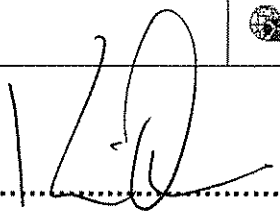
KEY DECISION NOTICE

SERVICE AREA:	**Economic Growth Investment and Sustainability**
SUBJECT MATTER:	**VISION TAMESIDE PHASE 2**
DECISION:	It is DETERMINED to: a. confirm the scope of the proposed VTP2 building at 15,136m2; b. approve the issue of a formal offer to Wilkinsons Stores, in respect of the temporary relocation within the town centre and to simultaneously enter into an Agreement for Lease of the proposed VTP2 building and the Surrender of the existing lease with Wilkinsons; c. to agree heads of terms with the College, for their occupation of the new building; d. to approve the allocation of £1M included within the capital programme to undertake the necessary remodeling works and enter into lease agreements to secure the necessary space to allow staff to decant out of the TAC building, with approval for the making of a further Key Decision to undertake any necessary condition works, identified once full surveys have been undertaken. A sum of £460K for the relocation and remodeling of Hyde and Denton libraries to be approved. e. approve the procurement of independent advice only through the TIP, in accordance with the Strategic Partnering agreement to confirm that Value for Money is being delivered at Stage 0, Stage 1 and Stage 2, with costs being funded by the TIP; and f. to progress the bid for £6 million SFA funding with Tameside College.
DECISION TAKER(S):	Executive Cabinet
DESIGNATION OF DECISION TAKER(S):	Executive Cabinet
DATE OF DECISION:	22 October 2014
REASON FOR DECISION:	To progress the programme to deliver the Vision Tameside Phase 2 (VTP2) Programme.
ALTERNATIVE OPTIONS REJECTED (if any):	None.
CONSULTEES:	Elected Members Staff Partner organisations Trade Unions Tameside Investment Partnership

	Grant Thornton Ashton Town Team Local business and retailers Place First Taylor Young Tameside College Wilkinsons Green Properties SFA External landlords Existing tenants
FINANCIAL IMPLICATIONS: (Authorised by Borough Treasurer)	The approved capital budget for Vision Tameside Phase 2 is £36.96 million. However, cost pressures arising since the initial estimates indicate that a revised total estimated cost of £45.14m. Work continues to seek to mitigate cost pressures and reduce costs wherever possible. A further Key Decision will be required when firm costs for the project are available at Stage 1 and Stage 2. Stage 1 will be reached when the project scope and outline design is fixed in December 2014. The funding gap needs careful monitoring and budget provision needs to be reviewed when the Stage 1 costings are available. No further expenditure than that approved in March 2014 should be incurred on the project until Stage 1, has been approved. The TIP already has a contractual responsibility to demonstrate that projects deliver value for money. The TIP as a matter of course appoints an external consultant, to challenge the building sub contractor's price and programme in schemes of this size. Confirmation that value for money is being achieved will be provided at Stage 0, 1 and 2. The Council's External Auditors Grant Thornton have reviewed the project and provided advice as to what they would expect to be in place to demonstrate that the objectives of the programme are appropriate and at each stage there is evidence that they are likely to be achieved, throughout the design and construction programme and into operation The estimated cost of decant works is £978,500 which is within the approved budget of £1m. Additional condition works have been identified which are estimated to cost £930k, but these cannot be confirmed until the detailed survey work has been completed. Additional costs of £460k have been identified for the relocation and remodelling of Hyde and Denton libraries. Budget provision will need to be approved for these additional costs.
LEGAL IMPLICATIONS: (Authorised by Borough Solicitor)	The TIP (of which the Council is a party) has a contractual responsibility under the terms of the Strategic Partnering Agreement to demonstrate that value for money is being delivered. It is important that therefore that the TIP be asked to appoint an independent consultant, to provide assurance re value for money and programme at Stage 0 and in advance of Stage 1 and 2 at no further cost to the Council. These reports need to be contained within future reports to the Executive Board and

	Cabinet as party of the decision making process. It will also be important that any decision report whilst being transparent doesn't mean the Council loses its commercial edge and the Council's interests are fully protected in respect of negotiating with Wilkinsons, the telecommunication companies and the contractor who the TIP procures.
CONFLICT OF INTEREST:	None
DISPENSATION GRANTED BY STANDARDS COMMITTEE ATTACHED:	Not applicable.
ACCESS TO INFORMATION:	The background papers can be obtained from the author of the report, Elaine Todd, Assistant Executive Director – (Asset Management and Investment Partnership) by: Telephone: 0161 342 3238 e-mail: elaine.todd@tameside.gov.uk

Signed.....  ..... **Dated : 22 October 2014**

Councillor Kieran Quinn, Executive Leader, on behalf of Executive Cabinet

KEY DECISION REPORT

SERVICE AREA:	**Economic Growth Investment and Sustainability**
SUBJECT MATTER:	**VISION TAMESIDE PHASE 2**
DATE OF DECISION:	22 October 2014
DECISION TAKER	Executive Cabinet
DESIGNATION OF DECISION TAKER:	Executive Cabinet
REPORT SUMMARY:	To progress the programme to deliver the Vision Tameside Phase 2 (VTP2) Programme.
RECOMMENDATIONS:	It is recommended to:- a. confirm the scope of the proposed VTP2 building at 15,136m2; b. approve the issue of a formal offer to Wilkinsons Stores, in respect of the temporary relocation within the town centre and to simultaneously enter into an Agreement for Lease of the proposed VTP2 building and the Surrender of the existing lease with Wilkinsons; c. to agree heads of terms with the College, for their occupation of the new building; d. to approve the allocation of £1M included within the capital programme to undertake the necessary remodeling works and enter into lease agreements to secure the necessary space to allow staff to decant out of the TAC building, with approval for the making of a further Key Decision to undertake any necessary condition works, identified once full surveys have been undertaken. A sum of £460K for the relocation and remodeling of Hyde and Denton libraries to be approved. e. approve the procurement of independent advice only through the TIP, in accordance with the Strategic Partnering agreement to confirm that Value for Money is being delivered at Stage 0, Stage 1 and Stage 2, with costs being funded by the TIP; and f. to progress the bid for £6 million SFA funding with Tameside College.
JUSTIFICATION FOR DECISION:	To ensure that the programme for the VTP2 is maintained and the additional £6 million SFA grant funding is secured
ALTERNATIVE OPTIONS REJECTED (if any):	None
CONSULTEES:	Elected Members Staff

	Partner organisations Trade Unions Tameside Investment Partnership Grant Thornton Ashton Town Team Local business and retailers Place First Taylor Young Tameside College Wilkinsons Green Properties SFA External landlords Existing tenants
FINANCIAL IMPLICATIONS: **(Authorised by Borough Treasurer)**	The approved capital budget for Vision Tameside Phase 2 is £36.96 million. However, cost pressures arising since the initial estimates indicate that a revised total estimated cost of £45.14m. Work continues to seek to mitigate cost pressures and reduce costs wherever possible. A further Key Decision will be required when firm costs for the project are available at Stage 1 and Stage 2. Stage 1 will be reached when the project scope and outline design is fixed in December 2014. The funding gap needs careful monitoring and budget provision needs to be reviewed when the Stage 1 costings are available. No further expenditure than that approved in March 2014 should be incurred on the project until Stage 1, has been approved. The TIP already has a contractual responsibility to demonstrate that projects deliver value for money. The TIP as a matter of course appoints an external consultant, to challenge the building sub contractor's price and programme in schemes of this size. Confirmation that value for money is being achieved will be provided at Stage 0, 1 and 2. The Council's External Auditors Grant Thornton have reviewed the project and provided advice as to what they would expect to be in place to demonstrate that the objectives of the programme are appropriate and at each stage there is evidence that they are likely to be achieved, throughout the design and construction programme and into operation The estimated cost of decant works is £978,500 which is within the approved budget of £1m. Additional condition works have been identified which are estimated to cost £930k, but these cannot be confirmed until the detailed survey work has been completed. Additional costs of £460k have been identified for the relocation and remodelling of Hyde and Denton libraries. Budget provision will need to be approved for these additional costs.
LEGAL IMPLICATIONS:	The TIP (of which the Council is a party) has a contractual

