

## **GETTING BUILDING FUND**

Report of the Deputy Chief Executive, Place and Deputy Chief Executive,  
Corporate and Support Services

### **1. PURPOSE OF REPORT**

- 1.1 To provide an update on the Getting Building Fund, those projects that have been successfully allocated funding and their fit to wider strategy.
- 1.2 To request authority:
  - 1.2.1 to enter into funding agreements to receive and administer funding, as required, to support the delivery of Getting Building Fund supported projects.
  - 1.2.2 to incur cost to progress the design on Stockport Exchange Phase 4 in advance of a further report that will be brought to Cabinet in February 2021.

### **2. THE GETTING BUILDING FUND**

- 2.1 On the 10<sup>th</sup> June 2020 the Government announced, via a letter to Mayors and LEP Chairs, a desire to accelerate local growth programmes. As part of this objective the Getting Building Fund (GBF) was launched. The GBF provides funding support for 'shovel ready' capital projects that contribute to local economic recovery, by creating jobs and raising demand in the economy.
- 2.2 The overarching aim of GBF is to drive economic growth and jobs and support green recovery by enabling the following:
  - town and city centre modernisation through targeted infrastructure investments unleashing their longer-term economic potential;
  - investment in physical connectivity to improve the functioning of the local economy;
  - investment in the innovation ecosystem including improvements to research and development facilities that drive up business productivity;
  - improvements to human capital;
  - improving digital connectivity, in order to support economic performance, particularly in more isolated areas.
- 2.3 GBF is aimed at accelerating exceptional 'shovel ready' projects that can spend the grant by March 2022, demonstrate market failure and value for money, have a good strategic fit against the local industrial strategy and meet deliverability criteria. £900m nationally has been made available via GBF.
- 2.4 In June 2020 GMCA scoped twenty projects within GM for potential GBF support. These were prioritised by strategic importance, cost per job and

deliverability. In July 2020 it was announced that eight projects, totalling £54.2m were successfully shortlisted by MHCLG for GBF support. This included Stockport's two submissions.

- 2.5 Since this announcement a process of detailed clarification has been taking place including updates on costs and outcomes, cashflows and appraisals, legal advice and draft funding agreements with GMCA.

### 3. STOCKPORT'S GBF PROJECTS

- 3.1 A careful scoping exercise was undertaken to ensure that the submission from Stockport would maximise its chances of success. Stockport's two projects, summarized below, both generate jobs and commercial space at scale and could be delivered quickly, yet works have not started, or are stalled, due to economic uncertainty.

#### ***Stockport Exchange Phase 4***

- 3.2 A strategic economic investment, within Stockport town centre and the Town Centre West Mayoral Development Corporation area delivered by Muse Developments and the Council. Phase 4 builds on a successful emerging employment and leisure destination. GBF will support the acceleration of future phases of Stockport Exchange, incorporating clean energy and generating jobs, to ensure a green economic recovery. There is a clear link to the GM Local Industrial Strategy and Northern Powerhouse objectives.
- 3.3 The proposal is to unlock the Stockport Exchange Phase 4, which is envisaged to include a new build prime office block located near to Stockport railway station and a new build multi storey car park (MSCP). This will be achieved by GBF grant to accelerate the office development and the MSCP. Both schemes form the next stage of the Stockport Exchange masterplan. In advance of the February 2021 Cabinet decision, the Council requires up to £0.235M for approval to further develop proposals and maintain the pace of delivery for Phase 4. Authority is sought for these costs in this report. These costs will be fully recoverable from the GBF grant.
- 3.4 Clean local energy infrastructure will be built into the wider estate, with proposals including roof mounted solar car ports on the MSCP, up to 30EV charging points and retrofitted roof mounted solar PV, where achievable, elsewhere. Public realm also forms part of a package of proposals.
- 3.5 GBF is required to accelerate the delivery of Phase 4. A more detailed report on Stockport Exchange Phase 4, and its phasing and delivery mechanism, will be included in the February 2021 report to Cabinet.

#### ***STOK, Merseyway Centre (former M&S building)***

- 3.6 STOK is a key employment project in the heart of the Merseyway Centre. The project is led by Glenbrook, a Manchester based property developer. Proposals are to repurpose the former Marks and Spencer building that has lain vacant since 2018. The scheme will provide c.63,800 sq.ft. of much needed quality workspace in the town centre, supporting up to 500 jobs. This project aligns very closely to the GM Local Economic Strategy and complements Stockport's

Future High Street Fund submission. As well as diversifying the high street and generating footfall, the scheme also includes roof mounted solar PV, to ensure green recovery forms part of the proposals.

