STRATEGIC PLANNING AND CAPITAL MONITORING PANEL

9 July 2018

Commenced: 2.00pm **Terminated: 2.50pm**

Present:	**Councillor Warrington (Chair)** **Councillors Cooney, Dickinson, Fairfoull, Gwynne, McNally and Robinson** **Steven Pleasant**
Chief Executive:	
Monitoring Officer:	**Sandra Stewart**
Section 151/Chief Finance Officer:	**Kathy Roe**
Also in attendance:	**Ian Saxon – Director, Operations and Neighbourhoods** **David Moore – Interim Director of Growth** **Tom Wilkinson – Assistant Director of Finance** **Ade Alao - Head of Investment and Development**
Apologies for absence:	**Councillors B Holland and Newton**

1. DECLARATIONS OF INTEREST

2. MINUTES

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

3. CAPITAL MONITORING – OUTTURN 2017/18

Consideration was given to a report of the Assistant Director of Finance, summarising the 2017/18 capital expenditure outturn position at 31 March 2018. The report showed actual capital investment in 2017/2018 of £51.385 million at 31 March 2018. This was significantly less than the original capital budget for 2017/18 and was in part due to project delays that were being experienced following the liquidation of Carillion.

It was explained that there had been changes to 2017/18 Capital Programme since the period 10 report. These were largely due to the re-profiling of £27.725 milllion into 2018/19 approved in period 10. **Appendix 1** to the report provided a summary of changes to the 2017/18 programme budget since the period 10 monitoring 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.

RESOLVED
That the following RECOMMENDATIONS be made to Cabinet:
(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 need for a full review of the Capital Programme in early summer 2018, be noted.

4. VISION TAMESIDE PHASE 2 (TAMESIDE ONE) COMPLETION PLAN

The Interim Director of Growth submitted a report, previously submitted to Executive Cabinet, outlining proposals for completing the Vision Tameside Phase 2 project, following the appointment of the Official Receiver as liquidator to Carillion plc, who were contracted by the LEP to deliver the Vision Tameside Phase 2 project.

It was explained that 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 2018. The immediate uncertainty meant that all the sub-contractors chose to suspend work, pending further clarification of the situation.

The LEP signed an Early Works Agreement with Robertson Construction Group Limited on 13 February 2018, initially for an 8 week period and the LEP subsequently advised the Council that it had signed further variations to extend the Early Works Agreement until 2 July 2018.

The LEP had worked with Robertson and their sub-contractors to review the remaining packages of work, and to determine the additional costs of re-mobilising the site and completing the programme.

Cushman & Wakefield were appointed as the Council's Independent Client Advisers to undertake Value for Money Assessments and Project Monitoring. A process had been established whereby Cushman & Wakefield carried out an independent review of each individual sub-contractor package submitted by the LEP and made recommendations to the Council before approval. 24 sub-contractor packages had been approved to date.

The costs had been independently verified by Cushman & Wakefield, to check that the costs provided 'value for money' and the costs outlined in the report were believed by the LEP and its advisers to be as complete a representation of the costs to be incurred to complete the project as was possible in the circumstances presented by the collapse of Carillion.

The site had now been remobilised with the full complement of the site team in place and all health and safety arrangements, including plans, signage and audits completed. A number of sub-contractor work packages had recommenced including roofing, cladding and M&E. Other work packages were due to commence over the coming weeks.

Three payment applicants had been submitted by the LEP to date. One application had been certified and paid, the second application had been certified and the third application was currently being reviewed by Cushman & Wakefield before a recommendation was made to the Council.

The additional budget allocations requested in the report were based on the work undertaken by the LEP, Robertson and its sub-contractors, with contingencies build in, as was normal for major projects of this size, to allow for unforeseen cost over-runs. The budget allocations were explained in the report. The Council, the LEP and Robertson would work closely together through various project-related governance meetings to ensure that any cost over-runs were minimised and any un-used contingencies would be retained within the Council's budgets. It was also noted that the Council was currently expecting to contain the costs of moving back into the new Tameside One building ('recant' costs) within other specific identified capital and revenue codes.

