

ITEM NO: 3(b)

STRATEGIC PLANNING AND CAPITAL MONITORING PANEL

13 July 2015

Commenced: 2.00pm

Terminated: 3.00pm

Present: Councillor J Taylor (Chair)
Councillors Cooney, Dickinson, Fairfoull, J Fitzpatrick, McNally and Reynolds.

Monitoring Officer Sandra Stewart

Section 151 Officer: Ben Jay

Also in attendance Robin Monk, Stephanie Butterworth, Damien Bourke, Ian Saxon, Elaine Todd and Beverley Stephens.

Apology for Absence: Councillor K Quinn

1. DECLARATIONS OF INTEREST

There were no declarations of interest reported at this meeting.

2. MINUTES

The Minutes of the meeting of the Strategic Planning and Capital Monitoring Panel held on 2 March 2015 were signed by the Chair as a correct record.

3. CAPITAL MONITORING REPORT

Consideration was given to a report of the First Deputy (Performance and Finance) / Assistant Executive Director (Finance) detailing the capital programme, which totaled £41.569m in 2014-15 and £37.500m had been spent. This had resulted in the need to re-profile the capital programme by £4.069m.

It was reported that actual spend in 2014-15 of £37.500m represented 90% of the budget (£41.659m), which compared with the 2013-14 performance (75% of a budget of £29.072m).

Details of the variation totaling £4.069m were shown by service area in **Appendix 1** to the report.

Reference was made to the following:-

- Variations over the whole life of the scheme;
- In year scheme variations;
- Progress update on outstanding issues / liabilities;
- Capital receipts;
- Changes to the future capital programme;
- Capital financing statement;
- Request for approval of re-profiling; and
- Revised capital programme.

RESOLVED:

- (i) That the capital outturn position for 2014-15 detailed in Appendix 1 to the report be approved.**
- (ii) That the capital financing statement for 2014-15 detailed in Appendix 3 to the report be approved.**
- (iii) That the revised capital programme for 2015-16 – 2017-18 detailed in Appendix 5 of the report be approved (which included the changes in Appendix 2 and re-profiling in Appendix 5).**
- (iv) That the progress on outstanding issues / liabilities be noted.**

4. VISION TAMESIDE PHASE 2

Consideration was given to a report of the Assistant Executive Director (Asset Management and Investment Partnership) detailing the progress to deliver the Vision Tameside Phase 2 Programme. This also included details of the investment and decant programme required for the retained corporate and civic buildings to address conditions of the buildings and accommodate staff and services, throughout the decant period and in permanent locations, into the future. Since the Stage 1 report had been issued and approved, the design of the Vision Tameside Phase 2 building had been progressed, with a number of options put forward for building finishes and the northern elevation as well as developing the internal areas of the entire building.

It was reported that Wilkinsons had moved out to their temporary store in the Arcades on 6 May 2015, with the surrender of their lease being imminent, once the strip out of their old store had been completed. An agreement for lease for the retail unit within the redeveloped Vision Tameside Phase 2 building had been signed.

The surrender of the current lease with the Co-operative Bank Plc had progressed, with the bank leasing an alternative retail unit, the former Car Phone Warehouse building on the Market Place in Ashton. They were in the process of refitting the unit and were expected to vacate their existing building at the end of July 2015.

The plans for the demolition of the current TAC building had progressed and a planning application was approved at Speakers Panel in April 2015, for the demolition of the TAC building and Listed Building Consent for the works to Ashton Town Hall and the former Water Board building and subsequently confirmed by the National Casework Unit. A detailed planning application for the new building was submitted on 12 June 2015. There could be no further delays in the vacation of the TAC building as it had to be handed over for demolition in July 2015 to achieve the target completion date for the new building of January 2018. Discussions had also progressed with plans for the College, Job Centre Plus and the Clinical Commissioning Group about their proposed space.

