

STRATEGIC PLANNING AND CAPITAL MONITORING PANEL

30 November 2015

Commenced: 2.00pm

Terminated: 3.05pm

Present:

Councillor J Taylor (In the Chair)

Councillors Cooney, Dickinson, Fairfoull and McNally

Monitoring Officer

Sandra Stewart

Section 151 Officer:

Peter Timmins

Also in attendance:

Robin Monk, Angela Hardman, Damien Bourke, Paul Moore, Emma Varnam and David Boulger

Apologies for Absence:

Councillor K Quinn, J Fitzpatrick and B Holland

23. DECLARATIONS OF INTEREST

Members	Subject Matter	Type of Interest	Nature of Interest
Councillor Dickinson	Agenda Item: 9 – Greater Manchester Broadband	Prejudicial	Member of the Transport for Greater Manchester Committee

Councillor Dickinson left the room during consideration of the above and took no part in the voting or discussion thereon.

24. MINUTES

The Minutes of the meeting of the Strategic Planning and Capital Monitoring Panel held on 21 September 2015 were signed by the Chair as a correct record.

25. CAPITAL MONITORING REPORT

Consideration was given to a report of the First Deputy (Performance and Finance)/Interim Assistant Executive Director (Finance) detailing the capital monitoring position at 30 September 2015. The report showed projected capital investment of £52.044 million by March 2016. This was £14.712 million less than the current budget. Re-phasing of £14,590 million into the next financial year was therefore proposed, which would reduce the variation to £0.122 million.

Details of the projected outturn capital expenditure at September 2015 were shown by service area and Section 3 of the report referred to the most significant scheme variations.

Particular reference was also made to the changes to the approved 3 year capital programme, capital receipts and prudential indicators and it was -

RESOLVED

- (i) That the current capital monitoring position be noted;
- (ii) That the resources currently available to fund the capital programme be noted;
- (iii) That the re-phasing to reflect up-to-date investment profiles be approved;

- (iv) That the current position with regard to Compulsory Purchase Orders (CPO's) and Indemnities be noted;**
- (v) That the changes to the capital programme be noted;**
- (vi) That the capital receipts position be noted; and**
- (vii) That the changes to the Prudential Indicators be approved.**

26. VISION TAMESIDE PHASE 2

Consideration was given to a report of the Assistant Executive Director (Sustainable Growth and Assets) detailing the progress to deliver the Vision Tameside Phase 2 Programme.

It was reported that significant progress had been made since the last meeting of the Panel in September 2015. The demolition of TAC was progressing well with Level 7 completely clear and the goods lift decommissioned. Vodafone had installed their temporary mast on Union Street Car Park and were in the process of installing their permanent mast on Howe Mill. Internal and external dilapidations survey in respect of Ashton Town Hall had been completed and the ground investigations under TAC were underway and the United Utilities diversion had been completed. It was reported that due to the identification of asbestos in the mastic around the windows in TAC and in the concrete panels, the demolition programme was six weeks behind. An alternative demolition strategy had been developed, which would reduce the delay to an estimated three weeks, with demolition completing in June 2016.

A number of further key milestones were detailed as follows:

- Hoardings around the site were 100% complete;
- Refurbishment and demolition surveys were 100% complete;
- The works to separate services and reconnect to Ashton Town Hall are 100% completed;
- The demolition of Wilko's roof and soft strip of the Warrington Street and Market Street elevation was 100% completed;
- 15% of the hand separation from Ashton Town Hall been completed; and
- 50% of the asbestos had been removed from the market Place and Warrington Street elevations.

In respect of the development of the new build; discussions had progressed with the College, Job Centre Plus and the Clinical Commissioning Group about their proposed space and these had now been finalised. The analysis of furniture, fittings and equipment for all elements of the new scheme had been completed as part of the draft Stage 2 submission, which was received on 19 October 2015. The original £1.5 million budget for the Council and partners had been confirmed to be sufficient at Stage 2. The Stage 2 submission for the scheme had been submitted to the Council for approval. The main cost pressures were an additional £706,000 relating to the additional asbestos found in TAC, inflation and the projected £765,000 additional projected costs of the furniture and equipment for the College.

Approval was sought from the Panel for approval to be sought from Executive Cabinet to accept the Stage 2 proposal provided that the TIP confirmed that the project met the scope, was affordable and represented value for money, and approve the virement of budgets requested and set out in the report together with authorising the Executive Director, Place, in consultation with the Borough Solicitor to negotiate and agree a contract for the construction of the new building.

