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STRATEGIC PLANNING AND CAPITAL MONITORING PANEL

Day: Monday
Date: 12 March 2018
Time: 2.00 pm
Place: Lesser Hall 2 - Dukinfield Town Hall

Item No.	AGENDA	Page No
1.	APOLOGIES FOR ABSENCE To receive any apologies for the meeting from Members of the Panel.	
2.	DECLARATIONS OF INTEREST To receive any declarations of interest from Members of the Panel.	
3.	MINUTES The Minutes of the meeting of the Strategic Planning and Capital Monitoring Panel held on 27 November 2017 to be signed by the Chair as a correct record (Minutes attached).	1 - 10
4.	CAPITAL MONITORING - PERIOD 10 2017/18 To consider the attached report of the Director of Finance.	11 - 38
5.	VISION TAMESIDE To consider the attached report of the Director of Place.	39 - 52
6.	CORPORATE ASSET MANAGEMENT PLAN UPDATE To consider the attached report of the Director of Place.	53 - 60
7.	EDUCATION CAPITAL INVESTMENT To consider the attached report of the Director of Place.	61 - 74
8.	DEVELOPER CONTRIBUTIONS To consider the attached report of the Director of Place.	75 - 82
9.	LEISURE ASSETS CAPITAL INVESTMENT PROGRAMME To consider the attached report of the Director of Place.	83 - 90
10.	URGENT ITEMS To consider any additional items the Chair is of the opinion shall be dealt with as a matter of urgency.	

From: Democratic Services Unit – any further information may be obtained from the reporting officer or from Carolyn Eaton, Senior Democratic Services Officer, 0161 342 3050 or carolyn.eaton@tameside.gov.uk, to whom any apologies for absence should be notified.

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Agenda Item 3

STRATEGIC PLANNING AND CAPITAL MONITORING PANEL

27 November 2017

Commenced: 2.00pm

Terminated: 3.00pm

Present:

Councillor K Quinn (Chair)

Councillors Cooney, Dickinson, J Fitzpatrick, B Holland, McNally and Taylor

Monitoring Officer:

Sandra Stewart

Section 151/Chief Finance Officer: Kathy Roe

Also in attendance:

Robin Monk – Director of Place
Tom Wilkinson – Assistant Director of Finance
Ian Saxon, Assistant Director (Environmental Services)
Paul Moore - Head of Planning
Ade Alao - Head of Investment and Development
Paul Dulson – Head of Adult Assessment and Care Management
Dave Wilson – Team Manager – Joint Commissioning and Performance Management

Apologies for absence:

Councillor Fairfoull

22. DECLARATIONS OF INTEREST

Members	Subject Matter	Type of Interest	Nature of Interest
Councillor Taylor	Agenda Item 12 - Review of Learning Disability Day Services – Oxford Park Development; and Agenda Item 13 – Leisure Assets Capital Investment Programme Update	Prejudicial	Chair of Active Tameside

23. MINUTES

The Minutes of the meeting of the Strategic Planning and Capital Monitoring Panel held on 9 October 2017 were signed by the Chair as a correct record.

24. CAPITAL MONITORING QUARTER 2 2017/2018

Consideration was given to a report of the First Deputy (Performance and Finance)/Assistant Executive Director (Finance) summarising the capital monitoring position at 30 September 2017. The report showed projected capital investment in 2017/2018 of £73.703 million by March 2018. This was £6.033 million less than the current capital budget for the year. Re-phasing of £5.494 million into the next financial year was therefore proposed.

It was explained that the three year capital programme included earmarked schemes of over £16 million in 2017/2018 which had not yet been fully approved. If these schemes were delivered in 2017/18, then total capital investment in 2017/2018 would exceed £89 million.

Details of the capital expenditure to date were shown by service area and Section 3 of the report referred to the most significant scheme variations.

Reference was also made to capital receipts and prudential indicators and it was –

RESOLVED

- (i) That the re-phasing to reflect up-to-date investment profiles be approved;**
- (ii) That the changes to the Capital Programme be approved;**
- (iii) The updated Prudential indicator position be approved;**
- (iv) That the current capital budget monitoring position be noted;**
- (v) That the resources currently available to fund the capital programme be noted;**
- (vi) That the updated capital receipts position is noted; and**
- (vii) That the timescales for review of the council's three year capital programme be noted.**

25. VISION TAMESIDE PHASE 2 PROGRESS UPDATE

The Director of Place submitted a report providing a progress update on project delivery, costs and funding, delivery timescales and risks associated with the Vision Tameside Phase 2 Programme, which included the new Shared Service Centre and the Streetscape Improvement Project.

The Director introduced Sean Stafford, who was working with the Council in a consultancy capacity, to help deliver the Vision Tameside programme.

It was reported that, since the last report to the Strategic Planning and Capital Monitoring Panel on 10 July 2017, good progress had been made with key elements of the Programme as follows:

- Demolition contract completed on 12 September 2016;
- Enabling works for construction commenced on 13 September 2016;
- Piling works commenced on 19 September 2016;
- Construction contract awarded on 22 November 2016;
- Steel beam signing ceremony had been held on 6 December 2016;
- Construction of foundations complete;
- Steel frame erection complete;
- Metal decking complete;
- Topping out ceremony on 21 June 2017; and
- Upper floor slabs complete; and
- Drainage and ground works complete.

It was noted, however, that there were new emerging risks associated with certain elements of the programme. Although not currently on the critical path, these emerging risks needed to be monitored closely to prevent delay with completion.

It was explained that, following the tragedy at Grenfell Tower on 14 June 2017, assurance had been sought from the LEP and Carillion that the specifications and method of installation of the proposed cladding material for the building did not pose unacceptable levels of fire risk. The Council had received confirmation from the designers and constructors that no ACM cladding material would be used in the building. As a third level of assurance, the Council had commissioned an independent technical review to confirm that the specifications, method of construction and overall fire strategy proposed for the building did not post unacceptable levels of fire risk. The report was expected to be received in the next few weeks and details of this would be reported to the next meeting of the Panel.

The high level programme, previously reported, was currently reported by the Contractors as being on target and was detailed in the report. The contractor reported that the project remained on programme against the contract programme, however the current construction programme identified a six week delay with the curtain walling. A detailed review of the programme was underway and the contractor had been requested to provide a Recovery Plan to provide assurance that the overall project programme was not compromised by the delay in curtain walling works.

In respect of the streetscape improvement project, Member were informed that, at the last meeting of the Panel on 9 October 2017, it was reported that the council was awaiting the autumn statement funding announcement from government on National Productivity Investment Fund in order to determine if the full project could be delivered or whether there would be a requirement for de-scoping or consideration given to delivering the project in phases. The Department for Transport made their announcement on 19 October 2017 and the NPIF bid for Streetscape Improvement Project was unsuccessful in attracting funding.

Following the announcement, work had now commenced to progress the development of the project in line with the confirmed funding and additional funding would continue to be bid for as and when it became available. Based on the finances available the Vision Tameside Public Realm Task Group had considered various options detailed in the report and recommended the re-phasing and re-programming of works option (option 4 in the report), which entailed committing to prioritising works around the new VTP2 building, completion of Market Square, Wellington Road and outside Clarendon College which was affordable within the current funding. This would realistically take up to 2 years to complete which provided the opportunity to bid for additional funding for the works outside the new Tameside Transport Interchange and along the Ashton Northern bypass up to Penny Meadow.

It was noted that the recommendation to phase the delivery of the wider public realm works did not affect the programme to deliver works within the boundary of the new Shared Service Centre. These works were part of the Vision Tameside contract and would be delivered by the Council's Environmental Services team to ensure consistency with the wider works as they were delivered. A further report would be provided at a future meeting with details of a recommended phasing plan.

With regard to the recant plan, a detailed Vision Tameside Recant Plan was currently being developed to form part of a wider Council Office Accommodation Strategy which would be implemented when the new Shared Service Centre was completed in summer 2018. The aim was to have a final fully costed Recant Plan available by January 2018 and a comprehensive communication plan for staff would be implemented from January 2018.

It was reported that partnership work continued between Carillion and the Council's Employment and Skills team to maximise opportunities for local employment, apprenticeships, work placements and local supply chains. A summary of the outputs achieved to date was provided in the report.

An analysis of furniture, fittings and equipment for all elements of the scheme, was completed as part of the Stage 2 submission. The original £1.5 million budget for the Council and partners had been confirmed to be sufficient at Stage 2. The last report to the Strategic Planning and Capital Monitoring Panel on 13 March 2017, highlighted that the projected FF&E contribution from the DWP and CCG, was anticipated to be £432,000. However due to negotiations still underway with NHS Property Services, acting on behalf of the CCG, and recent design changes requested by the DWP, this contribution was under review.

In respect of Variation Notices and impact on Contingency Budget, it was explained that the programme currently had a contingency allowance of £639,711.

In terms of risk management, it was explained that the Vision Tameside Phase 2 programme had a comprehensive risk register and issues log which was pro-actively managed by the Project team. The primary risks associated with the proposals outlined in the report were detailed. The new

emerging risk associated with the construction programme had been added and would continue to be monitored closely.

In conclusion it was reported that, delivery of the Vision Tameside Phase 2 programme was key to the achievement of the Council's overall strategic priorities and a new exciting future for Tameside attracting new businesses, creating new jobs and future opportunities for Tameside residents.

It was important that the one outstanding agreement for lease negotiations was completed urgently to provide certainty around projected income and FF&E contributions.

Careful monitoring of the construction programme was required to ensure no further slippage thereby ensuring that the building could be open for business in September 2018.

Budget monitoring was critical to the successful delivery of this project to ensure costs were contained within the budget envelope. It was essential that the Reviewable Design Data process previously approved, continued to be reviewed, as a matter of urgency, to ensure project remained on time and budget.

Improvement to the public realm was critical to the success of the Vision Tameside programme and following TfGM's funding announcement on the 1 October 2017 it was important that project development was progressed based on a phased approach to delivery and that funding opportunities continued to be accessed as they became available.

Following completion of the floor plan review, the work to develop a detailed Recant Plan could be progressed. Proposals would be the subject of a future report which was to be considered expediently.

Continuing to maximise opportunities for local employment, apprenticeships and work placements was contributing to economic prosperity in the Borough.

Members raised concerns with regard to the level of financial risk identified in the report as status Red, and sought assurances of the measures in place in respect of the emerging risk associated with the construction programme and the recovery plan to minimise the risk of project delay.

Mr Stafford explained that the a detailed review of the contractor was underway and the contractor had been requested to provide a Recovery Plan to give assurance that the overall project programme was not compromised by the delay.

The risk ratings were challenged by the First Deputy (Finance and Performance) and the Director of Place agreed misleading and needed to be clarified.

RESOLVED

That the following RECOMMENDATIONS be made to Executive Cabinet:

- (i) That the progress with the delivery of the overall Vision Tameside Phase 2 programme, be noted;**
- (ii) That the emerging risk associated with the delay in the installation of the curtain walling, as set out in the report, be noted, however this must be closely monitored to ensure that the overall project programme was not compromised by the delay;**
- (iii) That the outcome of the recent National productivity Investment Fund (NPIF) announcement, which had an impact on the Streetscape Improvement project, as set out in the report, be noted;**
- (iv) That the budget variations and virements identified in Section 7 of the report, be approved; and**
- (v) That progress being made to drawdown the £4 million Skills Funding Agency Capital Funding, be noted.**
- (vi) That a further report be received from the Director of Place on the recant plan as a matter of urgency so clarity could be provided about service delivery going forward.**

26. CORPORATE ASSET MANGEMENT PLAN UPDATE

The Director of Place submitted a report updating Members of the Panel with progress on the disposal of the Council's surplus assets, anticipated capital receipts that would be realised and investment that was required to maintain those buildings being occupied and retained or dilapidations arising from the termination of leases.

With regard to the disposal strategy, it was reported that in the financial year 2016/17 the total sales achieved amounted to £3,929,550. The Asset disposal process continued with a sum of £1,029,476 achieved since 1 April 2017.

A public consultation exercise for the disposal of the five larger school sites had been completed and terms were agreed subject to contract for the sale of the former Samuel Laycock site completion of which was to coincide with the grant of planning which was expected before the end of the year. An outline planning application had been submitted and approved for the former Mossley Hollins school site and Section 77 consultations were nearing an end in respect of the former Two Trees School. Planning applications for Two Trees and Hartshead schools had been submitted and were awaiting approval. The master planning for the Windsor Road site in Denton was now almost complete.

Continued focus was being placed on future Auctions with work ongoing for a number of sites to be potentially sold at future Auctions.

Properties being actively marketed for sale or lease would be advertised on the council's website, in addition to the marketing agents' websites. Where potential disposals would impact on tenants, for example sale of garage or garden plots, which had become too expensive to administer, written notification would be given to tenants in advance for the proposed sale and the tenant would be given the opportunity to purchase.

With regard to leased buildings, as reported at previous meetings of the Panel, the Council's policy was to terminate leases it had for buildings owned by others and to relocate services to surplus space in Council owned properties, where this delivered value for money, to reduce the revenue costs of operating and occupying buildings.

In respect of Investment in Civic and Corporate Buildings, it was reported that, at the meeting of the Panel on 9 October 2017, it was agreed that the sum of £3,000 would be allocated over 3 years for the purpose of Property Assets Statutory Compliance. This money would be used to ensure the property assets complied with all statutory building compliance issues, e.g. fire regulations, asbestos management, electrical checks etc. Money spent on these requirements would be summarised and reported to the Panel on a regular basis.

It was further reported that, during August and September 2017 a total of £25,730 capital monies was spent on a range of statutory and regulatory building improvements, this included remedial works from fire risk assessments and the replacement of unsafe infrastructures.

As requested at the last meeting of the Panel, the Director of Place explained that the list of properties identified for disposal at Appendix 1 to the report, was as of 5 September 2016, but not yet complete at 27 October 2017. It was noted that the list only included property above the value of £50,000.

A list of completed sales since 1 April 2017 was also appended to the report.

Further to a query from Members, the Director of Place agreed to forward a list of all property identified for disposal, including those valued below £50,000, to Members of the Panel as it was agreed that there needed to be complete transparency.

RESOLVED

That the following RECOMMENDATIONS be made to Executive Cabinet that:

- (i) The list of disposals identified in Appendix 1 to the report be approved; and**
- (ii) The capital schemes on corporate buildings detailed in section 3.1 of the report, totalling £25,730.58 be approved. This would be funded from the earmarked resource of £3 million for Property Assets Statutory Compliance works.**
- (iii) The Director of Place provide all members of the Panel with a complete list of all property identified for disposal, including those valued below £50,000.**

27. EDUCATION CAPITAL PROGRAMME UPDATE

Consideration was given to a report of the Director of Place, advising Members of the Panel on the latest position with the Council's Education Capital Programme 2017/18 and sought approval for various recommendations as set out in the report.

The report gave details of:

- Funding allocation;
- Basic Need Schemes progress update;
- School Condition Funding Scheme Proposals, including request for additional funding allocations/amendments;
- Procurement and value added; and
- Risk Management.

The report concluded that there had been significant capital investment in schools over the recent past to support the Council's delivery of its statutory responsibilities connected with the provision of sufficient and suitable places. The work identified would enable the Council to meet its statutory duties.

RESOLVED

That the following RECOMMENDATIONS be made to Executive Cabinet:

- (i) That the allocation of Basic Need grant funding schemes as outlined in Section 3 and Appendix 1 be approved;**
- (ii) The allocation of School Condition grant funding schemes as outlined in Section 4 and Appendix 2 and 3; and**
- (iii) The establishment of an Education Capital Programme Working Group be noted, to ensure the programme was delivered effectively in line with Council priorities.**

28. SECTION 106 AGREEMENTS AND DEVELOPER CONTRIBUTIONS

Consideration was given to a report of the Director of Place, summarising the current position with regard to receipts received from Section 106 Agreements and Developer Contributions, and made comments for each service area. New Agreements made and requests to draw down funding were also detailed.

It was reported that the summary position as at 31 August 2017 for Section 106 Agreements totalled £483,000, with Developer Contributions totalling £295,000, less approved allocations of £117,000 leaving a balance of £178,000. The balance of unallocated section 106 funds and developer contributions were as follows:-

- Services for Children and Young People - £242,000 (s106) and £80,000 developer contributions;
- Community Services (Operations and Greenspace) - £210,000 (s106) and £75,000 developer contributions; and
- Engineering Services - £31,000 (s106) and £23,000 developer contributions.

It was reported that no new Section 106 Legal Agreements had been entered into since 20 February 2017, although there were a number of resolutions to grant planning permission subject to agreements being entered into. These would be reported to a future meeting of the Strategic Planning and Capital Monitoring Panel.

No new requests to draw down funding had been made since the previous report to the Panel, as follows.

Members were informed that, in 2016, a review was undertaken of Planning Obligations within the Development Management Service. The final report was published in April 2017 and key issues were reported to a previous meeting of the Panel.

Previous reports to the Panel had provided an update on the work that had been taking place since this audit report was published including the recent appointment of a new officer to undertake a piece of work over the course of the next 12 months to monitor and review historic legal agreements and Development Contributions. This work had now commenced, with the officer having held initial meetings with legal and finance to assist in pulling together information and records from the different service areas to allow a review of those historic S106 agreements in the system to commence.

RESOLVED

That the content of the report be noted.

29. ENGINEERING CAPITAL PROGRAMME 2017/18

The Director Place, submitted a report updating Members on a successful award of additional Cycle City Ambition Grant 2 (CCAG2) capital grants totalling £0.255 million; additional information for Safer Roads Fund bid, a joint bid with Oldham MBC and details of proposed profiled spend of capital allocation for Flooding – Prevention and Repairs.

RESOLVED

That the following RECOMMENDATIONS be made to Executive Cabinet:

- (i) The allocation of CCAG2 grant funding and the schemes detailed in Section 1.5, Table 1 of the report, be approved;**
- (ii) That the additional information contained with the report regarding Safer Roads Fund bid, a joint bid with Oldham MBC, be noted; and**
- (iii) That the allocation of capital expenditure for Flood repairs with the revised spend for 2107/18, as detailed in Section 5.4, Table 2, be approved.**

30. INVESTING IN CHILDREN'S PLAYGROUNDS

Consideration was given to a report of the Assistant Director, Operations and Neighbourhoods explaining that there were 35 Council owned playgrounds within Tameside. They were very well used and an important asset for the community. They had not had significant capital investment for almost 10 years so were now in need of an injection of capital funding to renew play equipment and safety surfacing. This would improve the play offer to Tameside's younger residents as well as reducing the risk to the Council of personal injury claims due to accidents on poor quality play equipment.

Members were informed that the funding request was for £600,000, which would be spent across playgrounds in Tameside. Officers were currently undertaking an audit of all playgrounds within Tameside and the results of this audit would inform how the funding was spent.

The funding would be profiled over two financial years – 2018/19 and 2019/2020. Officers would need to programme the playground works carefully to ensure that playgrounds are open during the

school holidays. The funding would only be spent on children's playgrounds, it would not be used for Multi Use Games Areas (MUGAs) or outdoor gym equipment. The £600,000 would ensure that playgrounds were at a good safe standard however further capital investment would be required in the future.

The replacement of play equipment, particularly if it was on a like for like basis, was popular with most residents. The public recognised the importance of playgrounds and were keen to see the Council invest in facilities for young residents.

Once the audits of playgrounds had taken place and costs received for work, officers would consult with Ward Members on the work planned for playgrounds within their area. Following consultation with Members, officers would notify residents of planned work to the playground by displaying posters around the playgrounds illustrating the work to be done and planned timescales for the work.

A report would be brought to the next meeting of the Panel setting out the proposed works and associated costs to be spent on each play area based on the audit currently being undertaken.

RESOLVED

That the following RECOMMENDATIONS be made to Executive Cabinet:

- (i) That £600,000 capital funding be allocated for improvements to children's playgrounds across Tameside Council; and**
- (ii) That a report be submitted to the next meeting of the Panel setting out the proposed works and associated costs to be spent on each area based on the audit currently being undertaken.**

31. 4C COMMUNITY CENTRE ASHTON – CAPITAL INVESTMENT PROGRAMME

A report of the Assistant Director, Adults, was submitted a report providing an overview of the developments and plans in relation to the delivery of the new community development in Ashton, working in partnership with Christ Church Community Developments Charitable Organisation (CCCD). The £150,000 investment programme would provide a high quality community facility in the centre of Ashton.

