

STRATEGIC PLANNING AND CAPITAL MONITORING PANEL

12 March 2018

Commenced: 2.00pm

Terminated: 3.15pm

Present:

Councillor Warrington (Chair)

Councillors Dickinson, Fairfoull, Gwynne, B Holland, McNally and Taylor

Monitoring Officer:

Sandra Stewart

Section 151/Chief Finance Officer: Kathy Roe

Also in attendance:

Robin Monk – Director of Place
Stephanie Butterworth – Director of Adults Services
Tom Wilkinson – Assistant Director of Finance
Ian Saxon – Director – Operations and Neighbourhoods
Tom Wilkinson – Assistant Director of Finance
Peter Taylor - Head of Planning
Ade Alao - Head of Investment and Development

Apologies for absence:

Councillor Cooney

34. DECLARATIONS OF INTEREST

Members	Subject Matter	Type of Interest	Nature of Interest
Councillor Taylor	Agenda Item 9 – Leisure Assets Capital Investment Programme Update	Prejudicial	Chair of Active Tameside

35. MINUTES

The Minutes of the meeting of the Strategic Planning and Capital Monitoring Panel held on 27 November 2017 were signed as a correct record.

36. CAPITAL MONITORING – PERIOD 10 2017/2018

Consideration was given to a report of the Assistant Director of Finance, summarising the capital expenditure monitoring position at 31 January 2018. The report showed projected capital investment in 2017/2018 of £53.552 million by March 2018. This was £29.542 million less than the current capital budget for the year, which was in part due to project delays that were being experienced following the liquidation of Carillion.

Proposed re-profiling of £29.106 million into the next financial year was identified in an appendix to the report.

Details of the capital expenditure to date were shown by service area and Section 4 of the report referred to the most significant scheme variations.

Reference was also made to capital receipts and prudential indicators.

Members sought clarification with regard to Appendix 9 – reference to land at Cecil Street/Acres Lane and land at Acres Lane/Cecil Street and asked if this was two different sites?

The Director of Place agreed to investigate further and clarify this for Members in writing.

RESOLVED

That the following RECOMMENDATIONS be made to Council:

- (i) That the re-profiling 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 be noted; and**
- (vii) That the timescales for review of the council's three year capital programme be noted.**

37. VISION TAMESIDE PHASE 2 PROGRESS UPDATE

The Director of Place submitted a report providing an update on progress made by the council's strategic infrastructure partner Inspired Spaces (LEP) to secure an Early Works Agreement with Robertson Construction Group Limited, which would enable the prompt commencement of necessary protection works to arrest deterioration of already completed works on the project. It would 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, the report provided an update on the status of the construction project prior to Carillion Construction Limited entering into liquidation on 15 January 2018. It was reported that all construction work on the site of the Vision Tameside Phase 2 project stopped following the announcement of the liquidation of Carillion. The immediate uncertainty meant that all sub-contractors chose to suspend work until further clarification of the situation.

Sean Stafford, Independent Consultant, attended before Members to provide an update on the current situation in respect of the Vision Tameside Project.

It was explained that PwC had 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. Most of the Carillion staff were made redundant by PwC on 5 February 2018. The LEP terminated the building sub contract with Carillion Construction on 6 February 2018, on the basis that being placed in compulsory liquidation, constituted a Contractor Default under the terms of the building sub-contract. Primarily this was to secure the site and retain key documentation. 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.

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.

The Executive Cabinet also approved changes being made to the existing head contract. A further report with clear recommendations, based on an assessment of the latest position at the time, would be presented within the next 8 weeks once the due diligence under the Early Works Agreement, had been undertaken.

The financial implications of the LEP proposal were outlined and illustrated details of the Construction Milestone Schedule were appended to the report.

The report further provided an update on the status of the construction project prior to the announcement of the liquidation of Carillion Construction Limited on 15 January 2018. A summary of works in progress in early January 2018 was also detailed.

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 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 pose unacceptable levels of fire risk. This report was expected to be received in the next few weeks.

The high level programme, previously reported, was detailed in the report. 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. Following the liquidation of Carillion the project would now be delayed. The full impact of recent events would not be fully understood until Robertson Group Limited had remobilised the site and completed their due diligence. Details of the revised programme would be presented at a future meeting.

In respect of the streetscape improvement project, Members were informed that, at the last meeting of the Panel on 27 November 2017, 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.

Previous reports had highlighted that most of the new public realm, around the new Shared Service Centre, would not be fully complete when the building opened due to logistical constraints with the build programme. A clear plan had been developed to ensure that the new building was fully operational and accessible when it opened. This was currently under review due to the recent delay in the Shared Service Centre's construction programme. An updated programme, including a visual plan, would be presented at a future meeting.

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.

A draft Recant Plan was being developed for detailed analysis would need to take place with regard to the additional buildings to ensure that best fit and utilisation as achieved. Once a revised programme was available then logistical planning would start with key stakeholders, in order to develop a phased recant plan for the building as a whole. A comprehensive communication plan for staff would also be implemented from May 2018.