(Authorised by Borough Solicitor)	responsibility under the terms of the Strategic Partnering Agreement to demonstrate that value for money is being delivered. It is important that therefore that the TIP be asked to appoint an independent consultant, to provide assurance re value for money and programme at Stage 0 and in advance of Stage 1 and 2 at no further cost to the Council. These reports need to be contained within future reports to the Executive Board and Cabinet as party of the decision making process. It will also be important that any decision report whilst being transparent doesn't mean the Council loses its commercial edge and the Council's interests are fully protected in respect of negotiating with Wilkinsons, the telecommunication companies and the contractor who the TIP procures.
RISK MANAGEMENT:	The key risks, impact and mitigation proposed are included in the report at Section 10. The highest risks are reviewed by the internal work group on a fortnightly basis and further risk workshops are planned throughout the programme to manage the risks.
LINKS TO COMMUNITY PLAN:	Prosperous Tameside
REFERENCE DOCUMENTS:	The background papers relating to this report can be inspected by contacting the report writer Elaine Todd, Assistant Executive Director, Asset and Investment Partnership management by: Telephone: 0161 342 3238 E-mail: elaine.todd@tameside.gov.uk

1 INTRODUCTION

1.1 The Vision Tameside Phase 2 (VTP2) project, reached the end of the feasibility stage in February 2014. A Key Decision was made by the Executive Cabinet on 26 March 2014, approving the:

- Payment of £135,971, to the TIP in respect of the feasibility work undertaken to March 2014;
- The procurement of the design and planning work for the demolition of TAC and the construction of the proposed new public service building (7,000 m2), retail space (2,340 m2) and college building (7,000 m2) up to the end of Stage 1, through the TIP. Stage 1 is the stage at which a planning application could be submitted and costs for the project firmed up;
- The allocation of £1.685 m from the budget set aside in the capital programme, for the project for the design and planning work that needs to be undertaken to develop the scheme, through the TIP, to the end of Phase 1; and
- The negotiation of heads of terms in respect of leases for space in the new building, for the college, Wilkinsons and other tenants.

1.2 Since the approval of the Key Decision in March 2014, a significant amount of work has been undertaken to review all aspects of the VTP2 project. This includes, the need raised by the Council's external auditors, Grant Thornton, to reconfirm the projected economic benefits of the proposed programme and to confirm that it demonstrates value for money at each stage. In addition, the impact of projected inflation, the scope and associated risks have also been reassessed.

1.3 The feasibility report for the VTP2 project, had indicated that that there were a number of options that could be considered alongside the original scope, which offered the potential for the generation of further local economic benefits and which may add to the case for strengthening the footfall in the town centre. This included:

- the provision of additional retail and office space to enable the increased co-location of services and partners in the new public service building or private sector tenants;
- residential development; and
- enhanced sustainability features, which would assist in achieving a Excellent" rather than "Very Good" BREEAM rating.

1.4 Further work has been carried out over the last 5 months, on the viability of the provision of additional office space and residential development to test whether or not this would deliver greater economic benefit and value for money.

1.5 The Key Decision report dated 24 March 2014, had also made it clear that additional work was required to facilitate the demolition of the current TAC building, including:

- The development of a decant programme for staff and partners, including archiving and scanning requirements, which had not been costed, due to lack of detailed information about potential relocation venues and volumes of documentation to be retained;
- Negotiations with Wilkinson Stores in respect of their temporary relocation during construction and the new retail unit in the VTP2 building; and
- At the time the Key Decision was taken, it was intended that both the Co-Operative Bank and Cheshire Building Society would remain in situ as their leases did not terminate until 2016. This would mean that the contractors would have to demolish and rebuild around them, which was considered possible but challenging.

1.6 A schedule of potential decant locations, approximate costs of conversion and legacy condition related costs, has now been collated, which is included at **Appendix 1**.

1.7 Further negotiations have been undertaken with Wilkinson Stores Limited and Green Properties, who manage the Arcades Shopping Centre, to identify a temporary retail unit

and agree heads of terms for occupation during the build period, in addition, discussions have been held in respect of the heads of terms for the lease in the new building.

1.8 The Cheshire Building Society has now confirmed that they will seek early termination of their lease in December 2014, which means that if the Co-Operative Bank will terminate their tenancy, significantly better use can be retained on the existing site.

1.9 The new Transport Interchange development has now also been confirmed and consideration needs to be given to the development of the wider public realm in the Town Centre.

2 OUTCOME OF GRANT THORNTON REVIEW PRIOR TO STAGE 1

2.1 Since the making of the Key Decision in March 2014, two meetings have been held with the Council's External Auditors to seek advice on their expectations for demonstration of economic benefits and value for money being projected and achieved in the outcome of the investment.

2.2 At the last meeting on 8 October 2014, it was made clear by Grant Thornton, that there must be strong evidence that the objectives and projected outcomes for the programme will deliver the intended economic and financial benefits and that they are evidenced at each stage by external assessment and in appropriate case by peer review and case study comparison.

2.3 Progress on identification and validation of objectives and projected outcomes will be reviewed again by Grant Thornton, prior to the end of Stage 1 and the making of the Key Decision to determine whether or not to progress with the scheme, estimated to be made in December 2014.

3 STRATEGIC OBJECTIVES

3.1 The strategic objectives of the VTP2 programme were set out in the October 2013, Cabinet report, VISION TAMESIDE as follows including the:

- **Creation of a strong and robust town centre**. It was recognised that Ashton, as Tameside's principle town centre had been identified as a Town Centre at risk through the Javelin analysis, as part of the AGMA town center study in 2012/3. The creation of a strong educational base and the footfall generated through new visitor attractors in the town centre was identified by a group of retail and property professionals as a key growth driver for town centres, and the plans for Ashton Town Centre, if delivered, were highlighted as a significant strength.

- **Establishment of a new skills infrastructure to reshape the future of post 16 education in the borough** - It has long been recognised that investment in Tameside College was long overdue. For many years it has been an ambition of the college and the Council to bring the educational facility into the town centre. Significant shifts in the city region policy on Skills Capital and imminent control over the revenue envelope, means that it now becomes an imperative for local colleges to establish a strong case for investment and create a sustainable future in the face of growing competition. This competition is likely to be from private providers, new establishments and the forthcoming "Managed Market" approach for Further Education. Some colleges (e.g. Stockport College) were already facing the implications of not having moved with the prevailing policy wind. It is vital for Tameside that we have a local provider of quality to help create a new future of education for the whole of Tameside.

3.2 It is important that the delivery of the VTP2 programme outcomes, are measured against achievement of these objectives in order to demonstrate that economic and financial benefits and value for money is projected to be delivered during development and also evidenced in the final outcome.

3.3 Grant Thornton's initial view is that the high level objectives are consistent with those of most local authorities in respect of the economic development and sustainability of town centres and during Stage 1, the Council are advised to define these in detail and to provide evidence of their potential to be achieved evidenced by external review where possible.

4 ECONOMIC BENEFITS

4.1 The Key Decision taken in October 2013, to progress the feasibility work for the Vision Tameside project, included a high level economic and financial appraisal. This was completed by Place First, on behalf of the Council, which demonstrated that the Vision Tameside Project, would deliver around £97m of gross benefits over the next 12 years, alongside the on-going growth and expansion of the college. The anticipated economic impact was deemed to be worth approximately £170m GVA gross over that period. The refined scope has updated the economic assessment as below.

Other Economic Impacts	TAC & College Project £	Incremental Economic Impact GVA £
Students – curriculum impact	151,365,815	17,082,035
Students spend	20,225,356	4,401,452
College staff	14,907,753	1,948,286
Land disposals from surplus college sites	14,549,171	14,549,171
Grant	7,000,000	7,000,000
Total	**208,048,096**	**44,980,944**

4.2 At this stage, it has been further estimated that over a 12 year period, the saving in operational costs of the existing TAC building based on a reduction of a net £1.5 million revenue building cost, to a projected net £0.6 million cost, will provide a further £10.8 m of direct savings to the Council, and a further £7m of additional benefits from enhanced productivity and efficiency.