It was explained that Christ Church Community Developments was an experienced innovative and successful organisation who had much experience in attracting external funding. It had already been successful in securing a significant amount of funding to reach the position it was currently in.

Match funding negotiations had been ongoing with a number of funders, the primary one being the ASDA Foundation for £30,000. ASDA had also confirmed a donation of up to £5,000 worth to internal equipment. Plans were well underway to attract the remaining £20,000 required for the match funding, through a number of smaller grant applications. Support was also being provided by an organisation called Gifted Philanthropy to assist with the remaining match funding requirements.

The £150,000 capital investment programme was comprised of a number of individual elements to complete the build and these were detailed in the report.

The primary risks associated with the 4C Community Centre were also set out in the report.

Discussion ensued with regard to the proposed investment and Members raised concerns with regard to the lack of detail in the report and the absence of a clear business case.

The Chair made reference to the Council's Community Loans Policy currently being developed and requested that a clear business case be submitted to a future meeting, which included how the proposals would link to this policy.

RESOLVED

- (i) That the content of the report be noted; and
- (ii) That a further report be submitted to the Strategic Planning and Capital Monitoring Panel, setting out a clear business case for the investment programme and explaining how the proposals would link with the Council's Community Loans Policy.

Having declared a prejudicial interest, Councillor Taylor left the meeting during consideration of the following two items and paid no part in the voting or decisions thereon.

32. REVIEW OF LEARNING DISABILITY DAY SERVICES – OXFORD PARK DEVELOPMENT

The Head of Operations, Adult Services, submitted a report explaining that the Learning Disability and Autism internally provided day services had been significantly reduced since 2012 as a result of budget reductions. The review was undertaken in response to further savings being set against this area of operations.

The report reviewed current internal and external day service capacity and current and future demand and identified that, due to current lack of capacity to meet current and future predicted demand for day services that closure of any further day services would result in a lack of capacity to meet assessed need and would have a potential impact in terms of higher costs of provision having to be purchased from specialist providers out of area.

The report proposed capital investment in a new disability centre at Oxford Park Ashton. This centre would increase current day service capacity as well as providing services for looked after children, children with disabilities and as an alternative post 16 further education site reducing out of area placements. The centre and site would be utilised to expand the internship programme assisting 16-24 year olds into employment and could be utilised for a range of other early intervention and prevention services focused on promoting good health. It was envisaged that through collaborative working that significant financial and non-financial savings and benefits could be achieved across the sector through the development of this scheme.

It was concluded that due to current and future predicted demand that it would be unwise to close a day centre base as this would result in possible increased cost in future to meet demand and assessed needs. The report highlighted the developmental proposal of Oxford Park as a means of meeting current and future demand of children, young people and adults who had learning disabilities and autism as well as providing a base to assist with the provision of services to other vulnerable groups such as looked after children and hard to reach young people as well as providing a resource for post 16 further education and independent living opportunities. The scheme would also fit with the upcoming Employment Review and would link in this work with the Oxford Park offer and other provider offers to increase pre-employment training, qualifications and placements.

Following a review of the available options the recommendation was to seek capital investment to develop the Oxford Park site to become a disability service base for children, young people and adults, and to review internal day service packages to establish if individuals currently using internal services could move into services provided by the sector releasing capacity for more complex individuals. Both financial and non-financial efficiencies and benefits would be realised across partner agencies with cost avoidance return on investment being realised within three years of the scheme opening.

Discussion ensued with regard to the above and the need to ensure that the project was deliverable and would not adversely impact Active Tameside's revenue generating activities, as this may affect the contribution sought from the Council through the leisure management contract.

RESOLVED

That the following RECOMMENDATION be made to Executive Cabinet:

That capital investment of £0.455 million to fund the development of the Oxford Park site be approved, subject to agreement being reached with Active Tameside to ensure that the project, as described, is deliverable and will not adversely impact Active Tameside's revenue generating activities as this may affect the contribution sought from the Council through the leisure management contract. The Council should record and monitor the costs avoided through the development to ensure that best value can be shown and the assumptions upon which the decision was based were correct.

33. LEISURE ASSETS CAPITAL INVESTMENT PROGRAMME UPDATE

[Cllr Taylor left the meeting when this item was discussed]

A report was submitted by the Director of Place, providing a summary of progress to date with the delivery of the Council's capital investment programme into improving sports and leisure facilities in Tameside.

Individual elements of the programme were highlighted in the report as follows:

- Active Copley Heating Replacement (£0.369m)
- Active Copley Pitch Replacement (£0.177m)
- Active Medlock Roof Replacement (£0.120m)
- Active Hyde Wave Machine Replacement (£0.060m)
- Active Hyde Pool Extension (£3.096m)
- New Denton Wellness Centre (£14.724m)
- Active Dukinfield (ITRAIN) (£2.3m)
- Active Longdendale (Total Adrenaline) (£0.6m)

It was reported that overall, good progress was being maintained with the delivery of the Council's capital investment programme to improve sports and leisure facilities.

RESOLVED

That the content of the report be noted.

CHAIR

Report To: STRATEGIC PLANNING AND CAPITAL MONITORING PANEL

Date: 12 March 2018

Reporting Officer: Tom Wilkinson – Assistant Director of Finance

Subject: CAPITAL MONITORING PERIOD 10 2017/18

Report Summary: The Strategic Planning and Capital Monitoring Panel at its meeting on 9 October 2017 recommended to Cabinet a three year capital programme for the period 2017-2020 of over £174 million.

This report summarises the 2017/18 capital expenditure monitoring position at 31 January 2018, based on information provided by project managers.

The report shows projected capital investment in 2017/18 of £53.552m by March 2018. This is significantly less than the original budgeted capital investment for 2017/18, and is in part due to project delays that are being experienced following the liquidation of Carillion.

Recommendations: Members are asked to RECOMMEND to COUNCIL to approve the following:

- (i) The reprofiling to reflect up to date investment profiles
- (ii) The changes to the Capital Programme
- (iii) The updated Prudential Indicator position

Members are asked to NOTE:

- (i) The current capital budget monitoring position
- (ii) The resources currently available to fund the Capital Programme
- (iii) The updated capital receipts position
- (iv) The timescales for review of the Council's three year capital programme

Links to Community Strategy: The Capital Programme ensures investment in the Council's infrastructure is in line with the Community Strategy.

Policy Implications: In line with Council Policies.

Financial Implications: These are the subject of the report. In summary:

(Authorised by the Section 151 Officer)

- The forecast outturn for 2017/18 is £53.552m compared to the 2017/18 budget of £83.095m
- Re-profiling of £29.106m into future year(s) to match expected spending profile has been requested.
- The remaining £0.437m under budget can be returned to the central capital reserves and applied elsewhere.

Demand for capital resources exceeds availability and it is essential that those leading projects ensure that the management of each scheme is able to deliver them on plan

and within the allocated budget.

Close monitoring of capital expenditure on each scheme and the resources available to fund capital expenditure is essential and is an integral part of the financial planning process. The liquidation of Carillion has resulted in some delays to a number of projects, resulting in slippage in the programme.

There is very limited contingency funding set aside for capital schemes, and any significant variation in capital expenditure and resources, particularly the delivery of capital receipts, will have implications for future revenue budgets or the viability of future capital schemes.

Legal Implications:
(Authorised by the Borough Solicitor)

It is a statutory requirement for the Council to set a balanced budget. It is important that the capital expenditure position is regularly monitored to ensure we are maintaining a balanced budget and to ensure that the priorities of the Council are being delivered.

Risk Management:

The Capital Investment Programme proposes significant additional investment across the borough. Failure to properly manage and monitor the Council's Capital Investment Programme could lead to service failure, financial loss and a loss of public confidence.

The liquidation of Carillion is having an adverse impact on the progression of a number of key schemes, including the Vision Tameside project and a number of key Education programmes to deliver additional school places.

Funding of the Capital Programme assumes the realisation of some significant Capital Receipts from land and property sales which if not achieved will require the reassessment of the investment programme.

Access to Information:

The background papers relating to this report can be inspected by contacting Heather Green, Finance Business Partner by:



phone: 0161 342 2929



e-mail: heather.green@tameside.gov.uk

1. INTRODUCTION

- 1.1 This is the third capital monitoring report for 2017/18, summarising the forecast outturn based on the financial activity to 31 January 2018. This is therefore the final monitoring statement in respect of the 2017/18 approved projects before the final outturn is reported in May 2018.
- 1.2 The Strategic Planning and Capital Monitoring Panel at its meeting on 9 October 2017 recommended to Cabinet a three year capital programme which earmarked resources for schemes totalling over £174 million for the period 2017-2020.
- 1.3 The detail of this monitoring report is focused on the budget and forecast expenditure for fully approved projects in the 2017/18 financial year. Additional schemes will be added to future detailed monitoring reports once fully approved by Executive Cabinet.

2. CHANGES SINCE THE LAST REPORT

- 2.1 There have been changes to the 2017/18 Capital Programme to the value of £5.112m since the Quarter 2 report. These are largely due to the re-profiling of £5.494m into 2018/19 approved in Quarter 2, and several additions to the 2017/18 programme including the Purchase of Guardsman Tony Downes House and two Digital Tameside schemes. A full breakdown of the changes can be found in Appendix 1 of this report.
- 2.2 **Appendix 1** provides a summary of changes to the 2017/18 programme budget since the quarter 2 monitoring report (table A1a). The three year capital programme approved in October has also been reviewed by officers and a revised profile of anticipated spend, subject to full business case approval, is set out in **Appendix 1** (table A1b).
- 2.3 At Executive Cabinet on 7 February 2018, it was agreed to make an £11.3m strategic investment in Manchester Airport. This is capital spend to be financed through reserves and has been added into the programme for 2018/19.
- 2.4 On 15 January 2018, the Council's main contractor on the Vision Tameside project, Carillion, was put into liquidation. Since then the Local Education Partnership (LEP), through whom Carillion were contracted, have worked to find an alternative contractor to take over the construction project to enable completion of the scheme. On 6 February 2018, the LEP terminated the Vision Tameside construction contract with Carillion and on 7 February 2018 entered into an Early Works Agreement with Robertson Group. The early works agreement is for an 8 week period commencing on 19 February to allow works to recommence on site and due diligence be conducted before arriving at a final contract price to completion.
- 2.5 There is sufficient budget available within the existing allocation to for the existing contract agreed with the LEP. However, it is likely that additional costs will be incurred to enable the successful completion of the project. However, this will not be known until the due diligence work is undertaken. At this stage it unclear as to the exact amount of additional cost and any increase in budget requirement will have to be met from a review of the resources allocated to the current capital programme, a review of existing reserves and contingencies, and/or asset sales. A report will be taken to Executive Cabinet prior to any variation to the existing new contract being signed, to outline the future cost envelope and the funding options if applicable.

3. SUMMARY

- 3.1 The current forecast is for service areas to have spent £53.552m on capital investment in 2017/18, which is £29.542m less than the current capital budget for the year. This slippage

is spread across a number of areas, and is in part due project delays now being experienced as a result of the liquidation of Carillion who, through the Local Enterprise Partnership (LEP) were delivering or managing a number of key projects.

- 3.2 It is proposed that the capital investment programme is re-profiled to reflect current information. Proposed re-profiling of £29.106m into the next financial year is identified in **Appendix 1** (table A1b) and within the individual service area tables in **Appendices 2 to 7**.
- 3.3 Once re-profiling has been taken into account, the quarter 2 capital monitoring is forecasting that capital investment will be £0.437m less than the capital budget for this year. This resource is therefore no longer required to be allocated to specific schemes and will be held to mitigate risks around being able to fully achieve the forecast capital receipts.
- 3.4 Section 4 of this report summarises the key messages from the period 10 capital monitoring exercise. There are no significant variances where project spend is expected to exceed budgeted resources. A number of variations have arisen where projected outturn is less than budget due to slippage in the delivery of the capital programme, resulting in a number of requests for re-profiling into the 2018/19 financial year.
- 3.5 Table 1 below provides a high level summary of capital expenditure by service area.

Table 1: Overall capital monitoring statement April 2017 – January 2018

CAPITAL MONITORING STATEMENT – 2017/18				
	2017/18 Budget	Actual to 31 January 2018	Projected 2017/18 Outturn	Projected Outturn Variation
	£000	£000	£000	£000
Place				
Asset Investment Partnership	40,104	27,818	27,980	(12,124)
Management				
Development & Investment	3,151	1,921	2,568	(583)
Neighbourhoods and Operations				
Engineering Services	13,145	4,199	8,739	(4,406)
Transport	6,279	5,508	5,670	(609)
Environmental Health	740	337	425	(315)
Stronger Communities	454	380	429	(25)
Children's Services				
Education	11,314	3,815	5,506	(5,807)
Children	125	97	125	0
Finance & IT				
Digital Tameside	3,656	632	1,845	(1,811)
Population Health				
Active Tameside	4,117	218	255	(3,862)
Governance				
Exchequer	10	-	10	0
Total	83,095	44,925	53,552	(29,542)

3.6 Table 2 below shows the current proposed resources funding the 2017/18 approved projects.

Table 2: Funding statement for 2017/18 approved projects

Resources	£000
Grants & Contributions	20,969
Revenue Contributions	592
Corporate:	
- Prudential Borrowing	9,614
- Forecast Capital Receipts	18,983
- Receipts from prior year	3,555
- Reserves	29,382
Total	83,095

3.7 Table 3 below shows the current proposed resources to fund the three year capital programme 2017-2020, including both fully approved schemes and earmarked schemes.

Table 3: Budgeted funding sources 2017 – 2020

	2017/18	2018/19	2019/20	Total
	£000s	£000s	£000s	
Grants and Contributions	20,969	8,750	1,600	31,319
Revenue Contributions	592	30	0	622
Budgeted Capital Receipts	22,538	30,513	2,635	55,686
Reserves	34,262	36,408	5,326	75,996
Prudential Borrowing	9,614	12,627	0	22,241
Total	87,975	88,328	9,561	185,864

3.8 The resourcing structure, however, is not final and the Director of Finance will make the best use of resources available at the end of the financial year as part of the year end financing decisions.

4. CAPITAL EXPENDITURE TO DATE AND PROJECTED OUTTURN 2017/18

4.1 This section of the report provides an update of capital expenditure to date in 2017/18, along with details of significant schemes and schemes with significant projected variations. A detailed breakdown of all schemes within each service area is included in **Appendices 2 to 7** of this report.

Place

4.2 The table below outlines the projected 2017/18 investment for Place. A detailed breakdown of all schemes within Place, including prior year spend on significant projects, future budgets and re-profiling is set out in **Appendix 2**.

Table 4: Detail of Place Capital Investment Programme

Capital Scheme	2017/18 Budget £000	2017/18 Actual to date £000	2017/18 Projected Outturn £000	2017/18 Projected Outturn Variation £000
Asset Investment Partnership Management (AIPM) Capital Programme				
Vision Tameside	23,837	20,256	20,256	(3,581)
Purchase of Guardsman Tony Downes House	7,000	7,000	7,000	0
Purchase of Plantation Industrial Estate	5,399	2	2	(5,397)
Public Realm	2,491	186	186	(2,305)
Other Schemes individually below £1m	1,377	374	536	(841)
Total	40,104	27,818	27,980	(12,124)
Development and Investment Capital Programme				
Disabled Facilities Grants	2,402	1,418	2,000	(402)
Other Schemes below £1m	749	503	568	(181)
Total	3,151	1,921	2,568	(583)

- 4.3 The most significant capital project within the Place directorate is Vision Tameside. The liquidation of Carillion in January 2018 has resulted in an expected delay to this project of around 4 to 5 months. Expenditure in 2017/18 is currently projected to be £3.581 below the in-year budget and re-profiling into 2018/19 has been requested. These delays have also impacted the Public Realm scheme.
- 4.4 Re-profiling has been requested for the purchase of Plantation Industrial Estate as the sale has been delayed by the landlord following a fire.
- 4.5 Projected outturn on Disabled Facilities Grants is £0.402m less than budget. Budgeted resources for Disabled Facilities Grants is based on the annual grant allocation, and as reported in the quarter 1 monitoring report, delivery of adaptations has been restricted by limited employee resources. An additional full time equivalent post has now commenced within the service and this is having a positive impact on the delivery of adaptations. Re-profiling of £0.400m of the Disabled Facilities Grants budget into 2018/19 has been requested. This is an important scheme as it funds adaptations and equipment in people's homes to allow them to live at home independently for longer and reducing the revenue burdens on the health and social care economy.
- 4.6 Re-profiling of budget has been requested for each of the projected outturn variations identified in table 4 above. Further detail on all the schemes within Place, including prior year spend, future budgets and re-profiling is set out in **Appendix 2**.

Neighbourhoods and Operations

- 4.7 The table below outlines the projected 2017/18 investment for Neighbourhoods and Operations. A detailed breakdown of all schemes within Neighbourhoods and Operations, including prior year spend on significant projects, future budgets and re-profiling is set out in **Appendix 3**.

Table 5: Detail of Neighbourhoods and Operations Capital Investment Programme

Capital Scheme	2017/18 Budget £000	2017/18 Actual to date £000	2017/18 Projected Outturn £000	2017/18 Projected Outturn Variation £000
Engineers Capital Programme				
Roads	4,576	1,649	3,305	(1,271)
Street Lighting	1,911	489	1,812	(99)
Retaining Walls	1,509	716	1,509	0
Other Schemes individually below £1m	5,149	1,345	2,113	(3,036)
Total	13,145	4,199	8,739	(4,406)
Transport Capital Programme				
Refuse Collection Fleet	3,060	3,396	3,396	336
Other Fleet	3,219	2,112	2,274	(945)
Total	6,279	5,508	5,670	(609)
Environmental Services Capital Programme				
Various Schemes all individually below £1m	740	337	425	(315)
Total	740	337	425	(315)
Community Services Capital Programme				
Various Schemes all individually below £1m	454	380	429	(25)
Total	454	380	429	(25)

- 4.8 The most significant element of the Neighbourhoods and Operations Capital Investment Programme is Engineers, which is currently forecasting projected spend in 2017/18 will be £4.406m less than budgeted resources. This variation has arisen due to delays on several key schemes due to weather conditions (including Hattersley Station Passenger Facilities, Ashton Principal and Non-Principal Roads, Access to Metrolink Stops, and Ashton Public Realm). Re-profiling of budget of £4.403m has been requested. Regular detailed reports on progress with the Engineers Capital Programme are considered by the Strategic Planning and Capital Monitoring Panel.
- 4.9 The variance on the transport capital programme has arisen due to vehicles originally planned to be purchased in year no longer meeting the required specification; replacement vehicles will now be purchased in 2018/19. Other variations in the Environmental Services Capital programme relate the Guide Lane Former Landfill Site scheme being under budget and minor slippage over a number of schemes. Re-profiling of £0.090m of budget into 2018/19 has been requested.
- 4.10 Further detail on all the schemes within Neighbourhoods and Operations, including prior year spend on significant projects, future budgets and re-profiling is set out in **Appendix 3**.

Children's Services

- 4.11 The table below outlines the projected 2017/18 investment for Children's Services. A detailed breakdown of all schemes within Children's services, including prior year spend on significant projects, future budgets and re-profiling is set out in **Appendix 4**.

Table 6: Detail of Children's Services Capital Investment Programme

Capital Scheme	2017/18 Budget £000	2017/18 Actual to date £000	2017/18 Projected Outturn £000	2017/18 Projected Outturn Variation £000
Education Capital Programme				
Cromwell Enhancements	1,636	1,779	2,156	520
Aldwyn Primary Additional Accommodation	1,420	81	81	(1,339)
Other Schemes individually below £1m and unallocated funding	8,258	1,955	3,269	(4,988)
Total	11,314	3,815	5,506	(5,807)
Children's Capital Programme				
Purchase of two Children's Homes	125	97	125	0
Total	125	97	125	0

- 4.12 Regular detailed reports on progress with the Education Capital Programme are considered elsewhere on the Strategic Planning and Capital Monitoring Panel agenda. The Education Capital Programme is currently forecasting that outturn will be £5.807m less than budgeted resources. This is due to a combination of delay on a number of schemes and some unallocated funding.
- 4.13 The delay on the Education capital schemes has arisen due to restrictions on when some works can take place, usually during the holiday periods, and the complexity of some schemes. Additionally, several schemes were due to be delivered by Carillion through the Council's strategic procurement partner, the LEP. There also remains some unallocated grant funding which has not been allocated to specific projects. These grants have restrictions which mean only certain types of works eligible for this funding, and the funds may not be fully utilised in 2017/18.
- 4.14 Re-profiling of £5.917m of budget into 2018/19 has been requested. Further detail on all the schemes within Children's Services, including prior year spend on significant projects, future budgets and re-profiling is set out in **Appendix 4**.