Details of the updated programme for Vision Tameside Phase 2 were given, which informed Members that the new building would be delivered for March 2018.

With regard to financial implications, it was reported that the projected costs of the Vision Tameside Phase 2 building, decant work, public realm and potential costs of the early terminated of the Wilkinson's lease had been reported throughout the project. Details were given of budgets previously approved and current projected costs.

It was reported that the risk profile of the programme of activity was being reviewed through the Stage 2 process and details of risks going forward as the programme developed were explained.

It was concluded that the programme to deliver the Vision Tameside Phase 2 project was progressing well, however, there were cost implications from design development, IT and furniture and equipment that needed to be managed within the programme.

There were as yet unquantified risks relating to the treatment of the exposed Ashton Town Hall façade, ground conditions under TAC and also the extent of the fixed furniture in the College element of the Vision Tameside Phase 2 building and further design changes. If costs exceed budget, virement from the contingency allocation or savings elsewhere would need to be identified.

The current programme would deliver the new building for March 2018, and work was being undertaken to identify if this could be brought forward.

Expenditure on all elements of the programme would be closely monitored on a fortnightly basis to ensure that the programme was delivered with the approved budget. The outstanding agreements for lease and leases with partners and particularly Tameside College, CCG and Job Centre Plus must be resolved as soon as possible to confirm the occupation in the new building and also enable capital and revenue budgets to be confirmed.

RESOLVED:

That the following recommendations be made to Executive Cabinet:

- (i) **That, subject to receipt from the TIP that the project represents value for money, the Stage 2 proposal be accepted in principle and authorisation be given to the payment of the Design and Development Fees to bring the project to phase 2 of £1 million, which are in line with the budget for the project, be accepted in principle;**
- (ii) **That virement be approved as follows:**

Expenditure	Projected Expenditure May 2015 £	Projected Expenditure Stage 2 November 2015 £	Virement Requested Stage 2 November 2015 £
Construction and Demolition	35,049,251	36,694,792	1,645,541
TMBC Furniture Budget	1,500,000	1,213,000	-287,000
TMBC construction contingency	941,316	250,000	-691,316
Contingency for inflation	2,642,327	2,294,291	-348,036
Total Construction Costs	40,132,894	40,452,083	319,189
Additional asbestos removal costs in TAC		706,997	706,997
Total	40,132,894	41,159,080	1,026,186
Less SFA grant	-4,000,000	-4,000,000	0
Net construction costs	36,132,894	37,159,080	1,026,186
Additional Costs Confirmed			
Decant / condition works	2,824,452	2,764,452	-60,000
Co-op bank termination of lease	100,000	100,000	0
Programme Management	100,000	100,000	0
Fit out costs of temporary store re Early Lease termination – Wilkos	850,000	832,978	-17,022

Additional Costs to be Confirmed			
College Fixed Furniture and Equipment	300,000	300,000	
Fit out costs re Early Lease termination – Wilkos	859,900	859,900	0
Public Realm	2,631,000	2,631,000	
Document Scanning	500,000	250,000	-250,000
Potential loss of profits Wilkos	550,000	550,000	0
Legal costs of construction works	50,000	50,000	0
IT Enablement	2,194,000	2,194,000	0
Programme Contingency	1,581,548	882,384	-699,164
Total	48,673,794	48,673,794	0

- (iii) **That the Executive Director, Place, and the Borough Solicitor be authorised to negotiate and agree a design and build contract for the Vision Tameside Phase 2 building.**

27. ASSET MANAGEMENT UPDATE

Consideration was given to a report of the Assistant Executive Director (Sustainable Growth and Assets) detailing the 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 dilapidated arising from the termination of leases.

Details were given of the disposal of assets and it was reported that all of the surplus leased properties had been vacated, and in most cases, dilapidations had been agreed and completed. The exact level of dilapidation in respect of Good Hope Mill was still being negotiated and would be subject to further reports to the Strategic Capital Panel and formal governance.

It was also reported that the Council still had a number of long leases in respect of Plantation Estates and Portland Basin and in addition, leases the former St Ann's RC Primary School in Ashton as a training centre.