5 SCOPE

5.1 The scope of accommodation priced in the March 2014, Key Decision was 16,345m2, since then the accommodation requirements of the Council and Wilkos have been reviewed during design development. It is now proposed that the Council's space requirements are reduced by 1,000 m2, to take account of the fact that some of the spaces in the civic buildings temporarily being used for decant will also be permanent work spaces in the future. The Wilkinson's space requirements have also slightly reduced.

5.2 The high level analysis of space is shown in the following table:

	March 2014 Gross Area M2	Proposed September 2014 Gross Area M2
Tameside and Partners		
Reception	96	96
Customer Service	1,300	1,300

Meeting / Interview	216	216
Library	600	600
Offices	4,788	3,788
Total	**7,000**	**6,000**
College	7,000	7,000
Retail Unit	2,345	2,136
Total	**16,345**	**15,136**

Office Space

5.3 The current occupancy of the 19,800 m2 TAC building, including tenants and partners, is approximately 1,000. There are also approximately 400 staff in other buildings, which could be closed once the VTP2 building is open. In planning for future space requirements it has been anticipated that approximately 30% of the existing staff numbers will be reduced, due to the need to make further revenue expenditure cuts. This would leave approximately 980 staff to accommodate.

5.4 The need to establish new ways of working, with the increased use of technology and more flexible approaches, is being developed through a Working Better Together (formerly Working Differently) work stream. A target of a maximum 0.7 work space to 1 member of staff is achievable across the work force, accepting that some staff need to be at their workstation for longer than others, depending on the work they do. This would mean that we need to plan for approximately 700 work spaces in total for staff plus space for, external tenants, elected members and committee facilities.

5.5 The current proposed office area of 3,788 m2 in the new building, will provide, approximately 550 work spaces, including meeting facilities. This literally means a flexible work or meeting space, per 0.7 member of staff not work spaces and meeting facilities etc. However, it is also anticipated that approximately 360 work spaces could be created on both a temporary and permanent basis, in the retained civic buildings at Hyde and Dukinfield Town Halls, Stalybridge Civic Centre and Tame Street. This would increase by approximately 150 if the proposed work spaces created in Stalybridge Market Hall were retained.

5.6 The rationale behind the increased temporary and permanent use of the civic buildings, is that these are retained for future generations, use and cost per square metre is optimised, footfall, services and the opportunity to use civic facilities is distributed across the borough, rather than concentrated in one town, the cost of the new VTP2 building is reduced and rent avoided as far as possible.

5.7 There has been no soft marketing of potential surplus office space yet, so it is uncertain as to how attractive this would be to potential tenants. However, CCG have confirmed recently that they are very interested in taking space in the new building, their current projected requirements are circa 600 – 700 m2 based on traditional working practices.

5.8 However, DTZ advise that there may be benefit of delivering some additional commercial office floor space, beyond the Council and its partners' needs, even if this increases or maintains the initial capital cost, as it would provide the Council with flexibility to expand or to provide space for other public sector partners or private sector in a modern office space in the heart of the Town Centre, further generating footfall and reducing operational building costs per m2.

5.9 If the Council is planning in the medium term for 1,070 office work spaces across the estate and 700 staff plus CCG staff are projected, the proposed scope of new accommodation would be more than sufficient to meet projected demand and also leave scope for provision of commercial rented office space.

Residential and Commercial Space

5.10 DTZ have also undertaken a review of the viability of including Speculative Residential and Commercial Floor space in the build. This high level analysis has demonstrated that due to low underlying values in Ashton, the introduction of additional commercial office floor space would not be viable in the current market and is unlikely to be attractive for a commercial partner to take responsibility for speculative development as part of the overall public sector led scheme.

5.11 Inclusion of residential units in the scheme is possible, but not considered to be commercially viable. In addition, there are a number of logistical constraints this would introduce to the programme and design. It would require basement parking, separate access and separation in terms of design. 30-50 units would be required to make it viable proposal.

5.12 There is an urgent need to fix the scope of the size of the building, in order to progress the scheme, to maintain support from the College and Wilkinson Stores and also mitigate against the impact of increasing construction inflation. It is proposed that the project proceeds based on a fixed maximum area of 15,136 m2.

6 FINANCIAL IMPLICATIONS

Inflation

6.1 The indicative costs included in the 26 March 2014, Key Decision report, were £34.461m, based on a January 2014 price base, including a 10% contingency for inflation, abnormal and other costs. In recent years, construction inflation has been relatively low reflecting the down turn in the economy and in January 2014. There was no indication that it would increase significantly over the build programme.

6.2 However, although scope of the base VTP2 project has remained the same in terms of size, construction industry inflation is now anticipated to increase significantly, over the next few years, potentially a national level of 5% inflation per year. This reflects materials shortages in some areas (notably the supply of bricks) but also shortage of skilled labour and project management, in key areas. Many construction companies and plant were also engaged in work predominantly in the south of the UK and there is a tendency to increase tender prices, to reflect the relative glut of new work.

6.3 The TIP Board directors (which includes the Council as part of that decision making process) have recently engaged an independent consultant Sweets, to provide advice on projected anticipated local inflation levels and value for money of the proposed building costs, during the proposed construction period of the new VTP2 building. Their report concluded that, an inflation rate of 11.83% to Quarter 3, 2017, was the most accurate projection to use for this scheme, although this is still an estimate at this time as the industry is currently very volatile as it seeks to rebuild capacity.

6.4 This level of inflation will not apply to all the project costs, for example the cost of demolition and enabling works will not be subject to the full rate of inflation, because the work will be completed at the start of the programme.

Contingency

6.5 The initial budget approved in the March 2014, Key Decision, included a contingency of £2,802,500 or 10% on gross building costs. This was to take account of inflation anticipated at the time and abnormal costs for which the Council retained the risk, for example, additional costs of treating the exposed town hall façade, which cannot be fixed until the deconstruction work has been undertaken and the outcome of ground condition surveys when the building has been demolished. Inflation to Quarter 3 2017, is anticipated to be 11.83% based on current projections, although the construction industry pricing and

availability of resources remains volatile and costs will be much clearer at the end of Stage 1, in December 2014. A total of £3.6 million inflation has been estimated based on current programme and scope.

6.6 In addition, there is a need to budget for abnormal costs that have not been priced in the main construction costs, because the extent cannot be surveyed until demolition has been completed. Although it may be prudent to provide such a high level of contingency, it would not be advisable to share visibility with the Construction team. As with the construction of the BSF schools programme, the TIP will ensure that all costs that should have been included in the fixed price at Stage 2 are covered by the building sub contract and only exceptional items agreed at the outset to be the Council's risk are additional. The visibility of a significantly higher budget than necessary will not be helpful when negotiating the final price.

Decant Costs

6.7 The cost of converting existing space or temporary remodelling of rented space is estimated at £978,500. This compares to the £1 million budget approved in the capital programme.

6.8 There is also a further potential cost of £930,000 condition work, relating to roofs, windows, mechanical and electrical services, which has been identified at a high level. Not all of the condition work is essential, however, the actual extent of necessary work will not be known until detailed surveys have been undertaken over the next few weeks.

6.9 The impact on revenue costs is also being assessed alongside decisions made to invest in decant buildings. The total financial impact will be reported to members once the building condition surveys have been completed. It is anticipated that over all £1m will be saved on revenue operational building costs per annum compared to the existing buildings.

6.10 Approval is required to commence detailed negotiations with external landlords to secure the rented properties and to continue with the additional condition surveys required to retained civic buildings.

6.11 Approval is sought for the remodelling of costs of both Hyde and Denton library and their relocation into the respective town halls. Costs are £260k for Hyde and £200k for Denton.

LEP Fees

6.12 The original LEP fees projected were based on 2% of building costs, which is the standard rate applied to all new projects procured through the TIP, however, due to the value of the project, LEP directors have agreed to reduce this to 0.08%. Resulting in a projected saving of over £432,000.