Finance and IT

- 4.15 The table below outlines the projected 2017/18 investment for Finance and IT. A detailed breakdown of all schemes within Finance and IT, including prior year spend on significant projects, future budgets and re-profiling is set out in **Appendix 5**.

Table 7: Detail of Finance and IT Capital Investment Programme

Capital Scheme	2017/18 Budget £000	2017/18 Actual to date £000	2017/18 Projected Outturn £000	2017/18 Projected Outturn Variation £000
Digital Tameside Capital Programme				
Tameside Digital Infrastructure	1,725	345	1,377	(348)
Schemes individually below £1m	1,931	287	468	(1,463)
Total	3,656	632	1,845	(1,811)

- 4.16 Schemes for Tameside Digital Infrastructure (£1.725m) and Tameside Data Centre (£0.840m) which had previously been earmarked were given full approval at Executive Cabinet on 13 December 2017. Much of this budget is to be reprofiled into 2018/19, along with £0.700m from the Vision Tameside ICT project, which is being reprofiled due to delays within the wider Vision Tameside project.
- 4.17 A detailed breakdown of all schemes within Finance and IT, including prior year spend on significant projects, future budgets and re-profiling is set out in **Appendix 5**.

Population Health

- 4.18 The table below outlines the projected 2017/18 investment for Population Health, under the banner 'Active Tameside'. A detailed breakdown of Active Tameside programme, including prior year spend, future budgets and re-profiling is set out in **Appendix 6**.

Table 8: Detail of Population Health Capital Investment Programme

Capital Scheme	2017/18 Budget £000	2017/18 Actual to date £000	2017/18 Projected Outturn £000	2017/18 Projected Outturn Variation £000
Active Tameside Capital Programme				
New Denton Facility	2,000	153	170	(1,830)
Extension to Hyde Leisure Pool	2,000	10	30	(1,970)
Schemes individually below £1m	117	55	55	(62)
Total	4,117	218	255	(3,862)

- 4.19 Regular detailed reports on progress with the Active Tameside Capital Programme are considered by the Strategic Planning and Capital Monitoring Panel and are elsewhere on this agenda. The projected spend in 2017/18 is currently £3.862m under budget. Delays to these schemes are due to the Carillion liquidation, and also some amendments being made following a consultation ending November 2017.
- 4.20 Re-profiling of £3.860m of budget into 2018/19 has been requested. A detailed breakdown of Active Tameside programme, including prior year spend, future budgets and re-profiling is set out in **Appendix 6**.

Governance

4.21 A breakdown of the Exchequer Capital Programme is provided in **Appendix 7**. The project is currently forecasting that the project will be delivered on budget.

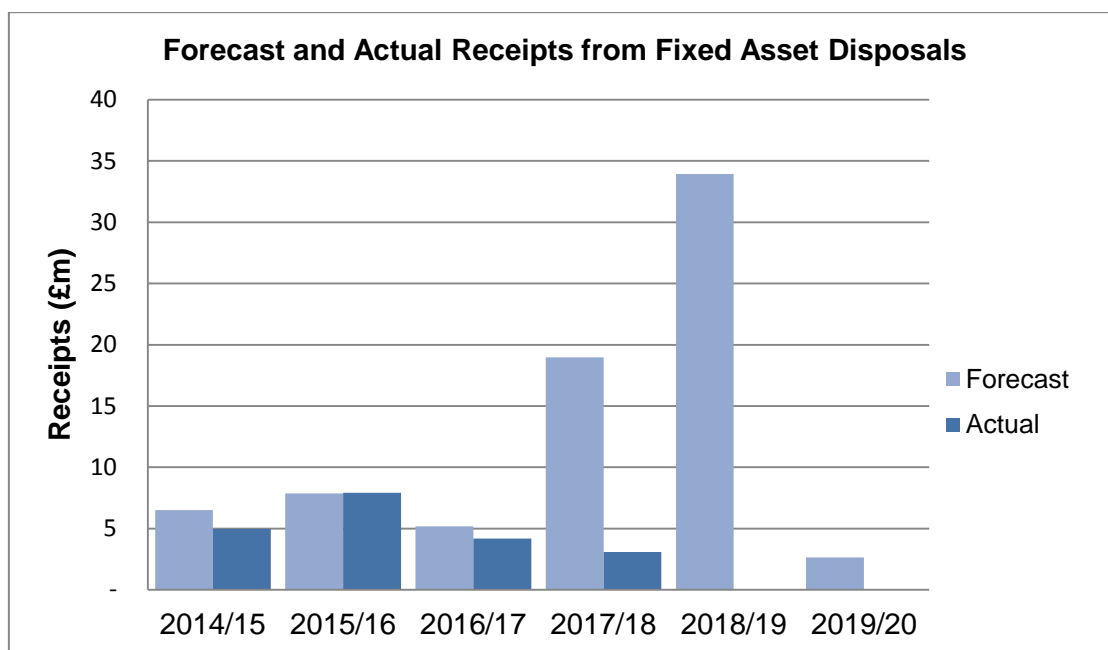
5. CAPITAL RECEIPTS

5.1 With the exception of capital receipts earmarked as specific scheme funding, all other capital receipts are retained in the Capital Receipts Reserve and utilised as funding for the Council's corporately funded capital expenditure, together with any other available resources identified in the medium term financial strategy.

5.2 Capital receipts to date in 2017/18 are £3.011m, with a further £15.888m anticipated before the end of the financial year. In addition to this a further £3.6m is available from receipts realised in 2016/17 that were not applied to fund that year's capital investment programme.

5.3 The Capital Programme is based upon capital receipts in excess of £55m being realised over the three years from 2017/18 to 2019/20. A further £33.930m of capital receipts has been forecast in 2018/19 and £2.635m in 2019/20. **Appendix 9** lists the sites sold to date in 2017/18.

5.4 The land sales programme is ambitious and assumes capital receipts significantly in excess of those achieved in recent years. If this level of receipts is not achieved, then the capital programme will need to be reassessed or financed from other sources which will have implications for revenue budgets. The below graph outlines what has been achieved to date compared to forecasts:



6. PRUDENTIAL INDICATORS

6.1 The CIPFA Prudential Code for Finance in Local Authorities was introduced as a result of the Local Government Act (2003) and was effective from 1 April 2004. The Code sets out indicators that must be monitored to demonstrate that the objectives of the Code are being fulfilled.

- 6.2 The initial Prudential Indicators for 2017/18 and the following two years were agreed by the Council in February 2017. The Capital Expenditure indicator has been updated to reflect the latest position.
- 6.3 The latest Prudential Indicators are shown in **Appendix 8**.

APPENDIX 1 – Changes to the Capital Programme

Table A1a – Changes to the 2017/18 Fully Approved Projects:

Changes to the 2017/18 Capital Programme	
	£000
Quarter 2 Capital Programme	77,983
Reprofiling into 2018/19 per Q2 Monitoring	-5,494
Fully approved projects added to the programme:	
Tameside Digital Infrastructure	1,725
Tameside Data Centre	840
Purchase of Guardsman Tony Downes House	7,000
Transport Asset Management Plan	250
Fleet	30
Disabled Facilities Grant - Additional Allocation	202
AIPM - Statutory Compliance / Building Fabric Works	163
Cycle City Ambition Grant	255
Flood Damage Works	130
Other Minor Changes	11
Quarter 3 Capital Programme	83,095

Table A1b – Changes to the Three Year Capital Programme:

A1b: Changes to the Three Year Capital Programme				
	2017/18	2018/19	2019/20	TOTAL
	£000s	£000s	£000s	£000s
1) Total programme as reported at Q2 2017/18				
Fully approved projects (Table A1a)	77,983	19,309		97,292
Earmarked schemes	50,531	17,200	9,530	77,261
Total	128,514	36,509	9,530	174,553
2) Changes to fully approved projects				
Fully approved projects (before re-profiling)	77,983	19,309		97,292
Re-profiling of 2017/18 budgets at Q2	-5,494	5,494		0
Earmarked Schemes Fully Approved	10,595	1,500		12,095
Manchester Airport Investment		11,300		11,300
Other minor changes	11			11
Revised profile for fully approved projects	83,095	37,603	0	120,698
3) Changes to earmarked schemes awaiting approval				
Earmarked schemes approved 9 th October 2017	50,531	17,200	9,530	77,261
Earmarked Schemes Fully Approved	-10,595	-1,500		-12,095
Re-profiling of earmarked schemes	-5,950	5,919	31	0
Revised profile for earmarked schemes	33,986	21,619	9,561	65,166
Revised total three year programme	117,081	59,222	9,561	185,864
Re-profiling requested at Period 10	-29,106	29,106	0	0
Proposed total three year programme	87,975	88,328	9,561	185,864

APPENDIX 2 – Place Capital Programme

A2a: Asset Investment Partnership Management (AIPM) Capital Programme

Re-profiled Budgets

Capital Scheme	Spend in prior years £000	2017/18 Budget £000	2018/19 Budget £000	2019/20 Budget £000	2017/18 Actual to date £000	2017/18 Projected Outturn £000	2017/18 Projected Outturn Variation £000	Re-profiling to be approved £000	2017/18 £000	2018/19 £000	2019/20 £000
Vision Tameside	19,206	23,837	4,240	0	20,256	20,256	(3,581)	(3,581)	20,256	7,821	0
Purchase of Guardsman Tony Downes House		7,000	0	0	7,000	7,000	0	0	0	0	0
Purchase of Freehold, Plantation Industrial Estate		5,399	0	0	2	2	(5,397)	(5,397)	2	5,397	0
Public Realm		2,491	1,500	0	186	186	(2,305)	(2,305)	186	2,305	0
Refurbishment of Concord Suite		500	50	0	17	17	(483)	(483)	17	533	0
Ashton Town Hall		300	50	0	172	300	0	0	300	50	0
Building Fabric Works		164	0	0	43	88	(76)	0	164	0	0
Mottram Showground (OPF)		159	0	0	45	45	(114)	(114)	45	114	0
Prep of Outline Planning Applications/Review of Playing Field Provision		116	0	0	14	17	(99)	(99)	17	99	0
Dukinfield Crematoria Clock Tower		54	0	0	45	54	0	0	54	0	0
Document Scanning		50	108	0	0	0	(50)	(50)	0	158	0
Statutory Compliance		25	0	0	25	2	(23)	0	25	0	0
Tame Street Emergency Generators		9	0	0	13	13	4	0	9	0	0
Opportunity Purchase Fund		0	500	0	0	0	0	0	0	500	0
Total		40,104	6,448	0	27,818	27,980	(12,124)	(12,029)	21,075	16,977	0

A2b: AIPM Re-profiling requests		£000s
Vision Tameside	The liquidation of Carillion has caused work on this project to be delayed.	(5,936)
Purchase of Freehold, Plantation Industrial Estate	The purchase price has been agreed but the sale has not yet been completed, the landlord has delayed the completion date as there was a fire and he wants the property reinstated before completion, this is likely to take 6 months.	(5,397)
Refurbishment of Concord Suite	A full review of the project is being undertaken in terms of viability, affordability and in light of the overall decants strategy. The budget should be rephased into the next financial year to allow the review to be concluded.	(483)
Mottram Showground (OPF)	The balance of the budget is needed to acquire the showground. The current occupier will not have vacated by the end of 2017/18 so this is now anticipated to be completed in 2018/19	(114)
Other Minor Variations	Minor slippage across a number of schemes.	(99)
		(12,029)

A2c: Development & Investment Capital Programme									Re-profiled Budgets		
Capital Scheme	Spend in prior years £000	2017/18 Budget £000	2018/19 Budget £000	2019/20 Budget £000	2017/18 Actual to date £000	2017/18 Projected Outturn £000	2017/18 Projected Outturn Variation £000	Re-profiling to be approved £000	2017/18 £000	2018/19 £000	2019/20 £000
Disabled Facilities Grant		2,402	751	0	1418	2,000	(402)	(400)	2,002	1,151	0
Ashton Old Baths	3,671	357	22	0	399	399	42	5	362	17	0
Ashton Town Centre and Civic Square		300	1260	0	71	61	(239)	(239)	61	1,499	0
Godley Garden Village		60	199	0	0	60	0	0	60	199	0
Hyde Town Centre		23	0	0	6	14	(9)	0	23	0	0
St Petersfield		6	187	0	27	34	28	0	6	187	0
Ashton Market Hall Incubator Units		3	0	0	0	0	(3)	0	3	0	0
Godley Hill Development and Access Road		0	110	0	0	0	0	0	0	110	0
Longlands Mill		0	21	0	0	0	0	0	0	21	0
Total		3,151	2,550	0	1,921	2,568	(583)	(634)	2,517	3,184	0

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A2d: Development & Investment Re-profiling requests		£000s
Disabled Facilities Grants	Based on current resources, the projected spend is only likely to be £2m at year end. An additional FTE staff resource has now commenced within the service and this is beginning to have a positive effect on grant approvals; however, this has been tempered by continuing contractor issues. We have identified a number of schemes that will spend the additional £200k allocated in December 2017. An additional £0.2m was allocated in December 2017 and a number of schemes have now been identified to utilise this.	(400)
Ashton Town Centre and Civic Square	This project is being delivered in two phases to allow business to continue as usual in the market and town centre. Phase 1 is now substantially complete with works to add branding to the market stalls currently underway. Phase 2 is scheduled to be in line with the wider Vision Tameside project, which is now expected to be delayed until 2018/19 following the Carillion liquidation of 15 January 2018	(239)
		(1,021)

APPENDIX 3 – Neighbourhoods and Operations Capital Programme

A3a: Engineers Capital Programme								Re-profiled Budgets		
Capital Scheme	2017/18 Budget £000	2018/19 Budget £000	2019/20 Budget £000	2017/18 Actual to date £000	2017/18 Projected Outturn £000	2017/18 Projected Outturn Variation £000	Re-profiling to be approved £000	2017/18 £000	2018/19 £000	2019/20 £000
Street Lighting	1,911	540	0	489	1,812	(99)	(99)	1,812	639	0
Retaining Walls/Mottram & Hollingworth	1,509	0	0	716	1,509	0	0	1,509	0	0
Principal/Nonprincipal Roads- Ashton	1,093	0	0	301	750	(343)	(343)	750	343	0
Bridges & Structures	933	0	0	336	854	(79)	(79)	854	79	0
Principal/Nonprincipal Roads- Droylsden	700	0	0	269	680	(20)	(20)	680	20	0
Car Parking	550	400	0	45	300	(250)	(250)	300	650	0
Principal/Nonprincipal Roads- Denton	470	0	0	187	275	(195)	(195)	275	195	0
Principal/Nonprincipal Roads- Stalybridge	445	0	0	85	250	(195)	(195)	250	195	0
Principal/Nonprincipal Roads- Dukinfield	400	0	0	318	400	0	0	400	0	0
Principal/Nonprincipal Roads- Hyde	400	0	0	112	180	(220)	(220)	180	220	0
Principal/Nonprincipal Roads- Mossley	300	0	0	25	150	(150)	(150)	150	150	0
Principal/Nonprincipal Roads- Longdendale	270	0	0	89	200	(70)	(70)	200	70	0
Principal/Nonprincipal Roads- Audenshaw	250	0	0	103	160	(90)	(90)	160	90	0
Roads- Borough Wide	248	0	0	160	260	12	(2)	246	2	0
Other Schemes	3,666	414	0	964	959	(2,707)	(2,690)	976	3,104	0
Total	13,145	1,354	0	4,199	8,739	(4,406)	(4,403)	8,742	5,757	0

A3b: Engineers Re-profiling requests		£000s
Street Lighting	Designs have been completed; however, some installation has been delayed due to more complex obstacles in certain areas, for example those with subway lighting or heritage lanterns.	(99)
Principal/Nonprincipal Roads-Ashton	There are a number of schemes outstanding. For example Lees Road has been delayed due to drainage issues and Whitelands Road can only be completed once temperatures are higher.	(343)
Bridges & Structures	Pre and post-Christmas weather condition and forecast for the next month are delaying this work.	(79)
Principal/Nonprincipal Roads-Droylsden	Pre and post-Christmas weather condition and forecast for the next month are delaying this work.	(20)
Car Parking	Works commenced later than originally programmed due to revisions to address planning/environmental health concerns. Revised scheme required re-consult therefore delay in obtaining planning approval.	(250)
Principal/Nonprincipal Roads-Denton	Pre and post-Christmas weather condition and forecast for the next month are delaying this work.	(195)
Principal/Nonprincipal Roads-Stalybridge	Pre and post-Christmas weather condition and forecast for the next month are delaying this work.	(195)
Principal/Nonprincipal Roads-Hyde	Work to a number of roads had to be rescheduled to allow works by utility companies to be undertaken. This would have impacted diversion routes and resulted in unacceptable levels of congestion.	(220)
Principal/Nonprincipal Roads-Mossley	Pre and post-Christmas weather condition and forecast for the next month are delaying this work.	(150)
Principal/Nonprincipal Roads-Longdendale	Pre and post-Christmas weather condition and forecast for the next month are delaying this work.	(70)
Principal/Nonprincipal Roads-Audenshaw	Pre and post-Christmas weather condition and forecast for the next month are delaying this work.	(90)
Roads- Borough Wide	Pre and post-Christmas weather condition and forecast for the next month are delaying this work.	(2)
Other Schemes	Minor slippage across a number of schemes.	(2,690)
		(4,403)

A3c: Transport Capital Programme								Re-profiled Budgets		
Capital Scheme	2017/18 Budget £000	2018/19 Budget £000	2019/20 Budget £000	2017/18 Actual to date £000	2017/18 Projected Outturn £000	2017/18 Projected Outturn Variation £000	Re-profiling to be approved £000	2017/18 £000	2018/19 £000	2019/20 £000
Refuse Collection Fleet	3,060	0	0	3,396	3,396	336	0	3,060	0	0
Fleet Replacement 17/18	2,256	0	0	1,560	1,722	(534)	0	2,256	0	0
Procurement of 58 Fleet Vehicles	963	0	0	552	552	(411)	(362)	601	362	0
Total	6,279	0	0	5,508	5,670	(609)	(362)	5,917	362	0

A3d: Transport Re-profiling requests		£000s
Procurement of 58 Fleet Vehicles	The budget is required to be slipped for the purchase of 9 Tippers. This is due to the originally planned vehicles no longer meeting the required specification. We are unable to source the replacement vehicles within this financial year.	(362)
		(362)

A3e: Environmental Services Capital Programme
Re-profiled Budgets

Capital Scheme	Projected spend in prior years £000	2017/18 Budget £000	2018/19 Budget £000	2019/20 Budget £000	2017/18 Actual to date £000	2017/18 Projected Outturn £000	2017/18 Projected Outturn Variation £000	Re-profiling to be approved £000	2017/18 £000	2018/19 £000	2019/20 £000
Guide Lane Former Landfill Site	1,378	441	0	0	264	270	(171)	0	441	0	0
Allotment Railings & Infrastructure Improvement		63	0	0	46	46	(17)	0	63	0	0
Infrastructure Improvements		60	0	0	0	0	(60)	(60)	0	60	0
Retrofit (Basic Measures)		50	272	0	0	50	0	0	50	272	0
Tree Planting Programme		30	0	0	8	22	(8)	0	30	0	0
Dukinfield Park Improvements		25	0	0	2	2	(23)	0	25	0	0
Children's Play		20	300	300	14	14	(6)	0	20	300	0
Egmont St Fencing		14	0	0	0	14	0	0	14	0	0
War Memorials		11	0	0	2	2	(9)	(9)	2	9	0
Rocher Vale & Hulmes and Harry Wood		10	0	0	0	0	(10)	(10)	0	10	0
Audenshaw Environmental Improvements		9	0	0	0	0	(9)	(9)	0	9	0
Highway Replacement Tree Planting Access Works		3	0	0	1	1	(2)	(2)	1	2	0
Sunnybank Park-Landscaping		2	0	0	0	2	0	0	2	0	0
Silver Springs Infrastructure Improvements		2	0	0	0	2	0	0	2	0	0
Total		740	572	300	337	425	(315)	(90)	650	662	0