With regard to investment in civic and corporate buildings, it was reported that there was no reactive maintenance budget included within the corporate landlord budgets and any repairs or upgrading of buildings required a request for additional investment to be made to the Panel for approval by Cabinet. In the past few months a number of requests had been received for repairs for civic and operational buildings for which there was no revenue or capital budget allocation. An analysis of repairs was detailed totalling £101,600.

In addition to the above, Members were informed that the demolition of TAC meant that the Authority needed to re-establish a centre for the CCTV operation. The Authority had ceased the operations of the existing CCTV service and put in place interim measures as a result of the closure of TAC. A solution had been developed to deliver the CCTV solution with the programme expected to finish installation by mid-December. The cost of this would be £849,488 and a request was made to allocate this sum to the project from the capital programme

It was further reported that the management of CCTV would be responsibility of the Adult Services who currently manage the Community Response and Emergency Control with the aim of bring the services together within a period of time. The new control room would have a range of facilities that would allow it to become a business that would income generate and a good marketing strategy would be required that would allow business to be brought to the organisation. CCTV had the ability to be cost neutral within two years, but would also have the capacity to make a profit that could be invested in other business opportunities. A full business plan would be provided for the next meeting of the Panel and/or Executive Cabinet setting out how it would be cost neutral.

As previously reported, the capital receipts that were anticipated to be received over the next three years were as follows:

Estimated Receipt Required to Balance Capital Programme	2015/16 Est	2015/16 Actual to Date	2016/17 Est	Post 2016/17 Est	Total over 3 years
£000	£000	£000	£000	£000	£000
16,333	15,000	6,313	15,000	15,000	45,000

The above summary of estimated capital receipts was based on land and property already identified for disposal and reflected either firm offers received or the best estimate of the capital receipt that was likely to be received. A minimum target of £15 million per annum receipts had been set for the next three years. A list of properties was being considered for future reporting to the Panel. Information in respect of properties that had been identified for disposal or where tenants had sought to acquire the freehold of the properties being leased were detailed in **Appendix 1** to the report.

Members were also informed that the Council had a 10% investment in the TIP, known as Inspiredspaces Tameside Limited and a 45% share of the investment Inspiredspaces (ProjectCo1) Limited, Inspiredspaces (ProjectCo2) Limited, Inspiredspaces Tameside (Holdings1) Limited, and Inspiredspaces Tameside (Holdings2) Limited. The Council was required to appoint a director and alternative director to the five companies. Steven Pleasant, Chief Executive, being the Council's representative Director and Elaine Todd, former Assistant Executive Director, Asset and Investment Partnership was the Alternate Director. As Elaine Todd had now left the employ of the Authority, it was proposed that Robin Monk as Executive Director, Place, be a straight replacement for Elaine Todd as Steven Pleasant's Alternate Director and her position on the five boards.

RESOLVED

That the following recommendations be made to Executive Cabinet:

- (i) That the list of disposals identified in Appendix 1 to the report be approved;**
- (ii) That the allocation of £101,600 to undertake building condition replacement/repair projects as detailed within the report, be approved;**
- (iii) That an allocation of £849,488 in respect of the CCTV installation at Dukinfield Town Hall is provisionally made subject to a full business case being presented at the Cabinet or the next Strategic Capital Panel with procurement through the ESPO framework as set out in Appendix 2 of the report, be approved; and**
- (iv) The Executive Director, Place, Robin Monk, be appointed as the Alternate Director to Steven Pleasant, Chief Executive, replacing Elaine Todd, the former Assistant Executive Director, Assets and Investment in respect of the inspiredspaces Tameside Limited; inspiredspaces (Project1Co1) Limited, inspiredspaces (ProjectCo2) Limited, inspiredspaces Tameside (Holdings1) Limited, and inspiredspaces Tameside (Holdings2) Limited companies. Noting that any director fees payable were not paid to the offices but used to support the BSF affordability.**

28. EDUCATION CAPITAL UPDATE

Consideration was given to a report of the Assistant Executive Director (Sustainable Growth and Assets) advising the Panel of work required to address condition needs in a number of primary schools and plans for increased capacity in schools identified for expansion.

It was explained that the Council had 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 had the responsibility for the maintenance of community and voluntary aided school buildings, even though it does not own voluntary aided school buildings.

It was reported that a significant number of capital projects were delivered over the summer of 2015, however, a number of schemes were still in construction, including:

- The new Broadoak 2FE primary school building, which started on site in July 2015, with the new school being completed in February 2018;
- The new 2FE school for Discovery Academy, off Porlock Avenue in Hattersley, which was due for completion in July 2016; and
- The schools strategic repair and maintenance programme.