Summary of Capital Costs

6.13 The summary of the capital costs approved in the Key Decision taken in March 2014 are summarised in the table below:

Summary Cost Heading	Projected Costs in Key Decision Report 26 March 2014
	£
Total construction	28,025,000
Demolition	1,800,000
On-site public realm and	1,151,250

treatment of exposed town hall facade	
Council Contingency @ 10% gross construction costs	2,802,500*
Council Contingency @ 7% gross project costs	
LEP Fees	682,550
Total	**34,461,300**
Other Capital Budgets	
TMBC furniture and equipment	1,500,000
College fixed fit out costs	300,000
Total	**36,261,300**

*The contingency shown above as projected in March 2014 was 10% of build costs excluding public realm and LEP fees, to allow for abnormal costs above those incorporated in the build price and a sum to cover inflation, which at the time was at a much lower projection.

+ Inflation has now been provided for separately and a further contingency provided to cover the cost of additional abnormal works that cannot be priced until demolition is completed for example the treatment of the exposed town hall rear façade.

6.14 As described in paragraph 6.1 and 6.5 these costs are subject to inflation and potentially additional abnormal costs and these will be monitored throughout Stage 1 and Stage 2 and mitigated as far as possible. A further cost report will be included in the next Key Decision at stage 1 in December 2014.

Wilkinsons Store Potential Costs Connected with TAC Lease Surrender and Reoccupation

6.15 Wilkinsons have a lease on the ground floor of the TAC building, which does not terminate until December 2016. The most expedient option available to the Council is to secure vacant possession of the site within a timescale, which will meet the objectives of the VTP2 programme is a negotiated solution with Wilkinsons.

6.16 It would be possible to obtain early possession of the building through the Courts if necessary, however, this could be a protracted and very expensive process, as Wlikinsons would be entitled to loss of profits, redundancy costs etc which would cost as a minimum an estimated £2.5 million and may result in the potential loss of 50-70 local jobs.

6.17 Work has been ongoing to identify a temporary location for the Wilkinsons store and whilst not yet formally agreed, a location has been identified. The potential cost of the temporary relocation of Wilkinsons retail unit and cost of fitting out the new retail unit in the VTP2 building, had not been estimated at the time that the Key Decision was taken in March 2014, due to the need to have governance in place to start to negotiate the terms of the new lease and surrender of the existing lease.

6.18 The Executive Cabinet are requested to approve the making of the Key Decision to make a formal offer to Wilkinsons Stores.

7 SFA GRANT FUNDING

7.1 Officers have been working actively to identify further sources of investment into the VTP2 project. Identified and active sources of funding include "The GM Town Centres fund", which has to date yet to determine an appropriate funding and investment mechanism and elements of ERDF funding and private investment.

7.2 Earlier in the year an application was made to the GM partners through New Economy for £6m funding for VTP2 and 3 through the GM City Deal round 1. In July 2014 it was announced that VTP2 and 3 had been successful in this bid along with another bid of £1m for engineering kit for VTP1 at Beaufort Road campus.

7.3 Each of the named projects will be asked to confirm as soon as possible that they still wish to go ahead, have the finance in place, and that they can deliver in the timescale required for completion in September 2016 or 2017. This was completed at the end of August 2014.

7.4 Assuming projects are still in a position to go ahead, they will be asked to complete a more detailed application form for submission by the end of October 2014, the Council is currently consulting with Manchester City Council to confirm the applicant for the grant will be Tameside Council. In addition it is anticipated that the deadline for submission may be extended. A process of assessment, moderation and allocation will take place in December 2014.

7.5 Whilst funding has been awarded on a project-by-project basis, GM has been given the freedom to re-profile or re-direct funding within that funding envelope. There is also the possibility of increasing skills capital investment through virement from other capital projects within the Local Growth Deal, most notably transport.

7.6 It remains GM's intention to support all of the original skills capital proposals, wherever possible, and we are exploring all options with BIS and others to enable this to happen. In addition to virement within the existing settlement, GM colleagues expect to be able to seek funding for other skills capital proposals, through future Growth Deals, and these schemes could be re-submitted when the next round starts later in the year.

7.7 The 2015/16 projects originally highlighted in the Deal to progress are those identified in group 1 as follows:

Salford City College	Creative and Digital Media
Tameside College	Advanced Engineering and Estate Renewal
Economic Solutions	Engineering and Advanced Manufacturing
Mantra Learning	Process Manufacturing
Wigan & Leigh College	Leigh Campus /Sustainable Construction
Stockport College	Civil Engineering and Construction

7.8 The funding criteria has been supplied **Appendix 2** , however some elements are still to be clarified, a key issue is that the college element of the building opens in September 2017, which will be extremely challenging to achieve, even though the scope of the scheme has now been effectively fixed. Despite the challenges, the TIP have drafted a programme for the scheme, which demonstrates the achievement of the target opening date.

7.9 The initial guidance suggests that the BREEAM rating to be achieved to secure the SFA grant. is "Excellent" when the target currently costed in the build price is, BREEAM "Very Good," based on the new 2014 assessment. This is being investigated by the College's agent, as it appears to be a legacy from earlier assessment processes prior to the new BREEAM assessment being in place. It is anticipated that BREEAM "Excellent" could add 7% to the build price for the college element. An early BREEAM pre assessment of the scheme for the retail, office and college element of the buildings has commenced to inform the bid process.

7.10 There are also a number of VAT and accounting implications which need to be considered and resolved depending on which accountable body the funding is allocated to. The application for the £6 million is based on the estimated £14 million cost of the College element of VTP2.

7.11 The funding criteria is also likely to require the agreement of heads of terms with the College for the lease on the new building.

7.12 Extensive information is required to support the SFA bid by the end of October 2014, to support this the TIP, Council and College have been meeting on a fortnightly basis in order to ensure that all of the information required is provided, without impacting on the delivery of the general programme.

7.13 The Executive Cabinet is asked to approve a Key Decision to approve the submission of the bid for SFA funding by 31 October 2014 and the negotiation of Heads of Terms in respect of an Agreement for Lease and Lease for the new building.

8 VALUE FOR MONEY

8.1 The Council's external auditors Grant Thornton have reviewed the governance already provided for the VTP project. In addition, they have recently provided further information on how they would expect the Council to evidence the financial and non-financial benefits anticipated to be derived from the programme and to demonstrate why the project should be prioritised over others.

8.2 Advice given so far is that the value for money test relating to projected build costs can be effectively validated by the existing external tests in place i.e. bench marking and independent review by an external cost consultant.

8.3 The TIP already has a responsibility under the terms of the Strategic Partnering Agreement to demonstrate that value for money is being delivered. It is therefore proposed that the TIP be asked to appoint an additional, independent consultant, to provide assurance re value for money and programme at Stage 0 and in advance of Stage 1 and 2 at no further cost to the Council. These reports will be contained within future reports to the Executive Board and Cabinet as part of the decision making process.

9 RISKS

9.1 The risk profile of the programme of activity at Stage 0, as all major projects are at this stage is high. There are a number of major risks that need to be mitigated as the programme develops.

Risk	Potential Impact	Mitigation
Inflation	Increase in construction costs beyond funding levels approved in the capital programme.	The cost plan has been reviewed in line with the anticipated 11.83 % inflationary increase to mid-point 2017. The TIP will work with the Council to mitigate the impact of this through design, programme and cost engineering. Packages of work will be market tested at Stage 1, to give a more accurate estimate of costs.
Insufficient Funding Available to complete all aspects of the programme.	Elements of the programme not completed or fully funded.	The potential funding gap needs careful monitoring and provision needs to be made within the Councils overall budget to identify where the gap will be funded from.
Wilkinsons refuse to relocate	This will delay the project significantly. TMBC can serve notice in December 2015,	Continued negotiation is required and the Council need to be in a position to make a formal offer by the end of