The report concluded that the liquidation of Carillion on 15 January 2018 had had major cost and time implications on the delivery of the Vision Tameside Phase 2 construction project. Carillion owed around £2 billion to it 30,000 suppliers, sub-contractors and short-term creditors who risk getting nothing back from the liquidation.

The council had moved swiftly to request proposals for the remobilisation and completion of the project and Vision Tameside Phase 2 would be among the first public sector projects of this scale affected by Carillion's liquidation to have an agreed route to completion. Other similar projects were reporting projected delays 1 to 2 years.

The overall delivery has been delayed by at least 6 months with additional costs currently assessed as £8.289 million. A risk and insurance provision of up to £1.1 million may also be required subject to final due diligence.

The approach outlined in the report represented the most satisfactory course of action for the Council to pursue to achieve the earliest possible completion of the Vision Tameside Phase 2 project.

RESOLVED
That the following recommendations, approved by Executive Cabinet, be noted:
(i) That the LEP entered into an early works Agreement with Robertson Construction Group to enable due diligence to be undertaken and has remobilised the site to enable the completion of the Vision Tameside Phase 2 construction project and the LEP has submitted a proposal to the Council (dated 1 June 2018) outlining its plans to complete the Vision Tameside Phase 2 construction project;
(ii) That an additional budget allocation of £8.289 million from the Capital Programme for the Vision Tameside Phase 2 project from resources available to the Council, pending the outcome of a bid for additional Skills Capital funding to GMCA, be recommended to Council;
(iii) That a provisional risk and insurance budget up to £1,100 million be recommended to Council, to manage any residual contract risk. Such expenditure to be approved by the Director of Finance subject to final due diligence; and
(iv) That the Director of Growth, in consultation with the Borough Solicitor, be authorised to negotiate and approve the final terms of all associated agreements and oversee the delivery of the project to completion within the approved funding and to submit bids for external funding towards the additional costs of the project as appropriate.

5. ASSET MANAGEMENT

The Director of Operations and Neighbourhood submitted providing details with regard to the capital spend on statutory compliance repairs on the Council's buildings during the period January 2018 to May 2018.

RESOLVED
That the following RECOMMENDATIONS be made to Executive Cabinet that:
(i) That the content of the report be noted; and
(ii) The spend associated with statutory compliance capital repairs for the period January 2018 to May 2018 of £15,680.

6. EDUCATION CAPITAL PROGRAMME UPDATE

Consideration was given to a report of the Director of Growth, 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.

Members were advised that the liquidation of Carillion had created a significant risk to the timely delivery of Education Capital Projects. Officers had been exploring and implementing alternative delivery options to ensure the programme was not further adversely affected. However, the delivery of most schemes remained reliant on the successful appointment of a new contractor under the Additional Services Contract.

To avoid disrupting education delivery, generally the most intrusive work was best carried out over the summer break, which meant that plans for new projects needed to be well-developed before the summer. The situation this year meant that significant delays were inevitable. Liaison would continue with individual schools to seek to mitigate any adverse effects of the delays.

Inflation in the building industry was also a more significant risk than previously experienced and larger schemes would be most affected. Early scoping and pricing of the works would mitigate against this and enable projects to be delivered in a timely and cost-effective manner.

It was 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 proposals identified in the report 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 Allocation grant funding schemes as outlined in Section 3 and Appendix 2 be approved;
(iii) The allocation of the £211,254 available from the Special Provision Fund for 2018/19 towards the cost of expanding Hawthorns Special School be approved;
(iv) The risks associated with the timely delivery of School Condition and Basic Need projects due to the delay in appointing a new Facilities Management provider under the Additional Services Contract following the collapse of Carillion Construction Limited, be noted.

7. SECTION 106 AGREEMENTS AND DEVELOPER CONTRIBUTIONS

Consideration was given to a report of the Director of Growth, 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 May 2018 for Section 106 Agreements totalled £1,153,000, with Developer Contributions, as at 31 May 2018, totalling £228,000, less approved allocations of £112,000 leaving a balance of £116,000. The balance of unallocated section 106 funds and developer contributions were as follows:-

- Services for Children and Young People - £652,000 (s106) and £68,000 developer contributions;

- Community Services (Operations and Greenspace) - £326,000 (s106) and £32,000 developer contributions; and
- Engineering Services - £114,000 (s106) and £14,000 developer contributions.