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 27 November 2017, highlighted that the projected FF&E contribution from the DWP and CCG, was anticipated to be £432,000. This figure was currently under review due to design changes which had been requested by DWP and changes agreed to the recant plan. These discussions and financial review were nearing completion and an update would be provided at a future meeting.

In respect of Variation Notices and impact on Contingency Budget, it was explained that the programme currently had a contingency allowance of £619,711.

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

on a monthly basis. The primary risks and impact on the project associated with Carillion entering into liquidation were detailed.

In conclusion it was reported that, the Early Works Agreement with Robertson Construction Group, approved at the Council's Executive Cabinet on 7 February 2018, was intended to enable for prompt commencement of necessary protection works to arrest deterioration of already completed works on the project.

The Early Works Agreement was intended to allow for Robertson 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.

Even though prompt action had been taken to secure an alternative Main Contractor, it was unlikely that the project would now be completed on time and to budget. A detailed analysis of the full financial programme implications for the overall project would be required to enable the advancement to a new contract to complete the project. This subsequent report would provide the Council with full clarity and seek approval to set a new fully costs budget to allow the completion of the project.

It was essential that all Reviewable Design Data were concluded as priority by the Council's Project Team and no further changes, unless absolutely critical, were agreed.

Following approval of the Recant Plan it was essential that a robust workforce communication plan be launched from May 2018.

Delivery of the Vision Tameside Phase 2 programme remained 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.

Detailed discussion ensued with regard to the Vision Tameside project and Mr Stafford commented on the scale of the Carillion collapse throughout the UK, the role of PwC and the importance of the engagement of independent consultants to give an accurate opinion of the value of the works on site.

In response to questions from the Chair, Mr Stafford explained the position with the sub-contractors and gave an approximate projection for the completion of the works, which would be incorporated into the recant plan, when a more definitive completion date was identified.

Members also sought reassurance with regard to the extent of any damage to the building following Carillion's liquidation, when work on site had ceased.

Mr Stafford confirmed that there had been no significant damage to the building and that minor incidents of water ingress had been dealt with.

RESOLVED

- (i) That the progress being made by the LEP to secure an Early Works Agreement with Robertson Construction Group Limited be noted;**
- (ii) That the status of the construction project prior to Carillion Construction Limited entering into liquidation on the 15 January 2018 be noted;**
- (iii) That the financial position of the Vision Tameside Phase 2 project, which was set out in Table 3 of Section 9 of the report and recommends approval of the virements requested in Table 2 of Section 9 of the report, be noted;**
- (iv) That the excellent progress being made to drawdown the £4 million Skills Funding Agency Capital funding, as illustrated in Section 9 of the report, be noted;**
- (v) The potential increase in costs of the project and identified funding, be noted; and**
- (vi) That the Director of Place produce a recant plan for approval by members as soon as possible.**

38. 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 of assets, 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 £4,380,567 achieved since 1 April 2017.

It was reported that sale of the former Samuel Laycock school site completed 22 February 2018. The former Littlemoss school site was now subject to an agreement for lease with the Laurus Trust for the construction of a new free school. Planning had been approved for the former Mosley Hollins school site and was still being processed for the former Hartshead school site. Offers had been received to purchase the former Hartshead school site and these were currently being evaluated.

A review of open space was being undertaken to determine both the value of sites and which were 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.

Properties being actively marketed for sale or lease would be advertised on the Council's website, in addition to the marketing agent's 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.

In respect of 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 cost of operating and occupying buildings.

A list of properties and assets identified at the Strategic Planning and Capital Monitoring Panel of 5 September 2016, which are in the process of being sold, was appended to the report.

Details of capital receipts realised since 1 April 2017 was also appended to the report.

In respect of Investment in Civic and Corporate Buildings, it was explained that a capital resource of £2 million over 3 years had been allocated in respect of Property Assets Statutory Compliance. This money would be used to ensure that our 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 Strategic Capital Panel on a regular basis.

During October to December 2017, a total of £63,330.76 had been expended on a range of risk mitigation. This included £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.

A capital resource of £3 million over 3 years had been allocated in respect of Refurbishment of Capital Assets. This money was intended to be used to fund minor refurbishments of council buildings e.g. structural remodelling, replacement of essential infrastructure. Works funded by this capital would be deemed to be assisting the Council in its stated priority of the maximisation of use of the Council's building assets.

A detailed business case and strategy for the use of funds would be brought back to Members setting out how these resources would 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 would be summarised and reported to Strategy Capital Panel on a regular basis.