	however this does not guarantee vacant possession at a time of our choosing. The preferred model is a negotiated settlement and temporary relocation with Wilkos. Subsequent impacts include potential loss of SFA grant and College relocation.	October 2014 and sign the relevant agreements for lease and lease documents with Wilkinsons in November 2014.
Failure to move telecom masts in required timescales	This may delay the project significantly. Subsequent impacts include potential loss of SFA grant and College relocation.	Orange have now confirmed that they will be removing their equipment by mid October 2014. Vodafone are still trying to secure a re-location site with New Charter on Assheton House with the assistance of the Council.
Works required to decant locations not completed in time	Surveys etc have indicated a significant amount of condition and remodeling work is required to many of the decant locations. The multi-faceted implications of delays on the decant and programme mean that this must remain a high risk until the programme of works is settled and aligned with the main programme.	Programme of works to decant locations has been integrated into main programme to ensure consequential impacts are properly understood and programmed. Formal governance to progress works will mitigate delays in the programme.
Vacant Possession not achieved in May 2015 of the TAC building	This will delay the programme and increases costs	Big tidy up underway, decant costs now in place, move needs programming and communications to be put in place. Early discussions with commercial archiving and scanning companies has revealed that this is a lengthy process, however, there are options for managing documents off site if required at fairly short notice.
Demolition contract will need to be signed before Stage 2 for the construction project is approved and costs are fixed.	Due to the constraints on the programme, significant works will have to be let before final design and financial close is achieved. This means that the Council will need to move out of the building before Stage 2 is approved and final costs are known.	Regular analysis of the costs and programme should mitigate risks to the Council, early decant and demolition will mitigate against some of the impact of inflation.
Ground conditions	Increase in cost and delay in programme	Trial bore hole surveys being undertaken in selected areas, analysis of Camp Street ground conditions has been undertaken which should be similar.
Planning risks	The existing town hall and related buildings are grade 11 listed delays in approval for the demolition of TAC and the construction of the new building will delay programme and increase costs. It will also impact on any grants with a programme defined funding	Continual consultation with planning and conservation officers throughout the programme.

	criteria	
Works to the retained estate	Increase in cost and potential delay in programme	Review of exposed façade on Ashton Town Hall and reduction in estate retained.
Reduction of footfall during construction	Reduction in trade for local shops and businesses	Staff loyalty discount programme and shop local campaigns. Additional staff and students moving into Clarendon College in September 2015 plus construction staff will mitigate some of the impact. Wilkos moving into the arcades will also increase footfall in the arcades and potentially increase trade in market / market hall.
Reputation and public perception	Confidence in project reduced, negative publicity	Joint Communications plan with Tameside College and Retail Tenants
Vat and Accounting	Increase in cost through irrecoverable VAT expenditure	Consultation with VAT specialist advisers.

10 CONCLUSIONS

10.1 The costs of the Vision Tameside 2 programme of works including projected construction inflation and a 7% contingency on gross build costs, the additional scanning, public realm and cost of lease surrender in respect of the retail unit.is now £45.14 million. This compares to an agreed budget of £36.9 million.

10.2 The final contract sum will depend on the assessment of inflation and included contingencies which will be reviewed at Stage 1. No further expenditure than that approved in March 2014, will be incurred on the project until Stage 1, has been approved

10.3 Governance now needs to be approved to fix the scope of the VTP2 building, progress the SFA funding bid and deliver the decant, demolition and construction programme.

10.4 Green properties and Wilkinsons also require the Council to commit to supporting the temporary retail store relocation and also the relocation back to the new store, through the issue of a formal offer and the issue of an Agreement for Lease and Lease.

11 RECOMMENDATIONS

11.1 These are included at the front of the report.

Appendix A

Analysis of Revised Costs of Decant Locations at 30.09.2014

Potential Decant Location	Town	Potential Occupancy	*Est Number of Working Spaces	Area	Est Cost of Condition *	Est Cost of Conversion additional space for offices /	Temp or Perm	Cost Per Space	Est Annual Rent	Est Annual Rates	Est Utilities	Est Service Charge - Running Costs	Total Annual Revenue Cost	Annual revenue Cost Per Space	Revenue Cost Incurred Anyway	Notes
				M2	£	£	£	£	£	£	£	£	£	£	£	
Dukinfield Town Hall	Dukinfield	Chief Exec / Governance	140	12,600	0	144,000	Both	1,029	0	34,704	39,980	244,800	319,484	2,282	Yes	Assumes Jubliee and George Hatton not used by staff but use of Lesser hall 1 and 2
Hyde Town Hall	Hyde	Adults and Children	176	16,813	450,000	144,000	Perm	818	0	53,984	49,490	231,300	334,774	1,902	Yes	Temp use of Newton Suite (30) . Assumes library on Ground floor
Stalybridge Civic Hall	Stalybridge	Adults	190	11,830	200,000	231,000	Both	1,216	0	14,660	22,380	182,475	219,515	1,155	Yes	Number of spaces depends on use of market hall,some spaces potentially unsuitable, market hall space only drop in (98 spaces)
Tame Street	Stalybridge	Environmental Services	79	TBC	90,000	190,000	Both	2,405	0	39,900	64,965	140,000	244,865	3,100	Part	Assumes some temporary accommodation
Denton Town Hall	Denton	Library / Staff	17	1,022	30,000	0	Perm	0	0	10,363	22,290	65,460	98,113	5,771	Yes	Assumes Library Relocated to DTH costs include significant conditon work additional cost £125K
Hegginbottom Mill	Ashton	CAB Customer Services additional space	20		10,000	14,500	Temp	725	0	12,000	11,000	11,000	34,000	1,700	Yes unless sold	Assumes Education services relcoate to Linden Road to vacate space at Heginbottom Mill
Available Space in Town Halls			**622**	**42,265**	**780,000**	**723,500**		**1,163**	**0**	**165,611**	**210,105**	**875,035**	**1,216,751**	**1,956**		
Available Space in Part Empty Schools																
Astley High School	Dukinfield	Potential location for school library service	1													Location to be agreed
Two Trees School	Denton	Finance/Governance	300	18,000	150,000	40,000	Temp	133	0	50,774	50,774	25,000	126,548	422	Part	Not available until February 2015, refurbished in August 2013 Needs ICT connection.Could be further capacity
Available Space in Building																
Arcades - Carphone Warehouse	Ashton	Customer Services /CAB	20	2,350		30,000	Temp	1,500	50,000	36,738	23,500	22,000	132,238	6,612	No	Rent free period of 12 months to be negotiated assumes ground floor customer services
Shirley House or Clarence Arcade	Ashton/ Hyde	Education / Investment development	60	400	0	20,000	Temp		30,000	20,000	12,000	21,500	83,500	1,392		Space for 60 staff exists at P and R so either Investment Development go in P and R or Clarence arecade . If in CA Education can go to P and R
Patterson and Rothwell	Ashton	Potential location for AIPM Legal and other services	120	1,021		35,000	Temp	292	8,168	26,000	33,000	33,000	100,168	835	No	Rent estimated at £8 per ft2 subject to negotiation
Potential Rented Space			**200**	**3,771**	**0**	**85,000**			**88,168**	**82,738**	**68,500**	**76,500**	**315,906**			
IT works						**130,000**										
Total			**822**	**64,036**	**930,000**	**978,500**		**1,297**	**88,168**	**299,123**	**329,379**	**976,535**	**1,659,205**	**2,378**		

* Subject to further instrusive surveys

Key Principles for Decant Investment:

1. Utilise retained civic buildings first - split costs between condition and remodellings
2. Only invest in buildings if added value - increase value for resale or permanent office/ other use
3. Decant plan not to impact on planned disposal programme
4. ICT must support flexible working - not paying for rental space when ICT solution could be implemented to reduce permanent desk space costs
5. Fully utilise own buildings before renting space
6. Economic impact of decat locations to be taken into account and mitigated

Greater Manchester
Local Enterprise Partnership

Greater Manchester LEP – Skills Capital Funding

Detailed Application Guidance

Version Final

Date of issue September 2014

1.0 Introduction

1.1 Skills Capital projects have been included in Greater Manchester LEP's (The LEP's) Growth and Reform Plan and bid for Local Growth Funding (LGF) in 2015-16 and 2016-17. The LEP has secured (subject to final negotiation and formalisation in a funding agreement) a Skills Capital Funding allocation of £13.3 million against a number of shortlisted projects:

1.2 Grant support for these shortlisted projects has not been formally awarded. The LEP's formal allocation of Skills Capital funding allocations will be dependent upon i) the outcome of final negotiations with government regarding the LGF and ii) the LEP's detailed appraisal of applicants' full business cases.