A3f: Environmental Services Re-profiling requests

£000s

Other Schemes	Minor slippage across a number of schemes.	(90)
		(90)

A3g: Community Services Capital Programme								Re-profiled Budgets		
Capital Scheme	2017/18 Budget £000	2018/19 Budget £000	2019/20 Budget £000	2017/18 Actual to date £000	2017/18 Projected Outturn £000	2017/18 Projected Outturn Variation £000	Re-profiling to be approved £000	2017/18 £000	2018/19 £000	2019/20 £000
Libraries In The 21st Century	445	0	0	375	424	(21)	0	445	0	0
Street Art In The Community	8	0	0	4	4	(4)	0	8	0	0
Supporting Customer Experience And Contact	1	0	0	1	1	0	0	1	0	0
Total	454	0	0	380	429	(25)	0	454	0	0

APPENDIX 4 – Children’s Services Capital Programme

A4a: Education Capital Programme

Re-profiled Budgets

Capital Scheme	Projected spend in prior years £000	2017/18 Budget £000	2018/19 Budget £000	2019/20 Budget £000	2017/18 Actual to date £000	2017/18 Projected Outturn £000	2017/18 Projected Outturn Variation £000	Re-profiling to be approved £000	2017/18 £000	2018/19 £000	2019/20 £000
Unallocated Funding Streams		2,523	3,881	0	2	38	(2,484)	(2,484)	39	6,365	0
Cromwell Enhancements	829	1,636	0	0	1,779	2,156	520	0	1,636	0	0
Aldwyn Primary Additional Accommodation	281	1,420	827	0	81	81	(1,339)	(1,339)	81	2,166	0
Alder Buy Out Fitness		1,000	0	0	0	0	(1,000)	(1,000)	0	1,000	0
Devolved Schools Capital		432	0	0	0	432	0	0	432	0	0
Primary Capital Programme		256	0	0	9	256	0	0	256	0	0
Hollingworth Primary School Flat Roof Replacement		200	0	0	125	129	(71)	(71)	129	71	0
St Georges CE Primary School		197	0	0	86	197	0	0	197	0	0
Hollingworth Kitchen & Dining Refurbishment		180	0	0	5	5	(175)	(175)	5	175	0
Wildbank Primary School - Main Scheme		176	0	0	170	176	0	0	176	0	0
Greswell Primary School Window Replacement Phase 2		152	0	0	79	85	(67)	(67)	85	67	0
Minor Schemes (Under £150K)		3,142	275	0	1,479	1,951	(1,191)	(781)	2,361	1,056	0
		11,314	4,983	0	3,815	5,506	(5,807)	(5,917)	5,397	10,900	0

A4b: Education Re-profiling requests		£000s
Unallocated Funding Streams	A number of funding streams have not yet been allocated to specific projects and are therefore unlikely to be spent in 2017/18.	(2,484)
Aldwyn Primary Additional Accommodation	This scheme, originally due to be delivered by Carillion, increases capacity at Aldwyn School from a 45-pupil intake to 60 and includes a two-classroom extension. The Council is considering alternative procurement options which will result in a further delay to delivering this project.	(1,339)
Alder Buy Out Fitness	The budget needs to be rolled forward until a solution is reached whether the council would buy out the interests in the private gym so that it could form part of the school instead.	(1,000)
Hollingworth Primary School Flat Roof Replacement	Due to Carillion going into liquidation, this scheme will need to be carried forward into the new financial year. The work is contracted through the LEP who are considering alternative procurement options which will result in a further delay to delivering this project.	(71)
Hollingworth Kitchen & Dining Refurbishment	This budget was received in order to renovate the existing Hollingworth kitchen and dining block. This budget is being retained until the final scope of the rebuilding project has been agreed with the EFA.	(175)
Greswell Primary School Window Replacement Phase 2	The final phase of window replacements in the junior block was scheduled to be carried out through Carillion at February half term 2018. Because of Carillion's liquidation the LEP is working with the Council to find alternative delivery arrangements, with the work being delayed into the new financial year.	(67)
Other minor variations	Minor slippage on a number of schemes.	(781)
		(5,917)

A4c: Children Capital Programme									Re-profiled Budgets		
Capital Scheme	Projected spend in prior years £000	2017/18 Budget £000	2018/19 Budget £000	2019/20 Budget £000	2017/18 Actual to date £000	2017/18 Projected Outturn £000	2017/18 Projected Outturn Variation £000	Re-profiling to be approved £000	2017/18 £000	2018/19 £000	2019/20 £000
Purchase of Two Children's Homes	533	125	0	0	97	125	0	0	125	0	0
Total		125	0	0	97	125	0	0	125	0	0

APPENDIX 5 – Finance and IT Capital Programme

A5a: Digital Tameside Capital Programme

Re-profiled Budgets

Capital Scheme	Projected spend in prior years £000	2017/18 Budget £000	2018/19 Budget £000	2019/20 Budget £000	2017/18 Actual to date £000	2017/18 Projected Outturn £000	2017/18 Projected Outturn Variation £000	Re-profiling to be approved £000	2017/18 £000	2018/19 £000	2019/20 £000
Tameside Digital Infrastructure		1,725	0	0	345	1,377	(348)	(348)	1377	348	0
Tameside Data Centre		840	0	0	0	37	(803)	(803)	37	803	0
ICT- Vision Tameside	202	822	440	0	25	122	(700)	(700)	122	1140	0
Working Differently- IT Hardware & Software		171	100	0	210	221	50	50	221	50	0
Digital by Design		60	0	0	19	20	(40)	(40)	20	40	
CCTV Fibre		30	148	0	31	60	30	30	60	118	
Disaster Recovery Site		8	0	0	2	8	0	0	8	0	0
Total		3,656	688	0	632	1,845	(1,811)	(1,811)	1,845	2,499	0

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A5b: Digital Tameside Re-profiling requests

£000s

Tameside Digital Infrastructure	Capital bid only recently approved. Civils work is on-going and work will not be completed until Q2 of 2018/19.	(348)
Tameside Data Centre	Capital bid only recently approved. Work on the data centre will not occur until the new year.	(803)
ICT- Vision Tameside	Work on Tameside headquarters in Aston under-Lyne is occurring later than expected.	(700)
Other minor variations	Minor slippage on a number of schemes.	(40)
		(1,811)

APPENDIX 6 – Population Health Capital Programme

A6a: Active Tameside Capital Programme

Re-profiled Budgets

Capital Scheme	Projected spend in prior years £000	2017/18 Budget £000	2018/19 Budget £000	2019/20 Budget £000	2017/18 Actual to date £000	2017/18 Projected Outturn £000	2017/18 Projected Outturn Variation £000	Re-profiling to be approved £000	2017/18 £000	2018/19 £000	2019/20 £000
Active Tameside Wellness Centre & Wider Investment	5,441	0	0	0	0	0	0	0	0	0	0
New Denton Facility		2,000	12,724	0	153	170	(1,830)	(1,830)	170	14,554	1
Extension to Hyde Leisure Pool		2,000	953	0	10	30	(1,970)	(1,970)	30	2,923	2
Wave Machine at Hyde Leisure		60	0	0	0	0	(60)	(60)	0	60	3
Roof Replacement at Medlock		32	0	0	32	32	0	0	32	0	4
Replacement Pitch at Copley		25	0	0	23	23	(2)	0	25	0	5
Total		4,117	13,677	0	218	255	(3,862)	(3,860)	257	17,537	15

A6b: Active Tameside Re-profiling requests

£000s

New Denton Facility	The Tameside Wellness Centre scheme is progressing following a Council Key Decision of 27 April 2017. The Development Agreement and Sale Agreement have now been signed by the Council and Network Space. Discussions continue with Sport England to determine the nature and value of a capital funding bid to support the project. There are also design adjustments now being made following a consultation which concluded in November. These will support the funding application due to Sport England in April 2018.	(1,830)
Extension to Hyde Leisure Pool	The draft contract is yet to be agreed and therefore the start date still cannot be determined. Further delays have been caused by the fact that the Carillion liquidation due to Carillion being a partner in the LEP.	(1,970)
Wave Machine at Hyde Leisure Pool	The Wave Machine installation at Active Hyde will require a two-week partial facility closure due to the need to drain the pool tank to facilitate the installation. With Active Hyde also needing to close for a week to integrate the new pool extension, it is proposed to carry out the works simultaneously thereby minimising service disruption to customers.	(60)
		(3,860)

APPENDIX 7 – Governance Capital Programme

A7A: Exchequer Capital Programme

Re-profiled Budgets

Capital Scheme	2017/18 Budget £000	2018/19 Budget £000	2019/20 Budget £000	2017/18 Actual to date £000	2017/18 Projected Outturn £000	2017/18 Projected Outturn Variation £000	Re-profiling to be approved £000	2017/18 £000	2018/19 £000	2019/20 £000
Online Forms	10	0	0	0	10	0	0	10	0	0
Total	10	0	0	0	10	0	0	10	0	0

APPENDIX 8 – Prudential Indicators

Actuals v limits as at 4th October 2017

	Limit	Actual	Amount within limit
	£000s	£000s	£000s
Operational Boundary for External Debt	212,528	112,453	(100,075)
Authorised Limit for External Debt	232,528	112,453	(120,075)

- The Authorised Limit for External Debt sets the maximum level of external borrowing on a gross basis (i.e. excluding investments) for the Council.
- The operational boundary for External Debt comprises the Council's existing debt plus the most likely estimate of capital expenditure/financing for the year. It excludes any projections for cash flow movements. Unlike the authorised limit breaches of the operational boundary (due to cash flow movements) are allowed during the year as long as they are not sustained over a period of time.
- These limits include provision for borrowing in advance of the Council's requirement for future capital expenditure. This may be carried out if it is thought to be financially advantageous to the Council.

	Limit	Actual	Amount within limit
	£000s	£000s	£000s
Upper Limit for fixed	185,335	(50,699)	(236,054)
Upper Limit for variable	61,785	(81,585)	(143,370)

- These limits are in respect of the Council's exposure to the effects of changes in interest rates.
- The limits reflect the net amounts of fixed/variable rate debt (i.e. fixed/variable loans less fixed/variable investments). These indicators allow the Council to manage the extent to which it is exposed to changes in interest rates.

	Limit	Actual	Amount within limit
	£000s	£000s	£000s
Capital Financing Requirement	185,355	185,355	-

- The Capital Financing Requirement (CFR) measures the Council's underlining need to borrow for capital purpose, i.e. its borrowing requirement. The CFR is the amount of capital expenditure that has not yet been financed by capital receipts, capital grants or contributions from revenue.
- The CFR increases by the value of capital expenditure not immediately financed, (i.e. borrowing) and is reduced by the annual Minimum Revenue Provision for the repayment of debt.

	Limit	Actual	Amount within limit
	£000s	£000s	£000s
Capital expenditure	128,514	53,552	(74,962)

This is the estimate of the total capital expenditure to be incurred.

Gross borrowing and the capital financing requirement	CFR @ 31/03/17 + increase years 1,2,3	Gross borrowing	Amount within limit
	£000s	£000s	£000s
	185,355	112,453	(72,902)

- To ensure that medium term debt will only be for capital purposes, the Council will ensure that the gross external borrowing does not, except in the short term, exceed the total of the capital financing requirement (CFR).

Maturity structure for borrowing 2017/18		
Fixed rate		
Duration	Limit	Actual
Under 12 months	0% to 15%	0.55%
12 months and within 24 months	0% to 15%	0.30%
24 months and within 5 years	0% to 30%	0.82%
5 years and within 10 years	0% to 40%	7.09%
10 years and above	50% to 100%	91.25%

- These limits set out the amount of fixed rate borrowing maturing in each period expressed as a percentage of total fixed rate borrowing. Future borrowing will normally be for periods in excess of 10 years, although if longer term interest rates become excessive, shorter term borrowing may be used. Given the low current long term interest rates, it is felt it is acceptable to have a long maturity debt profile.

APPENDIX 9 – Completed Sales generating capital receipts in 2017/18 (to date)

2017/18 Completed Sales
Land adj to Lidl Supermarket
Land on John Street East, (rear of 25-27 Trafalgar Square)
Land at Oaken Clough / Oldham Road
Land on Vine Street
Land north of Lindisfarne Road
Land at Sunnyside, rear of 236-244 Newmarket Road
Land adj to 39 Uxbridge Street
Land at Williamson Lane / Ashton Hill Lane
Land on Bailey Street
5 Dain Close
64 Jeffreys Drive
8 Shepley Close
4 Hall Green Close
20 Belvedere Drive
4 St John Street
8 Belvedere Drive
5 Moravian Close
24 Harold Avenue
7 Ogden Gardens
7a Old Road
10 Concord Way
28 James Close
15 Old Street
31 Vicarage Drive
Land rear of 51 Wedneshough Green
Land at Captain Clarke Rd
Land at Broadway
Rydal House
Land at Pitt Street (2)
Land corner of Markham Street / Dow Street
8 Buckland Grove
Land at Nield Street
Land between Greaves Street, Cross Street & Stockport Road
Land at Stamford Road (opposite 80 to 94)
19 Brooklands Close
Melbourne Street Car Park
Land at Acres Lane / Cecil Street
Land at Cecil Street / Acres Lane
Land at Wakefield Road (next to 387)
Land at junction of Spring Street / Stamford Street
Bayley Street Industrial Estate
M60/M66 Highways Settlement
Residential ground rents under £1K value
Total Realised Capital Receipts - £3.095m

Agenda Item 5

Report To: STRATEGIC PLANNING AND CAPITAL MONITORING PANEL

Date : 12 March 2018

Reporting Officers: Robin Monk – Director of Place

Subject: VISION TAMESIDE PHASE 2 PROGRESS UPDATE

Report Summary: This report provides an update on progress made by the LEP to secure an Early Works Agreement with Robertson Construction Group Limited, which will enable the prompt commencement of necessary protection works to arrest deterioration of already completed works on the project. It will also allow for an 8-week period for Robertson Construction Group Limited to carry out its due diligence on the project and enter into contract with the LEP to secure a prompt remobilisation for completing the project.

In addition this report provides an update on the status of the construction project prior to Carillion Construction Limited entering into liquidation on the 15 January 2018.

Recommendations: That the Panel consider the contents of the report and NOTE:

1. the progress made to secure an Early Works Agreement with Robertson Construction Group Limited.
2. the status of the construction project prior to Carillion Construction Limited entering into liquidation on the 15 January 2018.
3. the financial position of the Vision Tameside Phase 2 project, which is set out in Tables 3 of Section 9 of this report and recommends approval of the virements requested in Table 2 of Section 9 of the report.
4. the excellent progress being made to drawdown the £4 million Skills Funding Agency Capital Funding which is illustrated in Section 9 of this report.
5. the potential increase in costs of this project and identifies funding.

Links To Community Strategy: Prosperous Tameside

Policy Implications In line with approved policy

Financial Implications: The overall costs of the Vision Tameside programme include the development of the Shared Service Centre and the Streetscape Improvement project. It was intended for the Project to be delivered within the approved funding envelope. However, it must be recognised that following the liquidation of Carillion and the subsequent termination of the contract with them, costs are likely to increase. These costs will be crystalised following the conclusion of the early works agreement by Robertsons Construction Group. Additional funding will need to be identified if the Budget exceeds the current funding envelope.

(Authorised By The Section 151 Officer)

It is important that regular monitoring of all expenditure budgets,

value for money and inflation projections are maintained throughout the programme. It is also important that leases with all potential occupants are completed as soon as possible so that the capital and revenue implications of the programme can be confirmed.

Streetscape Investment Project

The current estimated costs of Streetscape Improvement project are identified in section 6. Within the Shared Service Centre funding envelope, £2,631,000 has been allocated to Streetscape. The revised capital programme includes an element for Ashton Gateway of £1,500,000 it is proposed that this is included within the funding for the Streetscape investment project and the funding has been updated at paragraph 6.7. There is still a considerable shortfall as identified within the report. The project will need to be scaled back to keep within the existing funding envelope.

Legal Implications:

(Authorised by the Borough Solicitor)

The key purpose of the report is to provide an update on progress.

The Council must be mindful that the key purpose of the report of 7 February 2018 was to enable sufficient information to be obtained over the following 8 weeks to enable the Council to determine the best way to proceed whilst protecting the valuable asset it already has part constructed in the ground in far from ideal circumstances. We have a construction project which is essentially 60% completed what we want to achieve is to get a new Construction company to take on the contract on the same basis. PWC, the Liquidator were not in a position to support the project further given the complexity of the project.

Whilst it is a matter for the LEP to fulfil its contractual obligations and it is not for the Council to agree who with per se, nonetheless the Council would not want the LEP to contract with a building contractor who was unable to fulfil the obligations expected under the contract of Carillion. It is therefore for the LEP to make the decision to change contractors, but for the Council to agree this should only happen on the basis that the incoming contractor contracts on the same basis Carillion had previously been contracted to do so. From a legal perspective, it is not clear what variations will be sought to the contract as a consequence and whether this is contractually a sensible option for the Council to follow, although what does appear to be very clear is that urgent works need to be carried out to make the building wind and watertight as a matter of urgency so the due diligence and early works proposed are sensible and an important way to mitigate any potential losses for both the Council and LEP and it will be necessary to agree to pay for these from the existing budget for the work.

An early works order is an issue for the LEP and the risks are ones for the LEP. The master contract is between the Council and the LEP. It is the LEP who contracted Carillion. The LEP can replace Carillion but the LEP has no option but to require a new contractor to comply with the terms of the master contract, unless the Council agrees to vary the master contract to accommodate requests from a new building contractor. However, there is a risk of there being no or limited warranties available

to the Council, Wilkos, Tameside College - the Council is under contract with Tameside College and Wilkos. Any change to the contractor is likely to affect these contracts, with the position on warranties being critical. It might be that insurance could be put in place to cover this and this will need to be a consideration during the next phase and report.

It is critical that the Council agrees a recant plan as a matter of urgency.

Risk Management:

The key risks and mitigation actions are included in this report at Section 10.

Access To Information:

The background papers relating to this report can be inspected by contacting the report writer Ade Alao, Head of Investment and Development by:



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1. INTRODUCTION

- 1.1 On 15 January 2018, the High Court appointed the Official Receiver as liquidator of Carillion Plc and some associated companies on the petition of the company's directors, one of which being the company contracted by the LEP to deliver Vision Tameside Phase 2.
- 1.2 The Court also appointed PwC as special managers to support the Official Receiver in managing the affairs, business and property of the companies.
- 1.3 This report provides an update on the:
 - a) LEP proposal to replace the building sub-contractor for the Vision Tameside Phase 2 construction project, following the compulsory liquidation of Carillion Construction Limited.
 - b) Status of the project prior to the announcement of the liquidation of Carillion on the 15 January 2018.

2. LEP PROPOSAL

- 2.1 All construction work on the site of the Vision Tameside Phase 2 project stopped following the announcement of the liquidation of Carillion on 15 January. The immediate uncertainty meant that all the sub-contractors chose to suspend work until further clarification of the situation.
- 2.2 PwC originally advised the LEP that they would see through the project to completion however they later confirmed that they were unable to support the project further and that the LEP should appoint an alternative contractor to complete the works.
- 2.3 Most of the Carillion site staff were made redundant by PwC on 5 February 2018.
- 2.4 The LEP terminated the building sub contract with Carillion Construction on 6 February 2018, on the basis that being placed in compulsory liquidation, constitutes a Contractor Default under the terms of the building sub-contract. Primarily this was to secure the site and retain key documentation.
- 2.5 On 7 February 2018, the Council's Executive Cabinet approved a proposal from the LEP, to secure a prompt remobilisation of the Vision Tameside Phase 2 construction project.
- 2.6 The approval gave the LEP authority to engage Robertson Group Limited under an Early Works contract to undertake urgent protection works on the project, remobilise the site, re-engage a core team and sub-contractors, whilst at the same time undertake due diligence to agree a contract, programme and estimated cost of completing the project.
- 2.7 The Executive Cabinet report also approved changes being made to the existing head contract once a further report with clear recommendations, based on an assessment of the latest position at the time, is received once due diligence under the Early Works Agreement has been undertaken.