With regard to education investment, the Council received notification from the DfE on 10 February 2015 that Condition Funding of £1,920,166 would be allocated for maintained schools in respect of the financial year 2015/2016. In addition, £768,060 was allocated to Voluntary Aided schools. The funding for Voluntary Aided Schools was prioritised and agreed by the four dioceses in Tameside and did not appear on the capital programme. Allocations for 2016/17 and 2017/18 were expected to be at similar levels but would be reduced to take account of any additional schools that converted to Academy Trusts.

Members were advised that the Council had already been notified of Basic Need Funding for 2015/16 of £5,663,234 and £5,946,396 for 2016/17 was confirmed last financial year. Basic Need funding of £6,542,566 for the financial year 2017/2018 was confirmed on 12 February 2015.

It was further reported that the majority of primary basic need schemes required had already been approved. However, the cost of the offsite highway works for the Discovery Academy had now been received at a cost of £451,969 including site investigations. Developer Contributions of £301,782 were allocated to these costs in March 2015 (meeting of the Strategic Planning and Capital Monitoring Panel of 2 March 2015, Minute 45 refers), the balance of £150,187 would need to be financed from Basic Need in 2016/2017, unless further S106 and Developer Contributions could be allocated to the scheme.

The focus for 2016/2017 and future schemes would be mainly related to increasing the capacity of high schools, to accommodate the increase in pupils moving through primary schools into the secondary schools. The only current costed scheme was a project to create two teaching spaces out of a larger space at St Damian's High School at a cost of £250,000, which would increase the Planning Admission Number by 10.

With regard to Condition and Maintenance Schemes, the Council had undertaken additional condition surveys of a number of schools whose condition was known to be deteriorating and a number of schemes were recommended for approval for funding at the last meeting of the Panel. However, requests had been made at three schools for tarmac ramps and paths, Hurst Knoll, Stalyhill Infants, Bradley Green, required for pupils needing additional with mobility needs at a cost of £40,420. The 2015/2016 Capital Maintenance Grant of £1.920 million had been fully committed in the current financial year.

Members were informed that Astley Sports College had applied for a capital grant to fund the development of a 3G football pitch on its grounds. The Football Foundation grant came with a number of conditions (details of which were appended to the report), which the Council needed to be satisfied had been addressed in advance of accepting the associated terms.

The Football Foundation had provisionally allocated £487,227 of capital grant towards the project which was 83% of the estimated costs of the project. The remaining balance of the capital funding required was £100,000. Astley Sports College had provisionally identified £65,000 towards this level of funding. The Astley Sports College contribution needed to be formally confirmed by the schools Governing Body together with additional linked contributions from Cromwell Special School of £10,000 and Yew Tree Primary of £5,000. This left a remaining balance of Capital

Funding required of £20,000 which Astley College were requesting the Council provisionally allocate from the 2016/17 Capital Maintenance Grant. The 2016/2017 Capital Maintenance Grant allocation was expected to be confirmed during December 2015.

Members were further informed that the School brought forward a deficit revenue balance of £82,000 from 2014/15. The 3 year budget plan received from the school in April 2015 projected the following cumulative revenue balances:

Financial Year	Projected Cumulative Revenue Balance () = Deficit £
2015/2016 (Adjusted for correct 2014/15 balance brought forward)	(77,466)
2016/2017	(33,834)
2017/2018	201,476

The School currently received a Devolved Formula Capital allocation of £16,000. It was not confirmed at this stage from the school governing body whether this sum would contribute towards the £65,000 committed towards the 17% balance required. If it did, a balance of £49,000 would remain. The table above demonstrated that the school did not have the resource to finance this balance. There was an additional risk that the school was unable to finance the ongoing maintenance costs of the pitch for the duration of the grant conditions. It was essential that the Council received appropriate reassurance from the Governing Body (together with an updated budget plan which had received the appropriate Council scrutiny) that the grant conditions would be adhered to and any associated liabilities could be financed from the school budget before accepting the associated grant conditions.