1.3 Greater Manchester LEP is now requesting the submission of detailed businesses cases for the seven shortlisted projects. Assessment of the business cases will enable the LEP to make final allocations of Skills Capital funding (SCF) once it receives formal confirmation from government of its overall LGF allocation.

1.4 To receive SCF support at this stage, applicants need to have submitted an Expression of Interest and be one of the seven priority projects identified in para 1.1 above and also be successful with the full business case application.

1.5 Should any of these projects not progress or be unsuccessful, or if further funds become available then other projects will be considered

1.6 This document summarises the key principles of the Skills Capital Fund (SCF), provides guidance on the submission of detailed SCF applications together with key application and determination dates.

2.0 Key Principles of SCF

2.1 SCF Funding available - £13.3million of grant in 2015-16 and 2016-17 focused on projects which start in 2015/16

2.2 SCF Investment Criteria - projects must meet the key underpinning investment criteria identified in .....

2.3 College /Provider financial contributions – Providers will be expected to maximise their financial contribution to projects through, for example, asset disposals, even if these occur after the project is complete. Providers will be expected to provide a minimum funding contribution equivalent to two-thirds of project value. That is, for every £1 from the SCF, there should normally be an additional £2 invested. Where providers are unable to provide the required match funding, this should have been identified at the Expressions of Interest stage.

College/providers applying for grant funding in excess of the 1:2 match will need to demonstrate to the LEP that all avenues of securing additional funding (for example, land disposals, borrowing and financing from other sources) have been explored and opportunities maximised. While colleges/providers will not be permitted to use capital funding from other government bodies as part of its college funding contribution, colleges are encouraged to explore all possible sources of funding. The final decision on the financial contribution will rest with the LEP but will only be varied in exceptional cases.

- Project completion requirements - projects must be complete and operational by September 2016 for projects securing only 2015/16 funding ready for the 2016/17 academic year and September 2017 for projects with two years funding., ready for the 2017/18 academic year. Sectional completion of parts of larger projects due to be completed beyond this timescale will **not** normally be considered eligible unless they are stand-alone subprojects that will be fully operational in the required timescale.

- Procurement of consultants and contractors - in all cases procurement must be in accordance with European Commission (EC) Procurement Directives.

3.0 SCF Detailed Application Requirements

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3.1 Unless identified at the Expressions of Interest stage, applicants are required to submit a detailed business case application in respect of the whole project (as opposed to parts/phases of the project) which formed the basis of the Expressions of Interest application.

3.2 The LEP reserves the right **not** to assess detailed applications for capital projects which have been subject to material change(s) since the Expressions of Interest stage.

3.3 Examples of material changes include, but are not limited to:

- an increase in total SCF grant requested, and
- significant changes in the nature and/or scope of the project, for example its location, the extent of capital works being undertaken and a change in the key project deliverables such as the provision benefiting from the investment.

3.4 If applicants are unsure whether any changes are material they should discuss this with the LEP at an early stage.

3.5 The LEP reserves the right to delay assessment and decision of application(s) where it is aware of any issues that could impact on the delivery/potential outputs of the capital project for example, but not limited to, the college may be subject to or be undertaking a Structure and Prospects Appraisal with a view to possible dissolution or merger.

3.6 Any college considering a major change in their delivery model should undertake a College Structure and Prospects Appraisal and consider carefully and thoroughly the impact on their communities, consulting widely and transparently on their proposals, and taking explicit account of the views of the people - learners, employers, and the broader community - that they serve.

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4.0 SCF Detailed Application Information

4.1 Before submitting a detailed SCF application, colleges will need to develop proposals up to the stage where they can identify and cost their extent properly. As a minimum, this should be to Royal Institute of British Architects (RIBA) Work Stage 2 (stage C) or equivalent with supporting sketch plans and cost plans.

Colleges must be able to commit to a firm budget and demonstrate relevant certainty and ability to deliver the project to timescale; colleges may therefore decide to develop projects beyond RIBA Work Stage 2 (stage C) before submitting a detailed application to reduce project cost and deliverability risks. Colleges are reminded that the LEP will not in any circumstance provide increased capital grant should project costs exceed the approved amount or fall outside the specified LEP financial year.

4.2 Projects are expected to achieve high levels of environmental performance. Proposals will be expected to achieve a Building Research Establishment Environmental Assessment Method (BREEAM) 'excellent' rating for new build and 'very good' for refurbishments.

4.3 Projects put forward for the SCF are expected to demonstrate a high standard of design and learning environment.

4.4 SCF detailed applications must pass the SCF value for money 'gateway' that is, they must provide adequate responses in respect of all three value-for-money assessment criteria (project cost, net present value and efficiency savings) to be eligible for SCF grant support.

4.5 The SCF detailed application requirements comprise completion and submission of the following:

- **Application form** – detailed guidance on how to complete the application form is included within the form itself, with applicants required to overwrite application information. All information is to be incorporated into the application form with the exception of the information requested below. Colleges are required to keep answers brief and to the point – guidance is given in the application form for length of responses (word limits).

- **Building cost breakdown analysis form** - the application will need to include one form for the overall project but colleges are requested to provide separate forms to support this where more than one set of building works is proposed. Where projects are in excess of the Skills Funding Agency's (the Agency's) cost benchmarks, colleges must provide a detailed explanation to justify the additional costs and to demonstrate that the project still represents value for money. The LEP will **not** provide SCF to projects which are more than 5 per cent in excess of the Agency's cost benchmark unless adequate justification of the additional costs is provided.

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- **Investment appraisal template** – the application will need to include comprehensive investment appraisals, including assumptions (using the Agency's latest template) in respect of both the base case (do the minimum) and preferred options. The LEP will **only** provide SCF to projects:

    - with a Net Present Value (NPV) better than the base case NPV
    - which contribute to lower premises costs (£/m^2) for the college over an investment period of 20 years unless adequate justification is provided of why this is not possible, for example the college proposes to build additional space to accommodate new provision.

- **Planned Expenditure profile** - from approval in January 2015. The profile must be completed in government financial years, April to March. The expenditure profile submitted will be the profile that the applicant will be held to if the project is approved;

- **Financial Plan template** - a financial plan that includes the proposed project (using the SFA's latest 2014 Financial Plan template and handbook https://www.gov.uk/government/publications/college-financial-planning-template and supporting commentary and is consistent with the investment appraisal for the preferred option. The financial plan should be continued for at least two years after project completion. The signature included in the application form will be taken as endorsing all supplementary documentation, including the Financial Plan; and

- **A risk management plan** is also required for projects over £10 million, or where the college's financial health is Inadequate, to demonstrate that risks will be adequately managed.

4.7 In addition to completion of the above forms, colleges must provide:

- sketch plans and elevations (to the equivalent of at least RIBA Work Stage 2 or Stage C)

- a detailed flow chart (for example a Gantt chart) setting out the project programme
- minutes confirming governing body approval for the SCF project
- latest estate strategy
- other information as applicable to support and verify all project and financing/funding costs, for example independent valuations for land sales

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and acquisitions, heads of terms, supporting information for third party project funding and contributions.

Application information should be kept as brief as possible. Applicants **must** adhere to the word limit; we will not consider information provided over and above the word limit. Applicants are advised to provide focused and succinct responses, supported by robust, quantifiable and achievable information (particularly in the strategic fit/alignment, rational for investment and project outputs sections).

4.9 **Assessment of applications will be based only on the information submitted in the required format; however it may be validated against financial and estates related information already held by the Skills Funding Agency. The LEP cannot guarantee that it will consider at the assessment stage any information provided which is in addition to that listed above.**

4.10 To be eligible for the SCF, colleges must meet the submission requirements set out below:

- Colleges must return **one** electronic copy of the signed and completed Detailed Application form and any supplementary information to james.farr@neweconomymanchester.com (please compress files to less than 5Mb or send several emails. If you have any difficulties sending the email(s) please call 0161 237 4485 and ask for James Farr) and

- In addition colleges must submit **one** hard copy of the signed and completed Detailed Application form and supplementary information to be received by the LEP at the following address by **1:00pm on Friday 31 October 2014.**

James Farr
Director Employment and Skills
New Economy
1st Floor
Churchgate House
56 Oxford Street
MANCHESTER
M1 6EU

4.11 Without exception, we will **not** consider as eligible for the SCF any colleges that fail to submit both an electronic copy and hard copy of a signed and completed Detailed Application form, together with supplementary information in accordance with the above submission requirements. To be eligible for the SCF

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colleges must submit Detailed Applications and supplementary financial information using the application forms and templates provided.