- 3.7 Since Glenbrook purchased the building in October 2019 some strip out and asbestos removal works have been undertaken. However, the main contract works are stalled due to economic uncertainty and the impact this has had on overall viability and in bringing forward a quality offer. GBF will ensure that this scheme can be delivered by the end of 2021/22. There is no other direct public funding in the scheme.

#### **4. FINANCIAL AND RISK CONSIDERATIONS**

- 4.1 It is proposed that the Council will act as accountable and administrative body for both schemes. It will be the grant recipient from GMCA and will enter into Funding Agreements with GMCA for this purpose. The Council will then enter into grant flow down agreements with the grant recipients as required, namely the development organisations that will deliver the respective schemes.
- 4.3 The GBF is for capital construction costs (including fees) and land acquisition but eligible spend is only permissible from 15<sup>th</sup> July 2020. The Council will be required to ensure that value of works undertaken are both eligible and of a standard for GBF grant payment. GBF grant can be claimed in advance of other funding. An overage will be put in place for both projects in favour of GMCA, which will be replicated in any agreement with the grant recipient as required.
- 4.4 The GBF grant allocation is £4.2m for Stockport Exchange Phase 4 and £3.5m for the STOK project. There will be a further report taken to Cabinet in February 2021 covering Stockport Exchange Phase 4.

##### Risks

- 4.5 Up to £0.235M is required to be spent on developing the Stockport Exchange Phase 4 scheme in order to progress the GBF grant agreement and to draw down the GBF to timescale. Authority is sought for these costs in this report to progress with design elements. This cost is eligible for full recovery through the GBF grant. If either the scheme and / or the grant agreement does not progress, or is delayed, then any costs incurred will need to be covered by the funding arrangements to be outlined in the February report to Cabinet.
- 4.6 If the projects are not able to spend the GBF grant amount by March 2022 then there is a possibility that the grant could be reduced accordingly. In this scenario funding will be sourced through the arrangements for the Stockport Exchange Phase 4 scheme to be presented to Cabinet in February 2021. For STOK there would be no obligations on the Council.

#### **5. LEGAL CONSIDERATIONS**

- 5.1 A detailed grant agreement between GMCA and the Council, and other associated legal documentation, will be completed for each scheme.

- 5.2 A detailed grant agreement between the Council and the grant recipient, and other associated legal documentation, will be completed for each scheme ahead of the first grant payment.
- 5.3 There are no State Aid implications associated with either the Council accepting the grant or signing the grant agreements with GMCA in relation to either scheme. State Aid will be considered further for each individual scheme with any allocation being state aid compliant.

## **6. HUMAN RESOURCES IMPACT**

- 6.1 Not directly applicable to the report.

## **7. EQUALITIES IMPACT**

- 7.1 Not directly applicable to the report.

## **8. ENVIRONMENTAL IMPACT**

- 8.1 Not directly applicable to the report, however the GBF grant supports green recovery, options for local clean energy generation and energy efficiency will be considered in addition to requirements through the Planning and Building Control process.

## **9. CONCLUSIONS AND RECOMMENDATIONS**

- 9.1 Cabinet is requested to note the contents of this report and approve the following recommendations:
  - 9.1.1 Approval be given to enter into the GBF funding agreements with GMCA relating to both Stok and Stockport Exchange Phase 4 with authority delegated to the Deputy Chief Executive, Place and the Deputy Chief Executive, Corporate & Support Services to agree the final terms of those agreements with GMCA;
  - 9.1.2 Approval be given to enter into any necessary agreements required to receive and administer the GBF for each scheme with authority delegated to the Deputy Chief Executive, Place and the Deputy Chief Executive, Corporate & Support Services to agree the final terms of those agreements;
  - 9.1.3 Approval be given to spending £0.235M to further develop proposals for Stockport Exchange Phase 4 on the basis set out in this report
  - 9.1.4 Authority is delegated to the Deputy Chief Executive, Place and the Deputy Chief Executive, Corporate & Support Services take all necessary steps to bring forward the projects for the Getting Building Fund;

9.1.5 Authority is delegated to the Strategic Head of Service (Legal & Democratic Governance) to do all things necessary or incidental to the implementation of the above-mentioned resolutions.

#### BACKGROUND PAPERS

None

Anyone wishing to inspect the above background papers or requiring further information should contact Paul Richards on Tel: 0161-474-2940 or by email on [paul.richards@stockport.gov.uk](mailto:paul.richards@stockport.gov.uk)