In respect of risk management, it was reported that the risk of managing the condition and suitability of community and voluntary aided school buildings had been mitigated by successful bidding for additional capital resources over the last fifteen years, from Exceptional Basic Need, Targeted Capital, Building Schools for the Future, Primary Capital Strategy for Change, Priority School Building and Targeted Basic Need Programmes. Recent condition surveys of a number of schools had indicated that urgent work was required to be carried out in order to address health and safety issues and prevent further deterioration. The most urgent investment schemes were proposed to address this.

Plans needed to be developed over the next few months to consider options for the increase in capacity required in high schools to accommodate the additional pupils moving through into the secondary sector.

In conclusion, it was reported that there had been significant capital investment in schools over the last 15 years which would support the Council's delivery of its statutory responsibilities connected with the provision of sufficient and suitable places. The delivery of the core strategy would further increase the demand for places within the next 5 to 20 years as the impact of new homes increased the number of school age children in the Borough, which would need to be planned for carefully.

RESOLVED

That the following recommendations be made to Executive Cabinet:

- (i) **The allocation of £40,420 Capital Maintenance grant funding from 2015/16 to construct tarmacadam ramps and paths at Hurst Knoll, Stalyhill Infants, Bradley Green primary schools for pupils needing additional support with mobility;**
- (ii) **The schemes detailed in recommendation (i) be funded from the previously approved 2015/16 Capital Maintenance grant schemes listed in the table below, as a result of these schemes costing less than originally estimated, and that the schemes below be removed from the existing capital programme:**

SCHEME	£
Livingstone Primary – Retaining Wall	3,401
Gorse Hall Primary – Toilet Refurbishment	2,732
Broadoak Primary – Flat Roof Replacement, Main Entrance Modification, Metal Windows Replacement	25,000
Oakdale Primary – Internal Refurbishment	12,000
Buckton Vale Primary – Furniture	5,000
TOTAL	48,133

- (iii) The provisional allocation of £105,187 to finance the cost of off-site access works in respect of the discovery Academy. This will be funded from either the confirmed 2016/17 Basic Need grant funding allocation or any additional S106/developer contributions which are received in the 2016/17 financial year; and
- (iv) In respect of the application by Astley Sports College for a capital grant to fund the development of a 3G football pitch on its grounds, Members, having considered the report and heard the update from the interim Chief Finance Officer felt that they were unable to support the recommendation owing to an absence of a business plan as to how they can fund the match funding of 17% required, together with the maintenance costs arising to create a maintenance fund to replace the artificial turf in year 15 and the lack of necessary assurances from the School. That said the Panel were keen not to lose a significantly grant funded facility for the young people of the Borough and asked that officers work with the school to see if there was an acceptable solution that would enable the Council to support the proposal and make the necessary recommendation to Cabinet.

29. DEVELOPER AGREEMENTS, CONTRIBUTIONS AND SECTION 106 AGREEMENTS

Consideration was given to a report of the Executive Director, Place, summarising the current position with regard to receipts received from Section 106 Agreements and Developer Contributions.

It was reported that the summary position as at 1 September 2015 for Section 106 Agreements totalled £190,000, with Developer Contributions totalling £233,000. The balance of unallocated section 106 funds and developer contributions were as follows:-

- Services for Children and Young People - £124,000 (s106) and £46,000 developer contributions;
- Community Services (Operations) - £43,000 (s106) and £171,000 developer contributions; and
- Engineering Services - £23,000 (s106) and £13,000 developer contributions.

The report further provided an updated position on progress made in implementing a section 106 smart pooling system as a result of changes to the Community Infrastructure Levy Regulations and National Planning Policy.

Members were informed that, in order to effectively manage the s106 smart pooling system, the Council would need to implement a number of changes including establishing a robust monitoring system. A number of these elements had been completed, some were in the process of being implemented, however, there were a number of longer term outstanding actions, which were detailed in the report. To ensure effective management and maximum benefit for the Council from developer obligations, the managing and monitoring of such a system effectively would require additional officer time to be committed to it beyond existing resources. As an indication, six of the ten Greater Manchester authorities currently had a full or part time s 106 officer.

Historically, it had been reported that officer time may in part be recoverable through administrative fees with many Councils charging between 4% and 5% to cover the management of such a system. However a recent High Court challenge to overturn the decision of a Planning Inspector to not allow the requirement for a monitoring and administration fee failed. The judgement found that the charging of a monitoring fee was not compliant with Regulation 122 of the Community Infrastructure Levy Regulations. Therefore resource would be required outside of the obligation fee in order to fully manage, monitor and capitalise on the s106 income stream in ensuring the Borough receives the developer obligations it needs to mitigate the impact of development.