Details were given of the Vision Tameside Phase 2 Scope and it was explained that a revised Council contingency of 5% had been projected at this stage to take account of remaining risks that were excluded from the projected contract price, including:

- Potential poor ground conditions under TAC;
- Additional costs of addressing Town Hall façade over £400,000;
- Highways works at the junction of Wellington Road / Warrington Street; and
- Tameside College fixed furniture and equipment – the TIP had agreed to survey projected requirements in the new building and prepare a priced schedule for consideration by the Council and the College. If the costs exceeded the budgeted £300,000 the agreed contribution from the Council would need to be funded from this contingency.

Reference was also made to wider benefits related to the construction programme, financial implications, grant funding, impact of design development, risks, tenancies and the next steps. It was stated that the programme to deliver the Vision Tameside Phase 2 project was progressing

well. However, there were cost implications from design development, IT, programme management and decant works that needed to be managed within the programme. Approval was required to vire funds from the construction and general contingency budgets to meet the projected costs of the scheme and containing costs within the overall approved budget.

There were as yet unquantified risks relating to the treatment of the exposed Ashton Town Hall façade and also the extent of the fixed furniture in the College element of the Vision Tameside Phase 2 building. If costs exceeded budget, virement from the contingency allocation or savings elsewhere would need to be identified. Significant risks remained in connection with the aerials still located on the TAC roof which would need to be disconnected and removed before the building could be demolished and a number of options were being progressed to ensure this happened within the required timescales.

In conclusion, it was reported that all elements of the programme would be closely monitored on a fortnightly basis to ensure that the programme was delivered within the approved budget. The outstanding agreements for lease and leases with partners and particularly the College must be resolved as soon as possible to confirm the occupation by the College of the new building and also enable capital and revenue budgets to be confirmed.

RESOLVED

That the progress of the Vision Tameside Phase 2 be noted.

5. ASSET MANAGEMENT UPDATE

Consideration was given to a report of the Assistant Executive Director (Asset Management and Investment Partnership) 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 most buildings which had been leased by the Council had already been vacated or dilapidations were in the process of being negotiated in respect of the remaining tenancies. The exact level of dilapidation in respect of Good Hope Mill was now estimated at £58,000, however, this could change and would be the subject of further reports. Oldham Street would require no dilapidations costs, however there would be a commuted rent of £55,000 to be confirmed plus fees. 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.

It was also reported that during the TAC demolition and the new building construction period, it would be necessary to lease additional office and service accommodation although significant numbers of staff would be accommodated in retained Civic buildings. In respect of leased buildings these would include the following:-

- Shirley House, Hyde – Education and Call Centre;
- Clarence Arcade, Ashton – Customer Services, CAB, Credit Union and Investment and Development;
- Patterson and Rothwell, Ashton – IT, Asset Management and Investment Partnership, TIP, Carillion, Legal Services and iNetwork;
- Birchcroft – Drugs Intervention Programme; and
- Primary Care Centre, Ashton – Public Health and IRIS Team.

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. However, in the past few months a number of requests had been received

for repairs for civic and corporate buildings for which there was no revenue or capital budget allocation. An analysis of repairs was detailed totalling £96,555.

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	2014/15 Actual	2015/16 Est	2015/16 Actual to date	2016/17 Est	Post 2016/17 Est	Total	Projected Shortfall/ Surplus Est
£000	£000	£000	£000	£000	£000	£000	£000
16,333	4,498	8,000	135	10,000	6,000	34,298	17,965

Reference was also made to capital receipts for 2014/15 totalling £4,697,971 and capital receipts and completions received since the last report to 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**.

In conclusion, it was reported that the Council had signed a contract to provide soft and hard facilities management services, capital projects and maintenance in November 2011. Since that time a number of properties had been disposed of and taken out of the contract with the price being reduced accordingly. In addition, a small number of new properties had been added including Highfield Pavilion and the decant locations. The original value of the contract was £4,625,020 subject to indexation based of RPIx. The current value of the contract was £3,774,180 including £314,515 inflation and it was proposed that a formal variation detailing the analysis of all the changes and the contract be rebased at 1 July 2015 to take account of the fact that TAC was closing.

