury College campus improvement works completed in April 21. Site works have commenced on the new Bury College health innovation STEM centre following planning permission being granted in September 21.
- Work is progressing on the final round 3 project, Hopwood Hall Engineering Centre, with full planning permission granted in September 21. The project cost has increased post tender, however, this has been approved and will be funded from the college's own cash reserves.

6.3 Economic Development & Regeneration (ED & R) Projects includes a portfolio of 13 varied projects such as University capital projects, Life Sciences, Productivity Programme, Cyber Innovation Hub, housing and commercial business investment. All projects have now either completed or made significant progress towards completion. We have an established programme monitoring function in place to monitor the agreed outputs of our investments over the next 3-5 years, following completion.

6.4 ED & R Delivery highlights to date include:

- Investment in equipment at the University of Manchester Graphene Engineering Innovation Centre (GEIC) to support industry led development of graphene applications in partnership with academics.
- Manchester Metropolitan University's ground breaking School of Digital Arts (SODA) will bring together art and design with technology and computing all under one roof. Work is scheduled to complete this quarter and an official opening planned for February 22.
- The University of Manchester's Christabel Pankhurst Centre will be investment in the development of advanced health materials, digital technology and precision medicine; the virtual Institute was officially launched in January 21. Work has started on site, however, due to the discovery of an underground oil tank on site, the project has experienced some delays. This has now been



approved and a forecast completion date for late summer 2022 has been proposed with a defined date to be given in the New Year.

- Investment into a new Cyber Innovation Centre based in Manchester City Centre which will capitalise on the city's opportunities in this sector and bring businesses together. The operator has now been appointed.
- 6.5 The Life Sciences investments continues to deliver creating jobs and enabling ventures in this field. Growth Company's Productivity Programme is creating growth and jobs for GM business, and to date has supported over 2300 enterprises and created more than 900 jobs. Monitoring of the LGF non transport projects is ongoing with 2021/22 being a key year for completion of some major capital projects.
- 6.6 GMCA's Skills Capital 2017-2020 Programme has now completed its commissioning. The £79 million programme has now been allocated to 14 FE Capital projects, seven of which have now been completed and seven of which are in delivery. All projects are either completed or making significant progress towards completion and we have an established programme monitoring function in place to monitor the agreed outputs of our investments for the next 3-5 years, following completion.

## **7. Recommendations**

- 7.1. Recommendations are set out at the front of this report.

**Eamonn Boylan**

**Chief Executive Officer, GMCA & TfGM**