3. FINANCIAL IMPLICATIONS OF THE LEP PROPOSAL

- 3.1 It is too early to fully assess the likely financial implications of the current situation on the project. The protection that the Council has under the design and build contract with the LEP, includes step-in rights, collateral warranties, and a parent company guarantee provided by the building contractor. As the parent company is in compulsory liquidation,

this will not provide protection against any financial loss. Estimates of the potential financial implications, based on the current possible scenarios, range from moderate to substantial.

- 3.2 The main construction contract for the Vision Tameside project, with the LEP, was £37.575m, and paid invoices to 15 January amount to £32.006m, excluding a 2% retention (£0.653m). This leaves an available budget of £4.916m to complete the construction part of the project.
- 3.3 At the end of the early works contract, a due diligence process will have been carried out. A detailed costing exercise will be completed, which will identify any additional costs which will be required following the termination of the contract with Carillion. Additional funding will need to be identified if the Budget exceeds the current funding envelope.
- 3.4 **Appendix 1** illustrates details of the Construction Milestone Schedule.

4. VISION TAMESIDE PHASE 2 – CONSTRUCTION UPDATE AS AT JANUARY 2018

- 4.1 This section of the report provides an update on the status of the construction project prior to the announcement of the liquidation of Carillion Construction Limited on 15 January 2018.
- 4.2 The last contractual Progress Meeting was held on 9 January 2018. At this meeting Carillion Construction Limited reported that the project had slipped by one week behind the contract programme. A mitigation plan was in place to recover the programme position.
- 4.3 Carillion reported that the objective of ensuring the building was fully watertight by Christmas was largely achieved.
- 4.4 It was reported that the library roof was, at this time, substantially watertight. With the exception of the ground floor area beneath the library roof the fit out of the building had continued to make good progress in line with the contract dates.
- 4.5 A summary of works in progress in early January 2018 were as follows:
- Roofing
 - Windows
 - Curtain walling and rain screen cladding
 - Brickwork
 - Partitions
 - Mechanical and Electrical 1st and 2nd fix
 - Decoration
 - IPS paneling
 - Suspended ceilings
 - Raised access floors
 - 1st fix joinery
 - Roof top plant installations
 - Bespoke joinery
- 4.6 No dark ground has been identified to date and the building has nearly been constructed so it is highly improbable and unlikely that there would be any dark ground and this has been reflected in the budget.
- 4.7 Following the tragedy at Grenfell Tower on the 14 June 2017, assurance had been sought from the LEP and Carillion that the specifications and method of installation of the proposed cladding material for the building do not pose unacceptable levels of fire risk.

- 4.8 The Council had received confirmation from the designers and constructors that no ACM cladding material will be used in the building. As a third level of assurance, the Council had commissioned an independent technical review to confirm that the specifications, method of construction and overall fire strategy proposed for the building do not pose unacceptable levels of fire risk. This report is expected to be received in the next few weeks.
- 4.9 There have been no health and safety accidents or incidents since the last report to the Panel.

5. PROGRAMME MANAGEMENT

Vision Tameside Working Group

- 5.1 This group will now be Chaired by Councillor Fairfoull and will continue to meet on a monthly basis to oversee the delivery of the project.

Communications

- 5.2 Weekly communication has taken place since the 15 January 2018 to keep key partners updated on the emerging plans to identify a delivery route that ensures the project is completed as promptly as possible. This communication has been critical in helping partners to start developing their contingency plans on the basis that there will inevitably be a delay to the building being completed.

Building Design and Scope

- 5.3 The overall scope and external fabric of the building has not changed since the last report.

Reviewable Design Data (RDD) Process

- 5.4 The Design & Build contract for the project allows the Council to review some detailed design data against an agreed timetable. The review process is based on the designs and costs which were approved by the Council's Executive Cabinet on 16 December 2015.

- 5.5 Any changes requested during this process could have an impact on cost and programme and a robust management regime was therefore implemented at the outset to minimise risks. Relevant officers and specialist advisers are engaged to ensure an intelligent client input and that future buildings facility and asset management arrangements are included in any considerations.

- 5.6 There were 34 RDD items to be reviewed for both the Council and College – the majority of which are now complete.

- 5.7 Outstanding RDD's, which are now being concluded as a priority, are associated with CCTV, external lighting, public realm and fixed furniture and equipment.

Lease Negotiations

- 5.8 The Council's Legal Services, Estates and Finance teams are coordinating negotiations on leases required with Tameside College, Wilkinson's and Department of Works & Pensions for their occupation of the new building.

- 5.9 The current status of the negotiations is shown in **Table 1** below:

Table 1

Lease Negotiations Status – February 2018			
Organisation	Heads of Terms Agreed	Agreement for Lease completed	Lease Agreement completed
Tameside	N/A	08/12/2016	tbc

College			
Wilkinson's	N/A	09/02/2015	tbc
DWP	Issued September 2017.	The legal documentation is being negotiated.	tbc

Programme

- 5.10 The construction works were originally due to be completed on 15 June 2018. It was envisaged that staff would move into the new Shared Service Centre between June and December 2018.
- 5.11 Following the liquidation of Carillion the project will now be delayed. The full impact of recent events will not be fully understood until Robertson Group Limited have remobilised the site and completed their due diligence. Details of the revised programme will be presented at a future report.

6. STREETScape IMPROVEMENT PROJECT

- 6.1 Following previous Council approvals, a Streetscape Improvement (previously described as public realm) project has been included within the scope and funding for the Vision Tameside Phase 2 programme.
- 6.2 Concept designs were approved in October 2016 subject to detailed proposals and funding being available.
- 6.3 It was reported to the Panel, on 27 November 2017, that the Council had been unsuccessful in securing the National Productivity Investment Fund bid and so the decision was taken to progress the project in line with the confirmed funds and to continue to bid for additional funds as and when available.
- 6.4 The phased delivery of the wider public realm works does not affect the programme to deliver works within the boundary of the new Shared Service Centre.
- 6.5 Previous reports have highlighted that most of the new public realm, around the new Shared Service Centre, will not be fully complete when the building opens due to logistical constraints with the build programme.
- 6.6 A clear plan has been developed to ensure that the new building is fully operational and accessible when it opens. This is currently under review due to the recent delay in the Shared Service Centre's construction programme. An updated programme, including a visual plan, will be presented at a future meeting.
- 6.7 The current status of the overall funding package which is required in order to deliver the extended public realm scheme is as follows:

Estimated Costs	£
Proposed works Wellington Road (based on extended scope)	8,109,286
TMBC confirmed budget held within Vision Tameside	(2,631,000)
TMBC confirmed capital programme for Ashton Gateway	(1,500,000)
Shortfall	3,978,286
TfGM approved in principle (subject to final business case submission)	(1,372,707)
Total Gap in Funding	2,605,579

7. RECAANT PLAN

- 7.1 A detailed Vision Tameside Recant Plan is being developed to form part of a wider Council Office Accommodation Strategy, which will be implemented when the new Shared Service Centre is completed.
- 7.2 The following work has been completed to date to help develop an appropriate plan:
- a) Detailed review of the new building's design
 - b) Reconciliation of staffing numbers
 - c) Development of a set of principles to help inform the Council Office Accommodation Strategy and Vision Tameside Recant Plan
 - d) Development of an initial high-level Recant Plan and consequential requirements for staff accommodation in retained buildings
- 7.3 A draft Recant Plan is being developed for detailed analysis will need to take place with regard to the additional buildings to ensure that best fit and efficient utilisation is achieved.
- 7.4 The anticipated delay to the construction programme will have an impact on the recant timeline and may also affect the availability of some of the planned recant sites. This may require an extension of tenure across our leased estate.
- 7.5 Once a revised programme is available then logistical planning will start with key stakeholders, in order to develop a phased recant plan for the building as a whole.
- 7.6 A comprehensive communication plan for staff will also be implemented from May 2018.
- 7.7 The ground floor library has provision for a small café and work is ongoing to secure a café operator in line with procurement standing orders.

8. EMPLOYMENT AND SKILLS

- 8.1 Partnership work, between Carillion and the Council's Employment and Skills team, was working well and some good employment opportunities had been achieved.
- 8.2 A summary of the outputs achieved to date is show in the table below:

Employment and Skills Outputs – January 2018			
Activity	Target	Total Achieved	TMBC residents
Apprenticeships – new /existing	30	24	18
Ready for work placements	50	26	23
New entrants	25	25 / 19 sustained	24
Schools / young people engagement sessions	12	15	15
Site tours / stakeholders	0	32	281 (incl. 221 Tameside College Level 1 construction students)

9. FINANCIAL IMPLICATIONS

Fixture, Fittings and Equipment (FF&E)

- 9.1 An analysis of furniture, fittings and equipment, for all elements of the scheme, was completed as part of the Stage 2 submission. The original £1.5 million budget for the Council and partners had been confirmed to be sufficient at Stage 2.
- 9.2 The last report to SPCMP, on 27 November 2017, highlighted that the projected FF&E contribution from the DWP and CCG was anticipated to be £432,000. This figure is currently under review due to design changes which have been requested by DWP and changes agreed to the recant plan. These discussions and financial review are nearing completion and an update will be provided at a future meeting.
- 9.3 Work to value engineer costs is now complete and the conclusion of this process will be reported at a future meeting.

Variation Notices and Impact on Contingency Budget

- 9.4 The programme currently has a contingency allowance of £619,711.
- 9.5 The report to SPCMP on the 4 September 2017 provided details of all approved change orders between March and September 2017.
- 9.6 **Table 2** below provides a summary of all change orders which have been instructed from September 2017 to January 2018.
- 9.7 In addition the table also provides a summary of “other” costs which exceed the previously approved budget allowance. Additional virements are therefore requested which will increase the contingency budget by a value of £74,667.
- 9.8 In summary, the proposed variations increase the Vision Tameside Programme contingency budget from £619,711 to £694,378. The saving of £74,667 to the contingency budget has been achieved due to some non-essential works being removed from the contract.

Table 2

Variation Notices and Proposed Virements September 2017 to January 2018		
Variation Notice	Amount (£)	Details
COR 031A	-£94,108	Layout changes
COR 031final	£87,028	Supercedes COR 031A above
COR 032A	-£40,481	Layout changes to level 01
COR 032final	£32,548	Supercedes COR 032A above
COR 047	-£48,554	FF&E and bespoke joinery in the Council demise
COR 051	-£18,241	Omit all bird control measures
COR 058	-£8,005	Omit all bird control measures to the Water Board façade
COR 039	-£1,919	General changes to specifications
LEP 093	£6,002	External Cladding – CBRE
LEP 637	£3,542	CCTV review - RJH Consultancy Ltd
COR 062revised	-£15,479	Omit the level 00 servery to allow third party fit
COR 066	£2,584	Addition and omission of access control on level 04
COR 059	£15,739	Addition of demountable wall - committee rooms level 02
COR 043	-£1,811	Changes to first floor layout

COR 043	-£1,840	Changes to first floor layout
LEP CO	£180	Change to rear elevation
Total required	-£82,814	
Current Contingency	£619,711	
Less Additional Virement Requests		
Variations as above	£82,814	
Legal costs	£0.00	
Estates Recharge	-£8,148.00	
Total Variations	£74,667	
Remaining Contingency	£694,378	

Financial Position

9.10 The current financial position for the Vision Tameside Phase 2 project is shown in **Table 3** below.

Table 3

Budget Heading	Approved Budget	Projected Budget	Requested Virements	Actual Costs to Date
	Nov-17	Mar-18	Mar-18	Mar-18
	(£)	(£)	(£)	(£)
Total Demolition	2,618,475	2,618,475	0	2,569,093
Total Construction costs (including revised commercial offer and inflation contingency)	36,074,805	36,074,804		32,006,000
TMBC Furniture Budget	1,500,000	1,500,000	0	0
Approved Change Orders To Date	189,727	106,912	-82,815	119,463
Additional Asbestos Costs (now included in total demolition / construction cost)	680,000	680,000	0	680,000
Total Demolition / Construction Costs	41,063,007	40,980,191	-82,815	35,374,556
Less SFA grant	-4,000,000	-4,000,000	0	-3,535,697
Cost paid by partners for furniture	-432,000	-432,000	0	0
2014/2015 Ryder Invoices	23,895	23,895	0	23,895
TMBC Construction Contingency (for dark ground)	50,000	50,000	0	0
Net Construction Costs	36,704,902	36,622,086	-82,815	31,862,754
Decant / condition works	2,797,320	2,797,320	0	2,797,320
Co-op bank termination of lease	95,408	95,408	0	95,408
Programme Management	138,689	138,689	0	125,510
Fit out costs of temporary store re Early Lease termination – Wilkos	832,978	832,978	0	0

College Fixed Furniture and Equipment	850,000	850,000	0	0
Fit Out Costs - Early Wilko's Lease Termination	859,900	859,900	0	0
Public Realm Works	2,631,000	2,631,000	0	325,690
Document Scanning	250,000	250,000	0	91,973
Potential Loss of profits Wilko's	550,000	550,000	0	0
Other costs including recant	22,588	30,736	8,148	28,132
Legal Costs	127,299	127,299	0	122,832
IT Enablement	2,194,000	2,194,000	0	956,213
Programme Contingency	619,711	694,378	74,667	0
Total (corporate funding)	48,673,794	48,673,794	0	36,405,832
Additional funding for street scape improvement project				
Ashton Gateway Project (corporate funding)	1,500,000	1,500,000		0
TfGM funding (approved in principle subject to final business case)	1,149,345	1,149,345		0
Total funding available	51,323,139	51,323,139		36,405,832

Funding

- 9.11 A Council Key Decision in October 2014 authorised the submission of a funding bid to the Local Growth Fund for a capital contribution towards the costs of the College's move into the new building.
- 9.12 The Council received a formal funding agreement from the Greater Manchester Combined Authority (GMCA), dated 13 September 2016, for £4,060,000.
- 9.13 The Council has now claimed the full £4,000,000 towards the construction costs but will continue to submit quarterly claims to the GMCA until the project is complete. These quarterly claims will claim the fees of the independent Project Monitor.
- 9.14 Details of the grant claims submitted to date are shown in the table below.

Skill Funding Agency - Claims as at March 2018		
Claim Number	Amount of Claim	Status of Claim
1 (September 2016)	£850,565	Paid to the Council
2 (December 2016)	£1,060,661	Paid to the Council
3 (March 2017)	£221,976	Paid to the Council
4 (June 2017)	£1,011,451	Paid to the Council
5 (September 2017)	£411,768	Paid to the Council
6 (December 2017)	£467,477	Claim submitted to the GMCA
Total claim to date	£4,023,898	

- 9.15 A condition of the funding agreement was the appointment of an independent Project Monitor whose role would be to verify that good progress is being maintained with project delivery, all financial claims are accurate and that appropriate project management arrangements are in place to effectively manage a project of this scale. The feedback from the independent Project Monitor, to date, has been extremely positive with no issues to report in terms of the management of the project.

9.16 The GMCA have been notified of the current contractual position.

10. RISK MANAGEMENT

10.1 The Vision Tameside Phase 2 programme has a comprehensive risk register and issues log which is pro-actively managed by the Project team on a monthly basis.

10.2 The primary risks associated with the Stage 2 proposals outlined in this report, prior to Carillion entering into liquidation on the 15 January 2018, are shown in **Table 4** below.

Table 4

Risk	Mitigation	Status
Financial	<ul style="list-style-type: none"> Affordability confirmed against the Council's financial position Original costs within affordable financial envelope Value for Money assurance from Stage 2 review Rigorous change control procedure implemented Income from subletting space 	Green
Stakeholder	<ul style="list-style-type: none"> Comprehensive communication strategy consistently delivers key messages regarding benefits and potential delivery timescales 	Green
Economic	<ul style="list-style-type: none"> Economic benefits confirmed in stage 2 business case 	Green
Service Delivery	<ul style="list-style-type: none"> Flexible, fit for purpose accommodation for Council and partners Working Better Together to ensure office systems, technologies and recant strategy delivers exceptional service delivery 	Green

10.3 The emerging primary risks and impact on the project associated with Carillion entering into liquidation on the 15 January 2018 are shown in **Table 5** below:

Table 5

Risk	Impact	Status
Financial	Moderate to substantial additional costs to complete the project.	Red
Community and Stakeholder	Inability to deliver the project in a timely manner leads to reputational damage with the local community and stakeholders.	Red
Economic	Inability to deliver the project in a timely manner leads to the non-realisation of the anticipated economic benefits from the development.	Red
Education	Inability to deliver the project in a timely manner leads to a major disruption to Tameside College's operations and its ability to open for the 2018/19 academic year.	Amber

11. CONCLUSION

11.1 The Early Works Agreement with Robertson Construction Group, approved at the Council's Executive Cabinet on 7 February 2018, is intended to enable for the prompt

commencement of necessary protection works to arrest deterioration of already completed works on the project.

- 11.2 The Early Works Agreement is intended to allow for Robertsons Construction Group Limited, to carry out its due diligence on the project over an 8-week period and enter into contract with the LEP to secure a prompt remobilisation in order to minimise the delay in completing the project.
- 11.3 Even though prompt action has been taken to secure an alternative Main Contractor it is unlikely that the project will now be completed on time and to budget. A detailed analysis of the full financial and programme implications for the overall project will be required to enable the advancement to a new contract to complete the project. This subsequent report will provide the Council with full clarity and seek approval to set a new fully costs budget to allow the completion of the project.
- 11.4 It is essential that all Reviewable Design Data are concluded as priority by the Council's Project Team and no further changes, unless absolutely critical, are agreed.
- 11.5 Following approval of the Recant Plan it is essential that a robust workforce communication plan is launched from May 2018.
- 11.6 Delivery of the Vision Tameside Phase 2 programme remains key to the achievement of the Council's overall strategic priorities and a new exciting future for Tameside attracting new businesses, creating new jobs and future opportunities for Tameside residents.

12. RECOMMENDATIONS

- 12.1 As stated on the report cover.

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Agenda Item 6

Report To:	STRATEGIC PLANNING AND CAPITAL MONITORING PANEL
Date:	12 March 2018
Reporting Officer:	Robin Monk – Director of Place
Subject:	CORPORATE ASSET MANAGEMENT PLAN UPDATE
Report Summary:	<p>The attached report is intended to update members of the Strategic Planning and Monitoring Capital Panel with progress on the disposal of the Council's surplus assets, anticipated capital receipts that will be realised and investment that is required to maintain those buildings being occupied and retained or dilapidations arising from the termination of leases.</p>
Recommendations:	<p>That Strategic Capital Panel Members review the contents of the report and RECOMMEND to Executive Cabinet the:</p> <ol style="list-style-type: none">1. Approval of the list of disposals identified in Appendix 1;2. Capital schemes on corporate buildings detailed in section 3 of the report totalling £63,330.763. Agreement that a detail business case and strategy for the use of funds set out in section 3 will be brought back to Members, setting out how these resources will be prioritised and informed by the Estates Strategy and Asset Management Plan, to ensure effective use of limited resources and once approved, thereafter these requirements will be summarised and reported to Strategic Capital Panel on a regular basis.
Links to Community Strategy:	To support the delivery of the objectives of the Community Strategy.
Policy Implications:	Expenditure in line with financial and policy framework. To assist in delivering a balanced budget and support the sustainability of the local economy.
Financial Implications: (As authorised by the Section 151 Officer)	<p>Substantial work has been undertaken in recent years to vacate, market and dispose of a number of sites of land and buildings that are surplus to requirements. The schedule of properties identified as under consideration for sale at Appendix 1 will allow the Council to reduce its asset portfolio further and thereby avoid the on-going revenue costs associated with these properties.</p> <p>Progress with actual and forecast realisation of capital receipts from asset disposals need to be closely monitored. The Council's Capital Programme assumes that over £52 million will be realised from the sale of land and buildings between 2017 and 2020 to fund proposed capital investment over the next three years. Section 2 of this report notes that the disposal of sites at auction is currently suspended awaiting the planning review of Public Open Space which will inform Members of the value of sites and which in council ownership, might then be available for disposal. The conclusion of this review will inform the level of capital receipts available to fund</p>

the Capital Programme. Any significant reduction to the forecast level of capital receipts will require reassessment and reprioritisation of the Capital Programme.