5.0 Application Process and Timescales for the SCF

5.1 The table below summarises the timescales for the application, submission, assessment and approval processes for SCF detailed applications:

Indicative Date	Action
31 October 2014	Deadline for those applicants with sufficiently developed detailed proposals to submit a detailed application
November – Dec 2014	Assessment, moderation and decision
January 2015	Target date for feedback on outcomes of SCF detailed applications

Assessment Criteria

5.2 The LEP will judge the relative strengths of each proposed project against the criteria outlined in Annex 1. All projects will need to demonstrate how they support the LEP's Growth and Reform Plan : GM Growth and Reform Plan : the LEP's Skills Analysis GM Skills Analysis : GM Strategy Greater Manchester Strategy 2013-2020 and the GM Skills and Employment Partnership Plan

5.3 The LEP will be using the Skills Funding Agency's officers to assist with the assessment process. Applicants should not assume that the assessor will have any specific knowledge of the applicant and its locality. The LEP will carry out peer group reviews of assessments and will review all assessments at an internal moderation meeting to ensure the consistent application of the assessment process.

5.4 The LEP will judge the relative strengths of each proposed project against the criteria outlined above. A moderation panel will review the project assessments. The LEP will make recommendations to the LEP Board.

5.5 The applications should pay due regard to the Public Sector Equality Duty. Among other requirements, the Duty requires you to take positive steps to ensure that disabled students can fully participate in the education and other benefits, facilities and services provided. In particular, when completing the capital application, you should take account of how you will take all reasonable steps to

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avoid any disadvantages which a disabled learner may experience because of their disability.

Future Application rounds (5.6. & 5.7 do not apply to 2014 growth deal shortlisted projects)

5.6 If the demand for the budget outstrips supply, applications will be prioritised on the basis of the highest scores.

5.7 Should a number of applicants score the same number of points and the LEP has insufficient funds to support all projects, we will use a range of factors such as delivery of LEP priorities, the amount of historic investment and amount of space in condition category C/D being addressed to prioritise projects.

6.0 Grant Payments and Project Monitoring

6.1 Applicants with projects approved for the SCF will receive a letter from the LEP or accountable body confirming the funding in relation to the project and setting out the conditions of the grant.

6.2 Applicants will be required to indicate acceptance of the terms by signing and returning a copy of the funding letter within two weeks of receipt. Offer letters will only be sent out once a copy of the minutes confirming governing body approval for the SCF project have been received.

6.3 Arrangements for payment of the SCF grant and evidence requirements will be confirmed on award of grant.

6.4 The LEP will require successful applicants to comply with such funding conditions as it may impose and will undertake random site visits to ensure all conditions are followed.

6.5 The LEP will reserve the right to recover funds in the event that project costs (including VAT savings) are less than originally approved, or have not been used for the agreed purposes.

6.6 We expect applicants to provide monthly updates on progress to the LEP or their nominated representatives and also expect them to report against the criteria within 6.7..

6.7 The monthly report is to be provided from the period when the Building Contract commences until Practical Completion or agreement of the Final

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Account, whichever is the latest, the report is to include the following items as a minimum;

- Summary of the key deliverables for the project as defined within the approved application form.
- Executive summary of the report
- Key progress of the projected during the last reporting period
- Expected progress during the next reporting period
- Summary of costs including
    a. Contract sum
    b. Provisional sums
    c. Client contingency
    d. Approved total budget
    e. Balance of contingency
    f. Predicted Final Account
- Programme of projected milestones against actual progress on site
- Cashflow actual v predicted
- Planning condition tracker
- Health and Safety summary of contractors performance
- Risk register
- Drawdown certificate for current month

7.0 Post-Occupancy Evaluations

7.1 The LEP is required to account for public investment made in the FE estate and the impact it has made and therefore usually requires, as a condition of capital grant, a project post-occupancy evaluation. We expect colleges to provide initial post-occupancy evaluations within 12 months of completion of the projects and by no later than 1 October 2017 for 15/16 projects and October 2018 for 2016/17 projects, to highlight lessons learned and disseminate these to the FE sector. A further post-occupancy evaluation which considers the economic and educational impacts of the scheme should follow within 24 months of project completion.

7.2 As part of the SCF application, colleges are required to identify a minimum of three specific, measurable, achievable, realistic and time framed (SMART) objectives/outputs for the proposed capital project. At least one objective/output should relate to the college's estate and one should relate to benefits to learners, employers and the local community. We expect colleges to assess the extent to which the identified SMART objectives/outputs have been achieved when completing the LEP's required post-occupancy evaluation analysis.

Annex 1
Skills Capital Funding (SCF) – Assessment Criteria: Additional Summary Guidance.

Please ensure you read the main guidance text in this document as well as the guidance provided in the application form itself.

Condition of estate - Estate need

- Urgent health and safety work and/or the need to carry out works to comply with statutory regulations. For example Equality Act access/compliance works. In the case of proposals dealing with urgent health and safety works and other aspects of statutory compliance, colleges must provide compelling and rational evidence confirming that work is required, that it is urgent, and that the proposed works will address all issues identified.

- Improving the condition of the college estate through redevelopment, refurbishment and/or rationalisation - bringing inoperable estate back into effective use, percentage of college area improved as a result of the project (area of college moved out of eMandate condition C/D), rationalisation of the college estate.

- Sustainability – strategic engagement with Sustainability and Carbon Reduction agenda, linking the project to these targets. Links to formally recognised initiatives such as ISO14001 and other environmental management and carbon reduction programmes.

- BREEAM rating – new build expected to be 'Excellent', refurbishment 'Very Good'. Supporting work (such as pre-assessments) to support achievement of these ratings.

- Relevance of proposal to college property strategy – the project should be part of a clear adopted property strategy for the institution and a copy of the latest strategy must be provided with the application.

Value for money

- Cost per square metre compared with cost benchmarks – refer to cost model information in the Capital section of the Agency's website. Costs should be within five per cent of benchmark rates. If above this, a robust case must be made for any abnormal cost levels; the LEP will **not** provide SCF to projects which are more than five per cent in excess of the

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Agency's cost benchmark unless adequate justification of the additional costs is provided.

- Premises savings - in terms of premises savings compared with premises costs over a 20-year period in the investment appraisal information for the preferred and base case options. If these costs exceed the savings by more than five per cent of the total project cost then adequate justification must be provided in terms of how the project will enable the college to reduce its overall premises costs per square metre over the investment period; or in exceptional cases, why the project is unable to contribute to lower premises costs (£/m^2), for example the college proposes to build additional space to accommodate new provision.

- Return on investment, in terms of the investment appraisal (NPV) for the proposed project compared with the base case (do the minimum) option.

Benefits to learners/Supporting Economic Growth

Evidence of how the project addresses the benefits to learners/supporting economic growth key criteria underpinning Greater Manchester Growth and skills priorities including evidence how the project addresses the following:

Contribution to and fit with Greater Manchester Growth and Reform Plan and Greater Manchester Strategy

How the project will enable a positive and measurable impact on responding to skills needs, including how it:

- meets current and future skills needs and supporting growth industries and sectors as set out in the Greater Manchester Skills Analysis
- reducing dependency and promoting self-reliance
- makes a measurable contributions to specific local priorities, issues and challenges.

Contribution to Greater Manchester Skills and Employment Partnership Plan (Annex 2)

- **Preventing and reducing youth unemployment**

- **Preventing and reducing adult unemployment**

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- **Delivering an employer- led skills system including** how the project will support the expansion and growth of Apprenticeships and employer engagement,

Improving the quality of teaching, learning and learner success

- Supports measurable improvements in the quality of teaching and learning, learner success and, if relevant, how any inadequate curriculum areas will be addressed.