RESOLVED

- (i) That the current position with regard to receipts received from Section 106 Agreements and Developer Contributions be noted.**
- (ii) That the provision of resources to manage consultee engagement, monitor development triggers, project commencement and update the now implemented smart pooling system to ensure the Council receives the developer obligation funds due, be approved.**

Councillor Dickinson left the room during consideration of the item below and took no part in the voting or discussion thereon.

31. GREATER MANCHESTER BROADBAND

Consideration was given to a report of the Assistant Executive Director, Development, Growth and Assets, providing an update to the 'Get Digital Faster' Superfast Broadband programme currently being delivered across Greater Manchester. It sought approval for a further funding tranche to provide additional demand stimulation, the continued requirements for the upkeep of an SME database for future audits purposes and an extension of time for the programme team to deliver the extended programme.

RESOLVED

That the following recommendations be made to Executive Cabinet:

- (i) That approval be given for a final tranche of funding to the Greater Manchester Superfast Broadband roll out, to:**
 - Agree funding of £20,000 over the two financial years 2015/16 (£5,000) and 2016/17 (£15,000) as part contribution to the initiative. (The other 7 AGMA authorities have already agreed to contribute identical amounts); and**
 - Delegate authority to the Borough Solicitor to enter into any relevant legal agreements and make any necessary decisions to implement the scheme as identified in the report.**

32. LIBRARIES FOR THE 21ST CENTURY

The Head of Stronger Communities submitted a report setting out the current position of the library service following the last review in 2012 and outlined the steps, indicative costs and timescales for taking the service to the next stage of a modern, progressive library service that met the needs of customers, but was still affordable for the Council to sustain.

Details were given of four distinct phases of activity required to achieve the overall vision, as follows:

- Development of the initial programme and business case;
- Implementation of a new Library Management System including self-issue and Radio Frequency Identification (RFID) technology;
- Implementation of technology to allow unstaffed opening hours and thereby reduce staffing costs whilst still allowing access to the service for customers; and
- Recruit volunteers to support the service in specific areas.

RESOLVED

- (i) That the Libraries future vision and support for capital investment to enable technology to be put in place to achieve the ambition of a progressive, modern library service whilst achieving revenue budget reductions, be approved;**
- (ii) That the virement of £60,000 to fund the replacement of the Library Management System from the Digital Tameside budget currently within the capital programme and to approve the additional sum of £17,415 to finance the total cost of the system (£77,415), be approved; and**
- (iii) The utilisation of £180,000 from the existing Libraries budget within the Capital Programme and an additional capital allocation for the remaining £316,200, be approved. (The total cost of the technological improvements for the wider Library Investment Project is £496,200).**

33. URGENT ITEMS

At this juncture, the Chair agreed that it would expedient to consider the Hyde Leisure Phase 2 report in conjunction with an Urgent Item – Acquisition of Hyde United Football Club Clubhouse and Stand, considered as urgent due to time constraints and the recent receipt of the valuation and Club's consent, as both reports involved the consideration of leisure facilities in Hyde.

RESOLVED

That the Acquisition of Hyde United Football Club Clubhouse and Stand be considered as an urgent item, due to time constraints and the recent receipt of the valuation and Club's consent, as both reports involved the consideration of leisure facilities in Hyde.

34. HYDE LEISURE PHASE 2 – OPTIONS APPRAISAL AND ACQUISITION OF HYDE UNITED FOOTBALL CLUB CLUBHOUSE AND STAND

The Director of Public Health submitted a report setting out the historical context of Phase 2 of the Hyde proposals, which were originally put forward in 2011.

It was reported that in order to successfully deliver Phase 2 it was envisaged that the Club would seek a match funding capital contribution from the Premier League's Community Fund. It was agreed that once the outcome of the Community Fund bid was known a further report would be presented to the Council to approve the start of Phase 2.

Due to considerable time lapse that ensued, the matter was considered at the Joint Meeting of the Council's Executive Cabinet and Overview (Audit) Panel on 12 February 2014. At the meeting it was resolved that:

'Hyde United FC be given a deadline of 31 March 2014 to confirm that the necessary funding from the Football Foundation is in place for the scheme. If a definitive guarantee was not provided by 31 March 2014, then the Council's capital support for the scheme would be withdrawn'

It was further reported that funding had not been secured by the deadline established above, and on 14 July 2015 the Council received notification from the club that its bid to the Football Foundation had been unsuccessful.