The Three Year Capital programme includes earmarked resource of £3 million for the Refurbishment of Capital Assets and £2m for Property Assets Statutory Compliance works, as set out in section 3 of this report. Works to date have been reported to the Strategic Planning and Capital Monitoring Panel retrospectively as completed. The use of these funds should be determined by the Council's Estate Strategy and Asset Management Plan. A more detail business case and strategy for the use of these funds should be presented to Members, setting out how these resources will be prioritised and informed by the Estates Strategy and Asset Management Plan, to ensure effective use of limited resources.

Legal Implications:
(As authorised by the Borough Solicitor)

The Council must ensure that it complies with its Property Disposal Policy when identifying for sale and selling land and buildings. Importantly there needs to be a clear strategy for the disposal of land so that there is a clear business rationale for selling land particularly if the Council is receiving rental income from any potential disposal site so that any returns for capital are not less than the rental incomes less any liability. The report needs to set out clearly any loss of such income.

Risk Management:

The ownership and use of property carries with it a number of risks including health and safety, economic, financial, service delivery, statutory compliance and maintenance risks. It is therefore proposed to develop a risk register as part of the strategic review of the Councils assets to identify and manage risks.

Access to Information:

Any further information can be obtained from the report author Robin Monk, Executive Director of Place who can be contacted on:



Telephone: 0161 342 3340



e-mail: robin.monk@tameside.gov.uk

1. INTRODUCTION

- 1.1 A report detailing progress on the disposal of assets, realisation of capital receipts and assets requiring investment, was considered at the last meeting of the Strategic Capital Panel.
- 1.2 This report is intended to provide members of the Panel with a further update.

2. DISPOSAL OF ASSETS

Disposal Strategy

- 2.1 In the financial year 2016/17 the total sales achieved amounted to £3,929,550. The Asset disposal process continues at pace with a sum of £4,380,567 achieved since 1 April 2017.
- 2.2 Sale of the former Samuel Laycock school site completed 22 February 2018. The former Littlemoss school site is now subject to an agreement for lease with the Laurus Trust for the construction of a new free school. Planning has been approved for the former Mossley Hollins school site and is still being processed for the former Hartshead school site. Offers have been received to purchase the former Hartshead school site and these are currently being evaluated.
- 2.3 A review of open space is being undertaken to determine both the value of sites and which are in council ownership to inform Cabinet to determine a strategy of retention and disposal. The review should be complete in May 2018 with a view to seeking governance and the wider consultation with elected members.
- 2.4 Properties being actively marketed for sale or lease will be advertised on the Council's website, in addition to the marketing agent's websites. Where potential disposals will impact on tenants, for example sale of garage or garden plots, which have become too expensive to administer, written notification will be given to tenants in advance for the proposed sale and the tenant will be given the opportunity to purchase.
- 2.5 Leased Buildings - As reported at previous meetings of the Panel, the Council's policy is to terminate leases it has for buildings owned by others and to relocate services to surplus space in Council owned properties, where this delivers value for money, to reduce the revenue cost of operating and occupying buildings.

Appendix 1 lists those properties and assets identified in the Strategic Planning & Capital Monitoring Panel of 5 September 2016 which are in the process of being sold. The list also includes sites currently being proposed as suitable for development with the Greater Manchester Pension Fund and also sites under consideration by New Charter Housing

Appendix 2 lists the Capital Receipts realised since 1 April 2017.

Appendix 3 details briefly additional property work carried out by the team and achievements of note, such as securing increase at Rent reviews in favour of the Council, serving of break notices, any lease renewals and properties of note acquired.

3. INVESTMENT IN CIVIC AND CORPORATE BUILDINGS

- 3.1 A capital resource of £2 million over 3 years has been allocated in respect of Property Assets Statutory Compliance. This money will be used to ensure that our property assets comply with all statutory building compliance issues e.g. fire regulations, asbestos management, electrical checks etc. Money spent on these requirements will be summarised and reported to Strategic Capital Panel on a regular basis.

During October to December 2017 a total of £63,330.76 has been expended on a range of risk mitigation. This includes £35.5k on remedial works emanating from fire risk assessments, £5.3k on asbestos remediation and £22.5k on various reactive remediation works required in relation to other statutory requirements.

- 3.2 A capital resource of £3million over 3 years has been allocated in respect of Refurbishment of Capital Assets. This money is intended to be used to fund minor refurbishments of council buildings e.g. structural remodelling, replacement of essential infrastructure. Works funded by this capital will be deemed to be assisting the Council in its stated priority of the maximisation of use of the Councils building assets.
- 3.3 A detail business case and strategy for the use of funds will be brought back to Members, setting out how these resources will be prioritised and informed by the Estates Strategy and Asset Management Plan, to ensure effective use of limited resources and money spent on these requirements will be summarised and reported to Strategic Capital Panel on a regular basis.

4. RECOMMENDATIONS

- 4.1 As stated on the report cover

APPENDIX 1

Assets currently under consideration for sale

Asset ref	Property Address	Town
3590 & 3591	Former Hartshead High School site, Lees Road	Ashton
2593	Land at former Katherine House, Katherine Street / Bentinck Street - Overage payment	Ashton
2751	Land at Cavendish Street / Moss Street East / Cotton Street East - Overage payment	Ashton
2202	Two Trees School Site	Denton
1263, 1264 & 1266	Land at Kynder Street / Duke Street / Market Street - Overage payment	Denton
1806	Droylsden Canalside	Droylsden
3908	Plots A & B Hattersley IE	Hyde

Assets under discussion with Pension Fund / NCH

Asset ref	Property Address	Town
4619	Land at Queens Road / Fern Lodge Drive	Ashton
3169	Old Street / Dale Street East, AUL	Ashton
188 & 3789	Land at Morningside / Fairfield Avenue	Droylsden
2547	Land at Leigh Street	Hyde
3070	Land at Leigh Fold	Hyde
4629	Land at former Flowery Fields School, Old Road	Hyde
2385	Land at Arnside Drive	Hyde
3984	Mossley Hollins, Huddersfield Road	Mossley

APPENDIX 2

Completed Sales since 1 April 2017

Asset ref	Property Address	Town	Completion Date	2017/2018 Completed Sales £
2763	Land adj to Lidl Supermarket	Ashton	29/06/2017	£21,600
1163	Land on John Street East, (rear of 25-27 Trafalgar Square)	Ashton	30/06/2017	£25,000
2355	Land at Oaken Clough / Oldham Road	Ashton	25/05/2017	£86,000
2457	Land on Vine Street	Ashton	16/06/2017	£5,000
2358	Wellington Works, Wellington Road / Uxbridge Street - Overage payment	Ashton		£270,264
1179	Land north of Lindisfarne Road	Ashton	23/08/2017	£160,000
1136	Land at Sunnyside, rear of 236-244 Newmarket Road	Ashton	15/08/2017	£25,000
2747	Land adj to 39 Uxbridge Street	Ashton	15/08/2017	£29,000
190	Land at Williamson Lane / Ashton Hill Lane	Droylsden	24/05/2017	£40,000
743	Land on Bailey Street	Droylsden	13/10/2017	£33,010
3472	5 Dain Close	Dukinfield	21/06/2017	£3,000
3497	64 Jeffreys Drive	Dukinfield	05/05/2017	£3,990
2517	8 Shepley Close	Dukinfield	27/09/2017	£3,300
3386	4 Hall Green Close	Dukinfield	15/08/2017	£3,950
3472	20 Belvedere Drive	Dukinfield	14/07/2017	£3,615
3472	4 St John Street	Dukinfield	14/07/2017	£4,025
3472	8 Belvedere Drive	Dukinfield	25/08/2017	£3,890
3393	5 Moravian Close	Dukinfield	28/07/2017	£3,570
3491	24 Harold Avenue	Dukinfield	14/07/2017	£4,140
3472	7 Ogden Gardens	Dukinfield	15/09/2017	£4,220
3385	7a Old Road	Dukinfield	16/10/2017	£4,050
3451	10 Concord Way	Dukinfield	17/08/2017	£3,155
3472	28 James Close	Dukinfield	18/05/2017	£3,960
3386	15 Old Street	Dukinfield	08/01/2018	£3,875
3472	31 Vicarage Drive	Dukinfield	04/12/2017	£4,075
3514	Land rear of 51 Wedneshough Green	Hollingworth	09/06/2017	£1,000
2264	Land at Captain Clarke Rd	Hyde	01/12/2017	£320,000
2262	Land at Broadway	Hyde	20/12/2017	£300,000
2591	Rydal House	Hyde	23/01/2018	£270,000
2438	Land at Pitt Street (2)	Hyde	08/05/2017	£55,000
2671	Land corner of Markham Street / Dow Street	Hyde	09/06/2017	£80,000
	8 Buckland Grove	Hyde	19/12/2017	£26,520
4114	Land at Nield Street	Mossley	24/05/2017	£191,000
3998, 3999 & 4546	Land between Greaves Street, Cross Street & Stockport Road	Mossley	15/11/2017	£40,000
4126	Land at Stamford Road (opposite	Mossley	15/08/2017	£40,000

Asset ref	Property Address	Town	Completion Date	2017/2018 Completed Sales £
	80 to 94)			
	19 Brooklands Close	Mossley	26/05/2017	£26,500
3881	Melbourne Street Car Park	Stalybridge	20/11/2017	£325,000
4058	Land at Acres Lane / Cecil Street	Stalybridge	07/08/2017	£10,000
4057	Land at Cecil Street / Acres Lane	Stalybridge	07/08/2017	£5,000
2733	Former Samuel Laycock school, Mereside	Stalybridge		£700,000
2378	Land at Lake Road - Overage payment	Stalybridge		£179,031
3947	Land at Wakefield Road / Carter Street - Overage payment	Stalybridge		£135,963
4314	Land at Wakefield Road (next to 387)	Stalybridge	24/05/2017	£22,000
4232	Land at junction of Spring Street / Stamford Street	Stalybridge	24/05/2017	£11,000
3848	Bayley Street Industrial Estate	Stalybridge	26/01/2018	£775,000
	M60/M66 Highways Settlement	Various	23/10/2017	£111,051
	Residential ground rents under £1K value	Various	12/12/2017	£4,813
	Total			£4,380,567

APPENDIX 3

Leases Completed since 1 April 2017:

Council land/property	Location	Rental income per annum (£)
New Leases to Tenants		
Unit 1 Plantation Industrial Estate	Ashton	£21,312 pa
Unit 8a Plantation Industrial Estate	Ashton	£13,000 pa
Unit 8b Plantation Industrial Estate	Ashton	£12,350 pa
Unit 5 Plantation Industrial Estate	Ashton	£25,360 pa
Unit 3 Plantation Industrial Estate	Ashton	£18,000 pa
Tenant Lease renewals		
Mast on land at Stockport Road	Hyde	£3,750 pa
Waterloo Childrens Centre	Ashton	£15,000 pa
Land at Wilshaw Lane	Ashton	£1,000 pa
Former Littlemoss School – Agreement for Lease	Droylsden	Peppercorn

Other Transactions /works of note completed by the Estates Team since 01 April 2017:

- Terminal Dilapidations claim against the Council at Greencroft House, Hyde - Lease expired 20 April 2017. Original claim of £86,647, Revised claim received in the region of £60K. Negotiations ongoing.
- Aeroworks 5 Adair Street, Manchester – Break date of 03 June 2016 exercised on behalf of Greater Manchester Public Health Network (GMPHN). Awaiting claim from the Landlord
- M60/M66 Highways Settlement – In addition to the receipt of £111k we also received £70K commuted sum in lieu of the cost of laying out replacement open space

Rent Reviews: (increases above £1,000 p.a.) since 1 April 2017

Hyde Physiotherapy Centre, Parsonage Street, Hyde	Rent Review 22.05.17	£3,250 pa increase
Land at Northend Road, Stalybridge	Rent Review 17.05.17	£2,200 pa increase
Kids Club at Corrie Primary School, Denton	Rent Review 21.04.17	£1,311 pa increase
Land at Broadway	Rent Review 10.10.17	£2,500 pa increase
Land at Great Norbury Street / Robert Street, Hyde	Rent Review 13.11.17	£2,135 pa increase
Land at 2 Wood Street, Dukinfield	Rent Review 21.12.17	£1,350 pa increase
Land at Hadfield Street, Dukinfield	Rent Review 21.12.17	£1,625 pa increase

Report To:	STRATEGIC PLANNING AND CAPITAL MONITORING PANEL
Date:	12 March 2018
Reporting Officer:	Robin Monk, Director of Place
Subject:	EDUCATION CAPITAL PROGRAMME - PROGRESS UPDATE
Report Summary:	This report advises members of the Panel on the latest position with the Council's Education Capital Programme 2017/18 and seeks the recommendation of various approvals as set out in the report.
Recommendations:	<p>That the Panel RECOMMENDS to Executive Cabinet approval for the following amendments to the Education Capital Programme:</p> <ol style="list-style-type: none">1. The allocation of Basic Need grant funding schemes as outlined in Section 3 and Appendix 1 of the report.2. The allocation of School Condition grant funding schemes as outlined in Section 5 and Appendices 2 and 3 of the report.
Links to Community Strategy:	The proposals contained in this report will support the delivery of the community strategy
Policy Implications:	In line with current policy.
Financial Implications:	Basic Need Grant
(Authorised by the section 151 Officer)	<p>The council had £4,749,609 unallocated Basic Need Grant as at November 2017. £1,441,000 of basic need grant, which was used to fund the Cromwell rebuild has been returned to unallocated funding following the receipt of insurance monies, giving an overall balance of Basic Need funding available of £6,190,609. This report proposes an allocation of £5,841,774 of Basic Need grant, which is detailed in Appendix 1. This will leave an unallocated balance of £348,835.</p> <p>The Council's priority is a programme of works to increase secondary school places. Projects are being developed for completion in September 2018 and section 4 of this report highlights four proposed schemes. For this reason most of the Basic Need grant allocation will be spent in 2018-19.</p> <p>School Condition Grant</p> <p>The Council had £1,678,342 unallocated School Condition Grant at the beginning of 2017-18. Schemes with a value of £1,528,860 have previously been approved in 2017-18 leaving an unallocated grant balance of £22,229 at November 2017.</p> <p>This report proposes a further net allocation of £138,781, which is detailed in Appendix 2. This allocation means that funds earmarked exceed the total allocation by £116,552, however Appendix 2 notes a number of schemes which are subject to delay due to the liquidation of Carillion therefore it is unlikely that all these schemes will progress to completion during this financial year. The allocation of 2017-18 School Condition funding must be spent within the financial year to which it relates</p>

otherwise there is a risk that the amount will need to be returned to government.

Legal Implications:
(Authorised by the
Borough Solicitor)

It is a statutory requirement for the Council to set a balanced budget. It is important that the capital expenditure position is regularly monitored to ensure we are maintaining a balanced budget and to ensure that the priorities of the Council are being delivered and achieving value for money.

The Council has clear duties under the education legislation to ensure its schools are properly maintained and fit for purpose to ensure the best possible environment within which to study and develop. This includes ensuring allocated monies are spent appropriately where and when required to avoid a possible challenge to these duties.

The council has a strategic procurement arrangement in place with the LEP and in the first instance must go through the schedule 3 arrangements or any other appropriate mechanism under the contract to secure delivery of the projects to ensure building and price risk properly managed by the LEP who are required to secure a vfm judgment on each project. Should the LEP not be able to deliver the projects and advise the Council in accordance with the tight timescales set out under the contract then the Council will need to seek alternative arrangements in line with procurement rules and the Council's own financial arrangements.

The schedule appended at 1 needs to have clarity as to who doing the work so that they can be held accountable through the contracts.

Risk Management:

The proposed investment will enable the Council to address the most urgent condition needs in schools and plan for additional places where most increase in demand is projected. Details of the risk management strategy can be found in Section 7 of this report.

Access to Information:

The background papers can be obtained from the author of the report, Ade Alao, Head of Investment and Development, by:



Telephone: 0161 342 2795



e-mail: ade.alao@tameside.gov.uk

1. INTRODUCTION

- 1.1 This report provides an update on the latest position with the Council's Education Capital Programme 2017/18 and seeks recommendation for approval of various proposals in line with Council priorities.
- 1.2 The Council's powers to provide and maintain educational facilities are set out in the Education Act 1996. The Council also has a statutory duty under Section 14 of the Education Act 1996, to secure sufficient and suitable places for pupils in its area in primary and secondary schools across the borough.
- 1.3 The government allocates funding for school buildings under number categories which are described in Section 2 of this report.
- 1.4 The Strategic Planning and Capital Monitoring Panel (SPCMP) is requested to note the contents of the report and recommend approval for the following amendments to the Education Capital Programme to Executive Cabinet:
 - a) The allocation of Basic Need grant funding as outlined in Section 4 and **Appendix 1** of the report.
 - b) The allocation of School Condition grant funding as outlined in Section 5 and **Appendix 2 and 3** of the report.

2. FUNDING

- 2.1 The government allocates grant funding for school buildings under the following categories:

Basic Need Funding

- 2.2 Funding allocated to support the development of new pupil places.
- 2.3 The Council received an allocation of Basic Need funding for 2017/18 of £4,883,289. In addition to this amount £13,584 of unallocated funding was carried forward from 2016/17. Members will recall that the urgent rebuilding costs of Cromwell were allocated from Basic Need and £1,441,000 has now been received from insurances which will be repaid to the Basic Need fund.
- 2.4 On 5 October 2017 the Government announced further allocations for Basic Need schemes with the Council being allocated a further £4.8 million for 2019/20.
- 2.5 Since the last meeting of the SPCMP proposals to allocate Basic Need funding have been developed and the detail of this is set out in Section 4 of the report.
- 2.6 **Appendix 1** shows the amounts proposed to be allocated to schemes which will leave £348,835 unallocated Basic Need funding.
- 2.7 The majority of the proposed allocation is profiled to be spent during 2018/19 in order to deliver new school places by September 2018.

School Condition Allocation (SCA)

- 2.8 This grant is allocated for the maintenance of school buildings. The funding is part formulaic (based on pupil numbers) and part reflecting recent condition surveys conducted by the Education and Skills Funding Agency.

2.9 The Council was allocated central government funding of £1,678,277 of school condition funding to improve and maintain the school estate to be spent during the 2017/18 financial year.

2.10 Following decisions taken at previous meetings £128,938 of SCA funding remains unallocated and available to spend by the end of 2017/18.

Devolved Formula Capital (DFC)

2.11 Devolved formula capital grant is capital funding calculated on a formulaic basis for each educational establishment. It gives schools direct funding for the priority capital needs of its buildings and grounds and for investment in capital equipment including ICT. The 2017/18 grant is £432,045.

3. LIQUIDATION OF CARILLION

3.1 On 15 January 2018, the High Court appointed the Official Receiver as liquidator of Carillion Plc, Carillion Construction Limited and some 5 other associated companies on the petition of the company's directors. The Court also appointed PWC as special managers to support the Official Receiver in the managing the affairs, business and property of the companies.

3.2 The Local Education Partnership (LEP) is the procurement vehicle through which school projects must be built. It is important and critical that the Council goes through the necessary contractual processes with the LEP to determine whether they have capacity and ability to undertake the school work and only once such process has been properly undertaken and should the LEP advise that they are not in the position to undertake the work that alternatives can be progressed to avoid any unnecessary risk to the Council.

3.3 Although a significant part of the 2017/18 school building works were carried out over summer 2017 a number of other schemes were due to start during February and Easter 2018 school holidays.

3.4 Due to Carillion entering into liquidation these works have suffered delay as alternative delivery options are identified. The schemes affected are identified in **Appendix 2**.

4. BASIC NEED SCHEMES - PROGRESS UPDATE

4.1 The Council is reaching the end of its programme to create additional accommodation in primary schools but is at the start of the programme to increase secondary school places.

4.2 A summary of the position with the 2017/18 Basic Need funding, as at March 2018, is detailed in **Appendix 1** with proposed amendments.