Collaboration and Partnership

- Demonstrates whether/how plans have been developed in collaboration / partnership with other employers, colleges or providers and what impact this will have on the skills provision in the sector/locality e.g. How will duplication and/or displacement of provision and learners be avoided.

Social Value

- In accordance with the Public Services (Social Value Act) 2012 applicants should Identify the relevant wider economic, social and environmental benefits for the local community deriving from the project. E.g. impact on local public services, local apprenticeships, unemployment etc.

Other growth measures

- Contributes to other growth measures including
  - more opportunities for learners with learning difficulties and disabilities
  - more flexible routes and opportunities to higher education
  - impact on areas of high deprivation
  - creation of new jobs during construction
  - creation of new jobs post construction
  - reductions in CO2
  - Any other quantifiable benefits

Additional financial considerations:

- Investment appraisal – applications will **not** be approved where no base case investment appraisal is submitted in the application

Annex 2

GM Skills and Employment Partnership Plan 2014-15: Summary

Preventing and reducing youth unemployment	High youth unemployment – both the overall GM 18-24 claimant count and long term claimant count are above national averages	Improve job entry and sustainment of unemployed young people, particularly long term claimants	Launch GMCVO Talent Match programme for hardest to help young people (July) Launch GM Youth Contract Extension, assisting 2500 18-24 long term JSA claimants to enter and sustain work (Sept) GM Commitment to Youth Employment– accelerate delivery of Jobs with Training offer for those at risk of long term labour market exclusion (ongoing) Apply ESF to improve outcomes under Sustainable Integration of Young People theme (Jan-)	Reduce JSA claimant rate (aged 18-24) to national average (2228 fewer claimants)
	NEET levels remain above national averages, particularly at age 18	Reduce NEETs and increase the proportion entering employment, training or education	Implement GM CEIAG Strategy to help young people make better post-16 choices (see below) Strengthen NEETs tracking via CCIS hub (Feb) Establish NEET task force (Sept) Develop GM Raising the Participation Age (RPA) Strategy 2015 (Nov) Apply future ESF investment ensuring programmes work towards RPA compliance (Jan)	Reduce 16-18 NEET proportions to 2.7% (2756 fewer NEETs)

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	Employers in GM have the worst perceptions of any core city of young peoples' 'job readiness' aged 16 Work ethic, punctuality, interpersonal skills highlighted as issues by employers in all sectors	Improve quality and availability of CEIAG for young people, including business engagement in schools	Implement GM Careers Education, Information, Advice and Guidance Strategy, including: ▪ Embedding 'employability' skills in schools curriculum project launched (May) ▪ School leadership development in CEIAG and its relationship to the skills agenda (July) ▪ Business engagement with schools and post-16 work related activity framework developed (Oct) ▪ Growing the number of schools progressing and sustaining their GM Inspiring IAG Award (ongoing)	
	Flat growth in Apprenticeship volumes, particularly 16-18s Only a third of 16-24 apprenticeships are at L3+, while bulk of future labour demand is at L3+ Low numbers of unemployed young people accessing apprenticeships	Increase the number of apprenticeships at level 3 and above Increase the scale & quality of learning programmes that progress young people towards L3+ Apprenticeships Increase the number of 16-24 year olds starting apprenticeships, particularly in key sectors Progress more young people from classroom-based to employer-responsive skills delivery	Refresh GM Apprenticeship Hub Delivery Plan and implement actions by all partners, including effective deployment of City Deal resource, across three priority areas: ▪ Develop the capacity of providers ensuring supply is matched to demand ▪ Maximise employer take up of apprenticeships in GM's key sectors ▪ Improve information, advice and guidance services for young people Actions include: ▪ School leadership development sessions in CEIAG begin (Sept) ▪ Discounted travel for 16-18 apprentices agreed (Oct) ▪ Secure GM/LEP support for consistent public sector approach to apprenticeships within procurement (March) ▪ Continue to provide capacity support to providers developing niche level 3 and level 4+ apprenticeship provision (ongoing)	Grow the number of 16-24 year old apprenticeship starts by GM residents by 10% per annum to 2017-18

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			2014-15	
Preventing and reducing adult unemployment through an integrated skills and employment offer	Low job entry rate for those with more significant labour market barriers. Low job sustainment levels for ESA Work Programme participants, DWP ESF complex families and CLG Troubled Families provision	Improve job entry and sustainment for 'harder to help' claimants, supporting the principles of PSR	Successful delivery of Working Well via strong local service integration (ongoing) Work with other cities, LGA, prime contractors and DWP to shape future Whitehall plans for mainstream programmes (ongoing) Co-design and launch GM mental health & employment pilot with DWP and DH (Jan) Apply future ESF to improve outcomes via Access to Employment theme (Jan)	Narrowing the gap between the GM and UK working age benefit claim rates by 1 percentage point (35,000 reduction by 2020, 17,000 above trend)
	Impact on labour market outcomes of SFA-funded skills programmes for the unemployed is unclear 66% economically inactive have L2 or below skills	Improve the effectiveness of 'employability' training in skills programmes	Finalise plans for investment of £12mn of BIS skills budget alongside ESF (Dec) Define and promote a minimum skills requirement as part of the specification for the successor to the Work Programme (March)	Establish baseline measures for job outcomes for those participating in SFA-funded programmes for the unemployed

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	Benefit reductions (c10% annually) and introduction of Universal Credit form the largest welfare shake-up since WW2 Low pay, no pay group in GM thought to be growing but poorly understood 170,000 GM working households working tax credits costing £1.2bn/year	Improve understanding of 'low pay, no pay' cycles and develop policy and delivery responses, eg high churn sectors Maximise the opportunities via UC to reduce GM's reliance on in work and out of work benefits, in line with PSR principles	Develop consistent measure of GM low pay, no pay with JCP (Nov) Research into low pay, no pay completed, including recommendations (Dec) Apply ESF to improve outcomes (Jan) Develop an enhanced Local Support Services Fund pilot with DWP, for implementation in GM from 2015 (ongoing) Shape National Careers Service contract to best meet needs of individuals and employers in GM (ongoing)	for JSA and ESA

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Delivering an employer-led skills system	Employers report persistent skills gaps, eg: • Leadership and management • Associate professionals (42% report difficulties recruiting) • 16% have staff not proficient in their role	Ensure GM's curriculum offer and learning facilities better meet the current and future needs of GM employers Increase participation in high quality leadership and management training	Develop & implement key skills strategies, incl: ▪ Airport City (agreed Aug) ▪ NW high speed rail (agreed Dec) Work with SFA to incorporate LEP priorities within adult skills budget allocations in GM (Sept) Work with Ofsted, GMLPN & GMCG to share good curriculum planning practice (Oct) Ensure GM has best facilities via follow-up to Growth Deal skills capital plan (Nov) Disseminate 'deep dive' analysis and publish college learner destinations research (Nov) Shape National Careers Service contract to best meet needs of GM residents/employers (ongoing) Establish GM Manufacturing and Engineering Network, piloting approach to sector-led leadership & management development (Dec) Apply future ESF to improve outcomes under Labour Market Relevance and Lifelong Learning themes (Jan-)	% of GM employed individuals with at least a level 2 qualification reaching the national average of 80.2% (gap of 6980) % of GM employed individuals with a level 4+ qualifications reaching national average of 40.1% (gap of 24,378)
	Increase employer leadership of skills system ▪ Apprenticeship reforms will route state funding via employers ▪ State skills funding entitlements are shrinking particularly at L3+ and for those aged over 24	Increase employer participation and investment in improving the skills of their workforce Build capacity of provider base to offer the training and support that employers seek	Launch intermediary support for up to 800 employers of 0-50 staff who do not invest in skills (Aug) Redesign tax incentives pilot to test future apprenticeship funding models (Sept) Deliver capacity building plan, incl ▪ Skills Gateway and associated promotional campaign to employers (Sept) ▪ Preparing the provider workforce for future delivery and funding landscape (ongoing)	Grow the gap between the number of GM employers who do not train (31%) and national average (34%) (UKCES, 2011)

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