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;**
- (ii) The capital schemes on corporate buildings detailed in Section 3 of the report, totalling £63,330.76 be approved; and**
- (iii) That a detailed business case and strategy for the use of funds set out in Section 3 of the report be brought back to Members, setting out how these resources would be prioritised and informed by Estates Strategy and Asset Management Plan, to ensure effective use of limited resources and once approved, thereafter these requirements be summarised and reported to Strategic Planning and Capital Monitoring Panel on a regular basis, be agreed.**

39. 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 amendments to the Education Capital Programme as detailed in the report and in appendices to the report.

The report gave details of:

- Funding allocation;
- Basic Need Schemes progress update;
- School Condition and Capital Maintenance progress update and requests for additional funding allocations/amendments;
- Procurement and value added; and
- Risk Management.

Information on the liquidation of Carillion was also provided and Members were advised that 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 managing the affairs, business and property of the companies.

The Local Education Partnership (LEP) was the procurement vehicle through which school projects must be built. It was important and critical that the Council went through the necessary contractual processes with the LEP to determine whether they had capacity and ability to undertake the school work and only once such process had been properly undertaken. Should the LEP advise that they were not in the position to undertake the work, that alternatives could be progressed to avoid any unnecessary risk to the Council.

It was further reported that, although a significant part of the 2017/2018 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. Due to Carillion entering into liquidation these works had suffered delay as alternative delivery options were identified. The schemes affected were detailed in an appendix to the report.

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.

In response to questions from the Chair and Members, Mr Alao, Head of Investment and Development gave further information in respect of works to the playing fields at Russell Scott Primary School, Denton and the proposed opening of the new Free School to be operated by the Laurus Trust.

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; and**
- (ii) The allocation of School Condition grant funding schemes as outlined in Section 5 and Appendix 2 and 3 be approved.**

40. 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.

The report also provided a summary of the final audit report relating to Planning Obligations, which had identified a number of actions which needed to be taken including provision of additional resources to assist with effective monitoring of Section 106 Agreements and Developer Contributions.

It was reported that the summary position as at 31 January 2018 for Section 106 Agreements totalled £483,000, with Developer Contributions, as at 15 February 2018, totalling £294,000, less approved allocations of £147,000 leaving a balance of £148,000. 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 £44,000 developer contributions; and
- Engineering Services - £31,000 (s106) and £23,000 developer contributions.

It was reported that a Section 106 Agreements had been made on 9 November 2017, for an application relating to Land at Scout Green, Manchester Road, Mossley. The outline planning application sought 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 had 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 had been agreed for the extension of St George's C of E Primary School, Mossley. The sums for these contributions would be calculated at reserved matters stage using a formula based on size and number of dwellings in the final development. There would also be an access plan submitted at reserved matters stage, with a sum to be agreed for future maintenance of the bridge.

There were a number of resolutions where planning permission had been granted subject to agreements being entered in to which were currently being processed and finalised. When formally entered in to and active, these agreements 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.

Members were also informed that, following a review of Planning Obligations within the Development Management service, and the publication of the final audit report in April 2017, work had been on-going to monitor and review historic legal agreements and Developer Contributions by a newly appointed officer. The initial task had been to review the progress and status of schemes where Section 106 agreements had been signed and payments may be outstanding.

The review found that these schemes were at different points in the Section 106 process, and as such would require different actions going forward to make sure outstanding monies and future payments were collected promptly to minimise risks, as outlined in the 2015 Audit report. An overview of the schemes was detailed in the report.

RESOLVED

That the content of the report be noted.

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

41. LEISURE ASSETS CAPITAL INVESTMENTS PROGRAMME UPDATE

Consideration was given to a report of the Director of Place, summarising progress to date in relation to the delivery of the council's capital investment programme to improve sports and leisure facilities in Tameside.

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

- Active Copley Heating System Replacement (£0.369m)
- Active Copley Pitch Replacement (£0.177m)
- Active Medlock Roof Replacement (£0.120m)
- Active Hyde Pool Extension (£3.096m)
- Active Hyde Wave Machine Replacement (£0.060m)
- Tameside Wellness Centre, Denton (£13.674m Council Investment & £1.050m repayable loan by Active Tameside)
- Active Dukinfield (iTRAIN) (£1.3m Council Investment & £1m repayable loan by Active Tameside)
- Active Longdendale (Total Adrenaline) (£0.600m all repayable loan by Active Tameside).

In respect of Active Hyde Pool Extension, the Director of Place advised that a communication had been received from the LEP, just prior to the commencement of the meeting, advising that a further £90,634 would be required in order to deliver the scheme. It was agreed that a report would be prepared for the next meeting of Executive Cabinet to consider this additional funding request.

With regard to the Denton Wellness Centre, Members were informed that the Stage 1 submission, seeking a capital contribution of £1.5 million, had recently been approved by Sport England.

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

- (i) **That the content of the report and the financial comments which set out a further report to Executive Cabinet to increase the Capital funding for the schemes be noted; and**
- (ii) **That a report be submitted to the next meeting of Executive Cabinet to consider the request for additional funding in the sum of £90,634 to deliver the Active Hyde Pool Extension scheme.**

CHAIR