4.3 The following are on-going projects which have previously been reported to SPCMP:

Aldwyn and Hawthorns - This scheme increases capacity at Aldwyn School from a 45 pupil intake to 60 and includes a two-classroom extension at Hawthorns School. The Council sealed the formal contract documentation in September 2017 but the LEP has yet to sign the contract which has resulted in the on-going delay to works starting on site. Following the liquidation of Carillion Construction Ltd the LEP are being asked to advise on alternative delivery options to reduce the risk of further significant delays. This is likely to result in increased costs due to inflation since the original tenders in summer 2016. The Panel is requested to approve the additional budget costs to deliver a suitable contingency plan for September 2018 as set out in **Appendix 1**.

St John's CE Dukinfield - The final two-classroom extension to enable the school to increase pupil numbers from 30 to 45 for the September 2018 intake. The scheme was due to be tendered by Carillion, in January 2018 but is now inevitably delayed. Contingency planning is underway with the school to ensure that sufficient pupil places will be available from September 2018. The Panel is requested to recommend a budget cost of £750,000 from the Basic Need Fund as set out in **Appendix 1** and receive a future report providing details of project delivery.

Schemes to Expand High School Places - A significant amount of work is currently ongoing to ensure that sufficient places are available in High Schools from September 2018 following previous Council decisions. The following sets out the latest position:

- (i) **Alder Community High School** - Agreement has been reached with the school to increase pupil numbers from the present 155 to an intake of 180 which involves some significant internal remodelling as well as a four-classroom extension. The works will be delivered by Pyramid Schools, the PFI Special Purpose Vehicle (SPV) in accordance with the PFI contract. The panel is requested to recommend approval of a budget cost of £1,201,134 from Basic Need Funding for these works subject to a further report with details of confirmed costs.
- (ii) **Hyde Community College** - Agreement has been reached with the school to increase its capacity from 210 to 240 places. The works will be delivered by Amber Infrastructure, the PFI SPV in accordance with the PFI contract. The panel is requested to recommend approval of a budget cost of £1,720,554 from Basic Need Funding for these works subject to a further report with details of confirmed costs.
- (iii) **Mossley Hollins High School** - Agreement has been reached with the school to increase its capacity from 156 to 180 places. The works will be delivered by Amber Infrastructure, the PFI SPV in accordance with the PFI contract. The panel is requested to recommend approval of a budget cost of £1,580,000 from Basic Need Funding for these works subject to a further report with details of confirmed costs.
- (iv) **Rayner Stephens High School** - A scheme to increase capacity from 150 to 180 places has now been agreed with the school. The LEP will be requested to undertake the work via the schedule 3 process. The Panel is requested to recommend approval of budget cost of £450,000 from Basic Need Funding subject to a further report with details of delivery arrangements and confirmed costs.
- (v) **Laurus Trust (Free School)** - The Council's proposals to meet the demand for high school places from September 2018 include the provision of new places at the proposed Free School to be operated by the Laurus Trust. The funding agreement between the Trust and the DfE has now been completed and the new school is due to open in temporary accommodation in Droylsden from September 2018.
- (vi) **Cromwell School** - Pupils returned to Cromwell School at the start of September 2017 following the fire the previous year. In order to progress the rebuilding works the Panel approved expenditure from the Basic Need budget. A final settlement from the Council's insurers means that £1,441,000 can now be reimbursed to the Basic Need Fund and this is shown in **Appendix 1**. The cost of betterment works not covered by insurance compensation amounts to £404,870 and is shown in **Appendix 2** as an allocation from the SCA.

5. SCHOOL CONDITION AND CAPITAL MAINTENANCE - PROGRESS UPDATE

- 5.1 A summary of the approved school condition and capital maintenance schemes is shown in **Appendix 2** with proposed amendments.

- 5.2 A number of schemes, completed or due to be complete during 2017, were delivered below budget or have been slipped until 2018. The key projects this relates to are:

Mechanical and Electrical Schemes - a significant number of schemes completed came in under budget because budget estimates generally include a contingency for unforeseen works and potential asbestos removal costs. The majority of the 2017 schemes required no asbestos removal and so savings were achieved.

St Anne's Primary School - the £300,000 for Phase 1 roof replacement project is being slipped to 2018 due to site constraints.

- 5.3 The following additional new schemes are proposed for recommendation for approval by the Council's Executive Cabinet:

St Thomas More RC High School – £48,450 is proposed as contribution towards the replacement of ICT servers. This will free up resources that the school can put towards replacing two life-expired mobile classrooms as there is insufficient budget available from the LCVAP allocation.

Russell Scott - Members will recall the £3.6 million scheme to remodel and improve Russell Scott Primary School as part of the Primary Capital Programme group of schemes. Since completion of this scheme in 2015 there has been a lengthy dispute between the school and Carillion regarding quality of workmanship. Additionally no capital was allocated to undertake works to the playing fields.

Agreement was reached between Carillion, school and Council to each contribute £133,000 towards the estimated costs of reinstatement and improvement works to the playgrounds and field. It was agreed by all three parties that Tameside Council's Environmental Service team would carry out the works.

Works have now started but additional unforeseen problems have been identified and this work is estimated at an additional £100,000.

In addition to the works to the playing field and playground there were a number of snagging items from the original building project. All three parties had previously agreed the appointment of an independent architect to list and cost the outstanding items. Carillion were still to address these items prior to entering into liquidation on the 15 January 2018.

Whilst every attempt will be made to recover Carillion's financial contribution from the liquidator it is considered prudent to allocate the following additional funding from the SCA 2017/2018 and 2018/2019 budget:

Additional Funding Required £	Cost Details	Budget
£10,000	£256,000 previously allocated in a budget to cover outstanding issues on the Primary Capital Programme but an additional £10,000 is required.	£266,000 - 2017/18 SCA
£100,000	Additional works to the playing field and drainage system	2018/19 SCA
£245,000	Works identified and costed by the independent architect as part of the snagging list process. These works will be rectified by the Council's Environmental Services team.	2018/19 SCA

- 5.4 A list of all current and new schemes proposed for completion during 2017/18 can be found in **Appendix 2**.
- 5.5 **Appendix 3** identifies spend to date against the approved contingency budget of £150,000.
- 5.6 The 2017/18 SCA budget will be under allocated and this is largely because of delays caused by the liquidation of Carillion. Members should also be aware that some of the schemes to design and survey 2018 schemes that have been allocated from the 2017/18 budget are also at risk of slipping into 2018/19 and these schemes are highlighted in **Appendix 2**.

6. PROCUREMENT AND VALUE ADDED

- 6.1 In accordance with Council policy, capital projects have previously been procured through the Tameside Investment Partnership (LEP). Alterations to PFI schools must be procured through the PFI contracts.
- 6.2 In addition to a fixed price and scope being provided, the LEP has a responsibility to confirm to the Council that value for money is being delivered, either through tendering or benchmarking using independent review on the larger projects. The LEP has also committed to delivering added value in the form of using local supply chains, and providing apprenticeships and work experience opportunities.
- 6.3 The majority of the work carried out for the LEP was procured from Carillion and therefore the Council is working with the LEP to secure prompt delivery while maintaining value for money and building resilience in the delivery of Education capital projects for the future.
- 6.4 Some smaller schemes are procured directly through the Council's Engineering Design and Delivery Team or the Tameside Works First initiative for local businesses.
- 6.5 Work at voluntary aided schools is generally procured directly by the relevant diocese, as they own the buildings and not the Council.

7. RISK MANAGEMENT

- 7.1 The Council has a statutory duty under the Education Act 2011, to secure sufficient and suitable places for pupils in its area in primary and secondary schools across the borough. It also has the responsibility for the maintenance of community and voluntary aided school buildings, even though it does not own voluntary aided school buildings.
- 7.2 The risk of managing the condition and suitability of community and voluntary aided school buildings has been mitigated by successful bidding for additional capital resources in the past. However, current budgetary constraints are likely to present a challenge to maintaining this position over the coming few years.
- 7.3 Recent condition surveys of a number of schools have indicated that urgent work is required to be carried out in order to address health and safety issues and prevent further deterioration. The most urgent investment schemes are proposed to address this.
- 7.4 In order to avoid disrupting education delivery, generally the most intrusive work is best carried out over the summer break, which means that plans for new projects need to take place in the summer.

- 7.5 Inflation in the building industry is also a more significant risk than previously experienced and larger schemes will be most affected. Early scoping and pricing of the works will mitigate against this and enable projects to be delivered in a timely and cost-effective manner.
- 7.6 Further plans need to be developed to consider further options for the increase in capacity required in high schools to accommodate the additional pupils moving through into the secondary sector.

8. CONCLUSION

- 8.1 There has been significant capital investment in schools over the recent past to support the Council's delivery of its statutory responsibilities connected with the provision of sufficient and suitable places.
- 8.2 The proposals identified in this report will enable the Council to meet its statutory duties.

9. RECOMMENDATIONS

- 9.1 As set out at the front of the report.

APPENDIX 1

BASIC NEED FUNDING

Scheme	Approved November 2017	Proposed March 2018	Proposed Change	Latest position
Aldwyn/ Hawthorns	2,382,718	2,382,718	0	New procurement route required
Aldwyn – Existing mobile (Sept 2017) – Extend hire period	0	15,000	+15,000	£964 per month plus annual testing
Aldwyn - New mobile (Sept 2018)	0	120,000	+120,000	Based on mobile 1 costs
St John's CE -2 classroom extension	129,891	879,891	+ 750,000	Carillion – will need to agree revised procurement route
St George's CE Mossley	196,832	196,832	0	Completion Spring 2018
Alder Community High School	78,506	78,506	0	Designs to RIBA Stage 6
Alder Community High School – 4 class extension and entrance remodelling	0	640,633	+640,633	Latest cost estimate Dec 2017
Alder Community High School Other classroom alterations	0	531,000	+531,000	Latest cost estimate Dec 2017
Alder Community High School Other classrooms fees	0	33,797	+33,797	Feasibility Study 1 May 2017
Rayner Stephens Community High School	25,000	475,000	+450,000	High level estimate pending further detailed procurement
Hyde Community College	25,000	25,000	0	Design costs - In development
Hyde Community College	0	1,720,556	+1,720,556	Feasibility Dec 2017
Mossley Hollins – 4 classroom mobile	0	1,580,788	+1,580,788	Feasibility Dec 2017

Net Additional Scheme Allocation	+5,841,774	
Unallocated Basic Need Funding at November 2017	4,749,609	
Plus balancing item from Cromwell rebuild	+1,441,000	
Total Basic Need available	6,190,609	
Less new allocation	(5,841,774)	
Revised unallocated Basic Need Funding at March 2018 subject to approval of the above allocations	348,835	

APPENDIX 2 –

SCHOOL CONDITION AND CAPITAL MAINTENANCE FUNDING

Scheme	Approved November 2017	Proposed January 2018	Proposed Change in Funding	Latest Position
Arlies convectors	121,036	98,881	(22,155)	Completed Whit 2017
Broadbent Fold boilers and fan convector replacement	96,731	85,735	(10,996)	Completed summer 2017
Buckton Vale boiler replacement	61,558	51,268	(10,290)	Completed summer 2017
Buckton Vale works to Moorgate Drive elevation – Phase 2	10,789	10,789	0	February half term 2018 Engineers and school
Canon Burrows access	15,000	-15,000	(15,000)	In development by Manchester Diocese but will now slip to 2018/19
Corrie Primary boiler replacement	112,658	112,477	(181)	Completed summer 2017
Corrie Primary new valve and thermostat system	19,754	19,754	(19,754)	Completed October 2017 half term and billed as part of main scheme above
Corrie Primary replace pumps	0	25,000	+25,000	Currently in delay due to Carillion entering liquidation
Corrie fencing and groundworks	18,181	18,181	0	Ongoing – includes Japanese Knotweed removal
Cromwell – additional repair and maintenance costs not covered by insurance	0	404,870	+404,870	Completed
Dane Bank boiler house roof contribution to costs	6,500	6,500	0	Completed
Gee Cross Holy Trinity – boiler survey and asbestos removal spec	3,000	3,000	0	Asbestos removal complete. Boiler investigations in delay due to Carillion entering liquidation
Gorse Hall field drainage	10,000	10,000	0	Completed
Gorse Hall – replacement of heat emitters – Design costs	0	6,000	+ 6,000	Price estimate. Scheme scheduled to commence February 2018 half term but Carillion liquidation will mean delay
Greswell Primary replacement windows Phase 1 and 3	72,000	72,000	0	£21,800 expended to date, the rest was scheduled for February 2018 half term but Carillion liquidation will

				mean delay
Greswell Primary replacement windows Phase 2	79,497	79,393	(104)	Completed summer 2017
Holden Clough external areas	0	60,000	+60,000	Price estimate.
Hollingworth Kitchen – LA contribution to scheme	60,900	60,900	0	In procurement by EFA
Hollingworth Kitchen – Demolition of old kitchen block	0	33,719	+33,719	Costs will be reimbursed by EFA. Demolition March 2018
Hollingworth drainage	22,000	22,000	0	Further interceptor drains, tanking and lowering of paths
Hollingworth Primary flat roof replacement	200,000	127,408	(72,592)	Completed December 2017
Hollingworth Primary Either electrics or heating renewal – Design Costs	0	6,000	+6,000	Price estimate. Scheme scheduled to commence February 2018 half term but Carillion liquidation will mean delay.
Hollingworth Primary Changing Bed	0	6,054	+6,054	February 2018. TMBC Adaptations Team
Hurst Knoll convectors	54,076	47,922	(6,154)	Completed summer 2017
Lyndhurst Primary – fees to investigate cladding problem	32,124	45,084	+ 12,960	Additional costs to investigate. Further remediation costs to follow
Micklehurst drainage Phase 2	1,200	0	(1,200)	Not now required – minor upgrade costs to be borne by school
Milton St John's drainage (field drains and run off)	19,600	19,600	0	Engineers to programme for spring 2018
Milton St John's security fencing, cameras, gates – design costs	0	5,000	+5,000	Price estimate. Scheme scheduled to commence February 2018 half term but Carillion liquidation will mean delay
Oakdale boiler replacement	84,076	70,598	(13,478)	Completed summer 2017
Oakdale – floor investigations	800	800	0	February half term – Engineers
Oakdale – final phase of heating upgrade	0	5,000	+ 5,000	Price estimate. Scheme scheduled to commence February 2018 half term but Carillion liquidation will mean delay
Rosehill Primary – floor problems	8,000	10,000	+2,000	Further investigations at half term
Russell Scott/ Primary Capital Programme	256,000	266,000	+10,000	Works to Russell Scott playground and field
St Anne's Primary roof replacement	300,000	300,000	0	Now slipped to 2018 – see narrative above
St Anne's Denton –	0	1,000	+1,000	Price estimate. Initial

rear playground				design and survey costs
St Anne's Denton – structural investigation	800	800	0	Ongoing
St Anne's Denton – M&E systems – Initial design costs	0	6,000	+6,000	Price estimate. Scheme scheduled to commence February 2018 half term but Carillion liquidation will mean delay
St James' CE Ashton H&S electrical works and fire alarm	95,000	90,488	(4,512)	Completed summer 2017
St Stephen's CE Aud Disabled adaptations	25,000	13,850	(11,150)	Completed September 2017
St Thomas More – server	0	48,450	+48,450	Contribution to ICT server replacement.
Stalyhill access issues Phase 2	4,820	4,820	0	School co-ordinating
Stalyhill Infant Toilet Block - surveys	4,313	4,313	0	Price estimate. Scheme scheduled to commence February 2018 half term but Carillion liquidation will mean delay
Stalyhill Infant Toilet Block main scheme	80,000 estimate	0	(80,000)	Carillion scheme. This cannot now take place until summer 2018
Yew Tree boiler replacement	122,432	110,726	(11,706)	Completed summer 2017
Yew Tree heat emitter replacement	70,000	0	(70,000)	Scheme scheduled to commence February 2018 half term but Carillion liquidation will mean this cannot happen until 2018-19.
Asbestos Surveys Phase 1 (four schools)	7,990	7,990	0	90% Completed
Asbestos Surveys	50,000	6,000	(44,000)	Price estimate. Scheme scheduled to commence February 2018 half term but Carillion liquidation will mean delay until 2018/19
Condition Surveys	100,000	100,000	(100,000)	Price estimate. Scheme scheduled to commence February 2018 half term but Carillion liquidation will mean delay to 2018/19
Contingency	150,000	150,000	0	See Appendix 3
Total			138,781	
Unallocated School Maintenance & Capital Maintenance as at November 2017			22,229	
Unallocated School Maintenance & Capital Maintenance as at November 2017 - subject to approval of the above changes			(116,552)	

APPENDIX 3

SCHOOL CONDITION AND CAPITAL MAINTENANCE CONTINGENCY (As at 09.02.18)

Scheme	Approved November 2017	Proposed March 2018	Proposed Change in Funding	Latest Position
Contingency Budget	150,000	150,000	0	
Contingency expended to November 2017		92,251		
Remaining contingency at November 2017		57,749		
Broadbottom heating investigation	2,440	2,440	0	Specialist investigation costs - ongoing
Broadbottom CE – changing bed and disabled toilet works	20,000	13,500	(6,500)	Completed Sept 2017
Audenshaw Primary – urgent floor repairs to mobile	1,895	1,895	0	Completed October half term
Fairfield Primary School – subsidence and structural problem	0	2,000	+2,000	Ongoing
Livingstone – retaining walls rebuilding Summer 2017	11,775	11,495	(280)	Final recharges
Yew Tree Primary School – Emergency - Hot water boiler replacement	12,948	12,948	0	Completed October half term
Structural Engineers costs	4,250	12,270	+8,020	Completed
Contingency Expended March 2018			3,240	
Remaining Contingency March 2018			54,509	

Agenda Item 8

Report to:	STRATEGIC PLANNING AND CAPITAL MONITORING PANEL
Date:	12 March 2018
Reporting Officer:	Robin Monk, Director of Place
Subject:	SECTION 106 AGREEMENTS AND DEVELOPER CONTRIBUTIONS
Report summary:	<p>The report summarises the current position with regard to receipts received from section 106 (s106) Agreements and Developer Contributions, new s106 Agreements made and any requests to draw down funding.</p> <p>The report also provides a summary of the final audit report relating to Planning Obligations which has identified a number of actions which need to be taken including provision of additional resources to assist with effective monitoring of Section 106 Agreements and Developer Contributions.</p>
Recommendations:	To note the contents of this report.
Links to community strategy:	Successfully implementing schemes funded through s106 Agreements support a number of Community Strategy priorities including supportive communities, a safe environment, a prosperous society, learning community and attractive borough.
Policy implications:	Works completed through obligations contribute to mitigating the impact of developments in three policy areas contained within the Councils adopted Unitary Development Plan, namely policy H5 Open Space Provision, H6 Education and Community Facilities and T13 Transport Investment.
Financial implications: (Authorised by Section 151 Officer)	It is important that regular monitoring is undertaken to ensure that monies are paid to the Council when due; as per the individual S106 agreements. The S106 contributions and Developer Contributions must be spent within the agreed timescales and on the purposes specified within the individual agreements. A summary position of the S106 contributions and developer contributions is included in the report.
Legal implications: (Authorised By The Borough Solicitor)	None arising directly from the report, but Agreements must comply with the requirements of section 106 of the Town and Country Planning Act 1990 and the Community Infrastructure Levy Regulations.
Risk Management:	<p>Developers will be entitled to claw back any contributions if they are not spent within timescales as per the agreements made.</p> <p>Contributions may not be received on time or at all without adequate monitoring. Any specific conditions included with agreements must also be considered to minimise the risk of developer challenges.</p> <p>In accordance with Audit recommendations additional resources are being secured which will include specific requirements to monitor and track Section 106 payments and</p>

expenditure.

Access to information:

The background papers can be obtained from the author of the report, Calum Mountifield by



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e-mail: calum.mountifield@tameside.gov.uk

1. INTRODUCTION

- 1.1 This report summarises the financial position at 31 January 2018 with regard to receipts for Section 106 (s106) Agreements and Developer Contributions and makes comments for each service area. This is followed by a section on new agreements made and requests to draw down funding.
- 1.2 In addition the report provides an update on actions flowing from the Audit report which reviewed the council's procedures in respect of S106 legal agreements and Developer Contributions.