The Club, having considered its options, was now seeking financial and technical support from the Council to utilise the capital funding to convert the current stadium pitch to a synthetic surface in time for the start of the 2016/17 football season at a cost of £0.405 million. The Club had no match funding and the entire financial liability for the scheme would be with Tameside Council.

Whilst there was an allocation of £0.405 million within the 2015/16 capital programme, Members noted that any approved proposal would need to be financed by borrowing which would require the

related annual revenue repayment. There was no provision within the Council's Medium Term Financial Strategy for this additional expenditure.

The report set out three options available to Members, detailing the benefits and risks of each.

Consideration was then given to the following Urgent Item, Acquisition of Hyde United Football Club Clubhouse and Stand, as referenced above.

The Executive Director, Governance & Resources, explained that Hyde United Football Club currently benefitted from a 125 year lease, dated 21 June 1995, in respect of Ewen Fields, Grange Road, Hyde, which it used as its home football ground and training facility. Whilst the freehold of the site was owned by the Council the assets on the site were owned by the Club.

To alleviate some of the financial pressures and to secure the sustainability of the Club into the future, the club had contacted the Council with a view to surrendering the current 125 year lease in return for a premium and a new lease. It was proposed that the new lease had a significantly shorter term of 25 years on a rolling annual break with the rent remaining at the current level (increased annually in line with the retail price index) and to be contract out of the Landlord Tenant Act 1954.

The Panel were informed that the Council had commissioned a valuation of the clubhouse and grounds and also condition surveys in respect of the building.

The report further provided detail of the proposed transaction and sought approval to accept the surrender of the 125 year lease and to enter into a shorter term lease for 25 years, with a rolling annual break and contracted out of the landlord and Tenant Act 1954, using the opportunity purchase fund to enable the Club to concentrate on developing and sustaining the Club.

Details were also given of:

- The scope of the club house and facilities;
- Market conditions for disposal of similar facilities;
- Valuation;
- Property implications; and
- Financial implications.

The report concluded that Hyde United FC is a long standing, well supported football Club, which, in common with other similar clubs had struggled financially in recent years. The management of the Club had offered the surrender of the 125 year lease for a cash sum, subject to external independent valuation and also in exchange for a shorter 25 year contracted out lease, with a rolling mutual annual break, at a reduced rent of £1,500 per annum.

There was a loan of £50,000 which would need to be discharged on completion, in favour of the beneficiary.

An external valuation of the surrender of the 125 year lease and the granting of a new 25 year contracted out lease, with a rolling mutual break, had been undertaken by Matthews and Goodman. They assessed the value to be between £70k and £125K dependent on annual rental to be paid by the Club as set out in the report.

The benefit to the Council would be to better secure its assets.

Given the financial position of the Club going into administration or other analogous position of insolvency, if this occurred then the deal which the Council proposed, could be reviewed to determine whether it was on solid commercial terms or, if not, with a view to the transaction being set aside. Ultimately this should mean the repayment of the premium. However, the use of an independent valuation should reduce this risk materialising significantly.

The Club had advised, following a meeting on the 26 November 2015, that they would be willing to pay the revised rent of £6.25K to access the £125 premium on the revised lease terms.

RESOLVED

That the following recommendations be made to Executive Cabinet:

- (i) That the Council offer a premium to Hyde United Football Club Limited for the early surrender of the existing 125 year lease in respect of the land and buildings, currently known as Ewen Fields, Grange Road, Hyde, Cheshire. SK14 2SB of £125K and the Borough Solicitor be authorised to grant a 25 year lease at a rental of £6.25K subject to annual RPI, in respect of the same land and buildings, and to reflect the markets terms subject to a rolling annual mutual break, (contracted out of the landlord & Tenant Act 1954), and subject to a condition of the deal, that Hyde United Football Club repays an outstanding loan made to the Club from the premium; and**
- (ii) With regard to the request from Hyde United Football Club, seeking financial and technical support from the Council to utilise the capital funding to convert the current stadium pitch to a synthetic surface in time for the start of the 2016/17 football season at a cost of £0.405 million, that, further to the resolution (i) above, a new bid for support for facilities be submitted to be considered at a later date.**

CHAIR