It was reported that a Section 106 Agreements had been negotiated as follows:

(i) 17/00774/FUL – Land on the south west side of and including 10-12 Slateacre Road, Hyde
Planning permission was granted on 4 June 2018 following the completion of a Section 106 agreement for the demolition of 10 and 12 Slateacre Road and the construction of 10 semi-detached houses with associated access and infrastructure. The Section 106 agreement required £12,867.16 to be used as a Green Space contribution to upgrade the path across hacking Knife Meadow, Werneth Low.

(ii) 17/00216/FUL – Moss Tavern, 99-101 Ashton Road, Droylsden
Planning permission was granted on 3 May 2018 for the demolition of the existing public house and the redevelopment of the site to provide a three-storey mixed-use development including 17 residential units and 1 ground floor retail unit, with associated car and cycle parking facilities. The Section 106 agreement required £12,443.89 to be used as a Green Space Contribution for the purposes of carrying out footpath repairs at Lees Park, Droylsden.

(iii) 17/00794/FUL – 2-32 Wordsworth Road, Denton
Planning permission was granted on 14 March 2018 for a residential development comprising 16 no. 3 bed houses. The Section 106 agreement required:

- £18,101.61 to be used as an Education Facilities Contribution in respect of or towards the cost of an extension and related educational infrastructure to Denton Community College;
- £19,293.97 to be used as a Green Space Contribution in respect of or towards the cost of the following projects:
- Hulmes and Hardy Wood, Lower Haughton Dale:
    - Path improvements;
    - Pond restoration of Hulmes pond – partial excavation and resealing with clay; and
    - Replacement of the post and rail fence from meadow Lane to Arden Bridge,
- Haughton Dale:
    - Pond restoration in the Golt; and
    - Path improvements in Apethorn Wood and in Gibraltar Wood.

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.

RESOLVED
That the content of the report be noted.

8. ENGINEERING CAPITAL PROGRAMME 2018/19 UPDATE

The Director of Operations and Neighbourhoods submitted a report setting out details of the 2018/19 Engineering Capital Programme for Engineering Services and sources of funding with specific reference to the Highways Structural Maintenance Programme and capital funding made available by Council for both the Tameside Asset Management Plan (TAMP) for highways and flood prevention and repair of consequential flooding damage and additional parking facilities.

The report also provided details of the GM Mayors Challenge Fund for Walking and Cycling and an update on the Council's Bid to the Department for Transport's Safer Roads Fund.

RESOLVED
That the content of the report be noted.

9. LEISURE ASSETS CAPITAL INVESTMENTS PRORAMME UPDATE

Consideration was given to a report of the Director of Growth, 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.

With regard to Active Copley Heating System Replacement, the Head of Investment and Development advised Members that the heating system installation at Active Copley had been completed and was now fully operational. The final payment for the installation was made by the Council at the end of the defects liability period some two years ago. There was an ongoing dispute between Carillion, the LEP's main contractor and their sub-contractor regarding an alleged outstanding final payment of £60,000. This was not a matter for the Council and was being dealt with by the LEP and Carillion's liquidator.

In respect of Active Hyde Pool Extension, the Head of Investment and Development advised that a further £88,280 had been approved by Executive Cabinet on 21 March 2018 to increase the capital allocation to £3,185,000 in the 2018-19 capital programme.

The LEP had subsequently advised the Council that tis preferred contractor withdrew its interest in the scheme just before the scheduled contract signing. In order to mitigate the risk of further delays caused by the withdrawal, the LEP was currently exploring other options.

Executive Cabinet had agreed to a review of all schemes that had not commenced. This was part of a reprioritisation of the capital programme, which would be taken to Executive Cabinet in July 2018. This review would consider all the impacts of not progressing with the scheme.

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