2. AGREEMENTS UPDATE

- 2.1 The summary position statement at 31 January 2018 for s106 Agreements and Developer Contributions is as follows:

Section 106 Agreement Funds:

Section 106		Community Services	Engineering Services	Services for Children & Young People	Other	Total
		£000	£000	£000	£000	£000
S106 - Applied - Budget Transferred to Service Area	Balance Transferred Previous Years (2006/07 - 2016/17)	817	1,632	1,250	16	3,715
	Total	817	1,632	1,250	16	3,715
S106 - Not yet earmarked	Brought Forward from 2016/17	(210)	(31)	(242)	0	(483)
	Received Periods 1 - 3					0
	Received Periods 4 - 7					0
	Received Periods 8 - 10					0
	Received Periods 10 - Outturn					0
	Transferred to Service Area					0
	Total	(210)	(31)	(242)	0	(483)
S106 - Not yet reached trigger point		(679)	(122)	(982)	(13)	(1,796)

- 2.2 The current position for s106 Agreements is £483,000 in credit as at 31 January 2018.

Services for Children and Young People

- The balance of unallocated s106 funds stands at £242,000.

- 2.3 **Community Services (Operations and greenspace)**
 o The balance of unallocated s106 funds stands at £210,000.
- 2.4 **Engineering Services**
 o The balance of unallocated s106 funds stands at £31,000.

Developer Contributions (Secured prior to Infrastructure Levy Regulations):

Developer Contributions	Green Space Contribution	Community Education Contribution	Integrated Transport Contribution	4% Administration Charge	Totals
	£000	£000	£000	£000	£000
Brought Forward from 2016/17	(191)	(80)	(23)	0	(294)
Received Periods 1 - 3	(1)	0	0	0	(1)
Received Periods 4 - 7	0	0	0	0	0
Received Periods 8 - 10	0	0	0	0	0
Received Periods 10 - Outturn	0	0	0	0	0
Transferred to Service Area	0	0	0	0	0
Approved at previous SCP for release at year end	147	0	0	0	147
Total	(44)	(80)	(23)	0	(148)

- 2.5 The current position for Developer Contributions as at 15 February 2018 was £294,000 in credit, less approved allocations of £147,000 leaving a balance of £148,000.
- 2.6 **Services for Children and Young People.**
 o The balance of available contributions stands at £80,000.
- 2.7 **Community Services (Operations and greenspace)**
 o The balance of available contributions stands at £44,000.
- 2.8 **Integrated Transport**
 o The balance of available contributions stands at £23,000.

New Section 106 Agreements

- 2.9 A Section 106 agreement has been made (9 November 2017) for an application relating to Land at Scout Green, Manchester Road, Mossley, planning reference 16/01126/OUT. The outline planning application seeks consent for the demolition of buildings and erection of up to 41 dwellings and 6 live/work units with associated car parking and access arrangements. A green space contribution has been agreed for improvements to Egmont Street link path and infrastructure through Scout Green, replacement of teen play kit at Egmont Street Playing Fields and associated safety surfacing together with replacement of junior play kit at Egmont Street Playing fields and associated safety surfacing. An education contribution has been agreed for the extension of St George's C of E Primary School, Mossley. The sums for these contributions will be calculated at reserved matters stage, using a formula based on size and number of dwellings in the final development. There will also be an access plan submitted at reserved matters stage, with a sum to be agreed for future maintenance of the bridge.
- 2.10 There are a number of resolutions where planning permission has been granted subject to agreements being entered in to which are currently being processed and finalised. When

formally entered in to and active these agreements will be reported to a future meeting of the Strategic Planning and Capital Monitoring Panel.

Requests to draw down funding

- 2.11 No new requests to draw down funding have been made since the previous report to the Panel.

3. AUDIT REVIEW

- 3.1 Following a review of Planning Obligations within the Development Management service, and the publication of the final audit report in April 2017, work has been on-going to monitor and review historic legal agreements and Developer Contributions by a newly appointed officer.
- 3.2 The initial task has been to review the progress and status of schemes where Section 106 agreements have been signed and payments may be outstanding. These schemes make up the figure of £2,006,000 reported in the previous report as 'S106 – Not yet reached trigger point'. This figure increased following the submission of reserved matters applications for schemes which confirmed number of units, so final amounts could be calculated. The review found whether schemes had met trigger points and payments were outstanding, whether they were approaching trigger points and payments would soon be due or whether schemes had not yet commenced development so would be some way off payment. There were also schemes where Section 106 agreements had been signed but planning permissions were never implemented and have since lapsed, so have been removed from the list as being yet to meet triggers.
- 3.3 The review found that these schemes were at different points in the Section 106 process, and as such will require different actions going forward to make sure outstanding monies are collected, and schemes are monitored to make sure future payments are collected promptly, to minimise risks as outlined in the 2015 audit report. An overview of these schemes is shown in the table below, and explained in the following section. Following the removal of schemes where permission had lapsed, there were 36 individual schemes.

Section 106 Agreements	Total (£000)
Contributions received but not yet earmarked	(483)
Development not commenced	(508)
Development commenced and being monitored	(859)
Completed schemes	(345)
Completed and pending transfer of green space to council	(84)
Permission lapsed/Removed from list	(317)

Section 106 payments received but not yet earmarked

- 3.4 There are currently seven schemes where Section 106 payments have been received but are waiting to be spent by the service areas. Generally there is a five year time limit to spend Section 106 monies from the date they were received. A list of these payments and the dates they need to be spent by are currently updated and maintained in a spread sheet by finance. Each of these payments has to be spent on a specific scheme as agreed in the Section 106. There are not any schemes currently which are close to the deadline in which to spend the money, with the next being in 2019. It is important that service areas are aware of the need to spend money within these timescales. This will be achieved by arranging regular meetings with the necessary officers in planning, finance and the three service areas to provide updates of any payments.

Section 106 agreed and development not commenced

- 3.5 There are a number of schemes where a Section 106 agreement has been signed but development on site has not yet commenced. This includes those where agreements were signed at outline stage, but is not included in the financial figure, as they are calculated at reserved matters stage based on the final agreed number of units. Therefore this figure will be significantly higher once reserved matters for the final number of units has been agreed, as the total figure will be calculated using a formula based on number of units.

These schemes will continue to be monitored by Planning, both in terms of site progress and updated when reserved matters applications are received.

Section 106 agreed and development being monitored

- 3.6 The largest proportion of outstanding Section 106 payments is from schemes where development has commenced, but is not understood to have reached trigger points for payments. Some of these schemes are progressing and approaching trigger points for payment, while others may have commenced development but have stalled.

An invoice was raised in January 2018 to Taylor Wimpey for £380,417.00 as two of their schemes have recently passed triggers at Kings Road and Monopumps in Audenshaw, which account for a large proportion of this. The progress of these schemes will continue to be monitored by Planning Officers, as further triggers are expected to be reached over the next few months, and developers will be billed accordingly.

Section 106 completed schemes

- 3.7 The review found schemes where records indicate that work has completed on site, but that final Section 106 payments are still outstanding. Invoices were raised in February 2018 for the completed schemes listed in the table below, and will be monitored and updated when payment has been received.

Scheme	Agreement Number	Address	Outstanding
10/00788/FUL	172	Ashton Road, Hyde	£78,167.50
11/00155/OUT	181	Alma Works, Furnace Street, Hyde	£90,466.23
12/00922/FUL	189	Queen Street, Ashton-under-Lyne	£30,000.00
13/00562/FUL	180	Land at Hyde Hospital, Grange Road South, Hyde	£38,450.55
15/00306/FUL	198	Land at Crowhill Road, Ashton-under-Lyne	£16,899.00

Section 106 Pending Greenspace Transfer

- 3.8 There is the option for Section 106 agreements to contain a clause for developers to lay out areas of greenspace in accordance with approved plans and to an acceptable standard, after which land ownership is transferred to the council with a commuted sum for maintenance. There are some schemes where money is still outstanding pending a transfer of greenspace, however this accounts for a small proportion of the total. Additional site visits have been carried out to assess the condition and maintenance arrangements of these sites, to see if ownership could be transferred to the council.

Section 106 Permission Lapsed

- 3.9 There are some Section 106 agreements which were included in the figures as being yet to meet triggers for payment, but planning records show that these permissions were not implemented and have since lapsed. Therefore these schemes will be removed from the table as being outstanding, to more accurately reflect the current position.

Developer Contributions

- 3.10 The 2015 internal audit report noted that there was no proactive monitoring system in place to confirm when developments have commenced, and therefore when debtor accounts need to be raised in order to collect the income due. In contrast to Section 106 agreements, developer contributions are made under Deeds of Unilateral Undertaking, whereby contributions are generally payable on commencement of development. With the Developer Contribution Supplementary Planning Document (SPD) being revoked in April 2015 following the enactment of the Community Infrastructure Levy (CIL), the council can no longer seek contributions from residential developments of fewer than ten dwellings, and no new deeds have been signed since 2015.
- 3.11 While there is little in terms of monitoring of developer contributions as per Section 106 agreements, a review is currently on-going into developer contributions between 2007 and 2015, to ascertain whether in any cases, development had commenced and the developer was not invoiced.

4. RECOMMENDATION

- 4.1 To note the contents of this report.

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Agenda Item 9

Report To:	STRATEGIC PLANNING AND CAPITAL MONITORING PANEL
Date:	12 March 2018
Reporting Officer:	Robin Monk – Director of Place.
Subject:	LEISURE ASSETS CAPITAL INVESTMENT PROGRAMME UPDATE
Report Summary:	This report provides a summary of progress to date in relation to the delivery of the Council's capital investment programme to improve sports and leisure facilities approved by Executive Cabinet on 24 March 2016.
Recommendations:	That Strategic Planning and Capital Monitoring Panel NOTES the content of this report and the financial comments which set out a further report to Cabinet to increase the Capital funding for the schemes.
Links to Community Strategy:	<p>The Community Strategy 2012-22 (and the Corporate Plan 2013-18) outlines the priorities for improving the Borough of Tameside.</p> <p>This proposal directly links to the Tameside Sustainable Community Strategy objective of 'Healthy Tameside'.</p>
Policy Implications:	This proposal supports the Tameside Health and Wellbeing Strategy and specifically the strategic priority pertaining to reducing physical inactivity and improved physical activity levels across Tameside.
Financial Implications: (Authorised by the Section 151 Officer)	<p>The Executive Cabinet approved a £20.4m leisure facility investment budget on 24 March 2016 which included £2m for the Active Hyde pool extension scheme. The revised cost for the scheme is £3.096m, which is an increase of £ 1.096m. The additional investment to finance the increase was approved by the Executive Cabinet on 30 August 2017.</p> <p>The 2017/18 period 10 capital monitoring report agenda item of this meeting is seeking approval for :</p> <ol style="list-style-type: none">1) a budget re-phasing of £0.06m from 2017/18 to 2018/19 relating to the Active Hyde Wave machine.2) a budget re-phasing of £1.830m from 2017/18 to 2018/19 relating to the Tameside Wellness Centre.3) a budget re-phasing of £1.970m from 2017/18 to 2018/19 relating to the Active Hyde Pool Extension. <p>The supporting rationale for the budget re-phasing of the above three schemes budgets is included in the aforementioned report</p> <p>Discussions continue with Sport England to determine the nature and value of a capital funding bid to support the Tameside Wellness Centre project. The Stage 1 bid submission, which seeks a capital contribution of £1.5m, will be considered by a Sport England Panel on the 20 February 2018 and we await formal notification. Any funding provided</p>

by Sport England will be used to enhance the scheme and will result in an increase in the overall value of the scheme in the capital programme.

Elected Members should note section 3 of the report. This explains there is a clear risk to both the Council and Active Tameside that delays to facility completion dates will impact on the opportunity for Active Tameside to realise the expected levels of additional revenue, which will subsequently enable the Council to reduce the level of annual revenue investment payable during the existing contract period. The context of the additional revenue that would not be realised for each month facility completion is delayed is an estimated sum of £35,000 for the Tameside Wellness Centre and an estimated sum of £6,000 for Hyde Pool.

Legal Implications:
(Authorised by the Borough Solicitor)

The Council needs to promptly resolve the outstanding issues affecting Active Hyde Pool with the Tameside Investment Partnership as costs will only increase with delay. Close contract monitoring in relation to all leisure related investments remains a high priority to ensure the Council's resources are effectively focused on investment returns in a competitive environment.

Risk Management:

Risk management is considered in section 3 of this report.

Access to Information:

The background papers can be obtained from the author of the report, Ade Alao, Head of Investment and Development, by:



Telephone: 0161 342 2795



e-mail: ade.alao@tameside.gov.uk

1. INTRODUCTION

- 1.1 This report provides a summary of progress to date in relation to the delivery of the Council's capital investment programme to improve sports and leisure facilities approved by Executive Cabinet on 24 March 2016. The investment programme is now providing high quality sports and leisure facilities creating a platform to reduce physical inactivity and supporting the development of a sustainable funding model for Active Tameside.
- 1.2 Additional benefits from the programme include a reduction in dependence on other Council and health services, increased participation in community life and improved quality of life for all residents including the most vulnerable.
- 1.3 Once implemented in full, the proposals will enable revenue investment in Active Tameside to be reduced from £1.865 million in 2015/16 to £0.441 million by the end of the contract in 2023/24 (a reduction of £1.424 million or 76%).
- 1.4 The cost of the investment programme has increased by £1.096m in order to fund the budget shortfall for the swimming pool development at Active Hyde.
- 1.5 Approval for any capital re-phasing highlighted in this report will be dealt with in the Capital Monitoring Report which will be presented to the Executive Cabinet on 21 March 2018.

2. CAPITAL INVESTMENT PROGRAMME UPDATE

- 2.1 The investment programme is comprised of a number of individual projects:
- 2.2 **Active Copley Heating System Replacement (£0.369m)** - The heating system installation at Active Copley has been completed and is now fully operational.
- 2.3 **Active Copley Pitch Replacement (£0.177m)** - The synthetic turf pitch installation at Active Copley has been completed. The pitches are now fully operational.
- 2.4 **Active Medlock Roof Replacement (£0.120m)** - The roof replacement scheme has been completed.
- 2.5 **Active Hyde Pool Extension (£3.096m)** – A revised budget of £3,096m for the extension of Active Hyde was recommended for approval by Strategic Planning and Capital Monitoring Panel on 10 July 2017.
- 2.6 The draft contract with the preferred contractor has yet to be agreed and as a consequence a physical start date cannot currently be determined. If the LEP notifies the Council that it is unable to satisfactorily conclude the contract discussions or deliver the scheme within the approved budget envelope then the Council may elect to determine an alternative delivery model for the scheme. If delays continue then the Council will need to consider the best way forward under the contract with the LEP. The delays experienced to date will require capital re-phasing.
- 2.7 **Active Hyde Wave Machine Replacement (£0.060m)** - The Wave Machine installation at Active Hyde will require a two-week partial facility closure due to the need to drain the pool tank to facilitate the installation. With Active Hyde also needing to close for a week to integrate the new pool extension, it is proposed to carry out the works simultaneously thereby minimising service disruption to customers. It is anticipated that the fitness suite and spa will remain open throughout.

- 2.8 **Tameside Wellness Centre, Denton (£13.674m Council investment & £1.050m repayable loan by Active Tameside)** – The Tameside Wellness Centre scheme is progressing following a Council Key Decision of 27 April 2017. The Development Agreement and Sale Agreement have now been signed by the Council and Network Space.
- 2.9 Discussions continue with Sport England to determine the nature and value of a capital funding bid to support the project. The Stage 1 submission, which seeks a capital contribution of £1.5m, has been considered by Sport England Panel on the 20 February 2018 and we await formal written notification. Any funding provided by Sport England will be used to enhance the scheme. Any additional funding will result in an increase in overall value of the scheme in the capital programme. There will be limited spend on the scheme before year end which will require capital re-phasing.
- 2.10 Consultation on the design of the centre concluded on the 5 November 2017. The responses received were generally very positive. The consultation findings have been used to inform design adjustments and will support the planning application, due to be submitted in April 2018 alongside the Stage 1 funding application to Sport England.
- 2.11 **Active Dukinfield (iTRAIN) (£1.3m Council investment & £1m repayable loan by Active Tameside)** - The Active Dukinfield (iTRAIN) development is now complete and the facility is fully operational.
- 2.12 **Active Longdendale (Total Adrenaline) (£0.600m all repayable loan by Active Tameside)** - The new play centre (Total Adrenaline) opened to the public on 19 November 2016.
- 2.13 Overall, good progress is being maintained with the delivery of the Council's capital investment programme to improve sports and leisure facilities.

3. RISK MANAGEMENT

- 3.1 The major risks associated with all capital schemes include funding, increasing costs and time delays occurring during the development and delivery phases. The Council continues to manage and monitor schemes using robust project management methodology and governance to mitigate these risks.
- 3.2 The capital investment report approved by the Executive Cabinet on 24 March 2016 as referred to in section 1.1 included supporting rationale to the reduction of the annual revenue investment payable by the Council to Active Tameside i.e. a reduction from £1.865 million in 2015/16 to £0.441 million by the end of the contract in 2023/24.
- 3.3 The planned reduction included a number of proposals associated with the capital investment programme via additional revenue that would be realised by Active Tameside from the new facilities (Section 14 of the aforementioned Executive Cabinet report refers). The reduction profile was based on expected facility completion dates at that time.
- 3.4 There is a clear risk to both the Council and Active Tameside that delays to facility completion dates will impact on the opportunity for Active Tameside to realise the expected levels of additional revenue which will subsequently enable the Council to reduce the level of annual revenue investment payable during the existing contract period. The context of the additional revenue that would not be realised for each month facility completion is delayed is an estimated sum of £35,000 for the Tameside Wellness Centre and an estimated sum of £ 6,000 for Hyde Pool.
- 3.5 The risk register for the Leisure Asset Investment Programme is attached at **Appendix 1**.

4. RECOMMENDATIONS

4.1 As set out on the report cover.

APPENDIX 1

Risk Register at March 2018

	Risk Description	Mitigation Plan	Raw Consequence	Raw Likelihood	Raw Risk Level	Actions	Residual Consequence	Residual Likelihood	Residual Risk Level	
1	Wellness Centre	Sport England funding application is unsuccessful resulting in the delivery of a modified scheme. This could result in public and stakeholder dissatisfaction and may affect the operational viability of the facility and its health outcomes.	Strong application. A number of pre application engagements have taken place with SE at regional and national level.	4	3	12	Continued dialogue with Sport England at regional and national level. Specialist consultant employed to support application development.	4	3	12
2	Wellness Centre	Sport England funding decision delayed resulting in delays to the programme.	Strong application. Application now submitted. To be formally considered in February.	3	3	9	Continued dialogue with Sport England at regional and national level.	3	3	9
3	Wellness Centre	Planning approval delayed or onerous conditions attached such as restricted hours of use. Delays to planning consent would impact on the programme. Onerous conditions may impact on business case.	Pre application discussions taken place with Planning. Extensive public consultation conducted to support the application.	3	3	9	Continued dialogue with Planning.	3	2	6
4	Wellness Centre	Tender outcome unaffordable resulting in modifications to the design resulting in programme delay.	Detailed/benchmarked cost plan produced	3	3	9	Cost plan checked by Sport England's technical advisor and cost plan to be validated by	3	2	6

						Cushman and Wakefield.			
5 Hyde Pool	The signing of contracts is further delayed due to possible changes to the LEP/SPV. This could result in reputational damage to the Council.	Mitigation plan to follow.	4	4	16	To be updated.	4	4	16
6 Hyde Pool	Bidders increase the value of the contract due to ongoing delays. No governance in place for a cost increase resulting in significant delay.	Continuous dialogue with Aspect.	4	4	16	Situation being monitored by the Council.	4	4	16
7 Hyde Pool	The preferred bidder withdraws their interest in the scheme due to delay and onerous contract conditions. This could result in the need to re-procure resulting in significant delay and cost increases.	Continuous dialogue with the preferred bidder including a degree of contract negotiation.	4	4	16	Situation being monitored by the Council.	4	4	16
Page 89 Active Tameside	Ongoing delays impact on Active Tameside's revenue position. There is an estimated impact of £35,000 per month of reduced revenue that will be realised by Active Tameside beyond the project completion date for the Wellness Centre. In addition there is an estimated impact of £6,000 per month of reduced revenue that will be realised by Active Tameside beyond the project completion date for Hyde Pool.	Ongoing discussions with Active Tameside in order to minimise the impact of lost income generated from the new and improved facilities	4	4	16	Continued dialogue with Active Tameside	4	4	16