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 £96,555 to enable building condition replacement / repair projects to be undertaken be approved;**
- (iii) That approval be given to the issue of formal variation to the Facilities Management Agreement with the TIP and the rebasing of the contract with effect from 1 July 2015.**

6. EDUCATION CAPITAL UPDATE

Consideration was given to a report of the Assistant Executive Director (Asset Management and Investment Partnership) advising the Panel of work required to address condition needs in a number of primary school 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. The Council also had the responsibility for the maintenance of community and voluntary aided school buildings, even though it did not own voluntary aided school buildings.

In addition to the assessment of how well each Council performed in relation to its ability to meet the demand for places and the condition of its maintained and voluntary aided schools, the DfE had also carried out condition surveys of all schools across the country over the last two years. The condition of Tameside schools had been assessed by the DfE to be in the lowest quartile of investment need, with the condition of Tameside's schools overall being better than 88.6% of other local authority schools nationally. It was anticipated that this position would improve in the future now that work at Russell Scott Primary, Astley and Cromwell High Schools had been completed.

The construction of the replacement Flowery Field Primary building had also been completed and there would be further improvements when Broadoak and Holden Clough schools were completed over the coming months.

The DfE had confirmed in February 2015 that the majority of the bids for funding through the Priority Schools Building Programme 2 would not be supported due to the fact that their assessments of these schools' condition needs were not sufficiently high compared to other schools nationally. There was unlikely to be another opportunity to bid for additional condition funding for at least three years, therefore some condition work needed to be urgently carried out on maintained schools with the most serious condition needs. A thorough review of commitments against schemes already approved in the Education Capital Programme had been carried out and approval was requested to amend the capital programme as proposed. It was also proposed to carry out the proposed Basic need and condition related schools, through the Tameside Investment Partnership.

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) **Approve the amendment of the Education Capital Programme to reflect the outcome of the review of commitments at 31 March 2015 as follows:-**

School/Premises	Funding Source	Required Change in Funding for 2014/15 £
Cromwell Special	School Contribution	50,505
Cromwell Special	Basic Need	137,447
Cromwell Special	Retained School DFC	16,060
Astley Sports College	School Contribution	93,834
Astley Sports College	Retained School DFC	40,441
BSF ICT Capital	Basic Need	144,000
Yew Tree Primary	Basic Need	-45,000
Linden Road Primary	Capital Maintenance	-15,000
Milton St John Primary	Capital Maintenance	-7,538
Corrie Primary	Capital Maintenance	-2,120
West End Primary, Ash	Capital Maintenance	-2,554
Manor Green Primary	Capital Maintenance	-12,000
Hurst Knoll Primary	Capital Maintenance	-174,230
Manchester Road Primary	Capital Maintenance	-25,000
Former Stamford School Site	BSF Capital Receipts	-48,000
Millbrook Primary	Capital Maintenance	-91,794
Silver Springs and Holden Clough Primary	Basic Need	-750,000
Linden Road Primary	Capital Maintenance	-12,281
Broadoak Primary School	Capital Maintenance	-63,345
Broadoak Primary School	School Contribution	68,420
Total Change		-698,155

- (ii) Approve the allocation of funding within the Education Capital Programme 2015/16 and 2016/17 as follows:

School/Premises	Planned Investment	Funding Source	Total Required Increase in Funding at April 2015 £
Milton St John Primary	Creation of bulge class	Basic Need	40,000
Aldwyn Primary	Extension	Basic Need	1,500,000
Hawthorns			
Livingstone Primary	Remodelling / extension	Basic Need	355,000
Samuel Laycock Special	Support for IT Infrastructure	Maintenance	24,000
SEN Review	Virement of funding to Samuel Laycock IT Infrastructure	Basic Need	-24,000
Bradley Green Primary	Roof Replacement	Maintenance	207,692
The Heys Primary	Replacement Floor	Maintenance	50,000
Audenshaw Primary	Replacement pipework and flooring	Maintenance	169,580
Greswell Primary	Roof works and rewiring	Maintenance	113,095
Gorse Hall Primary	Power and fire alarm replacement	Maintenance	210,000
Wild Bank Primary	Lighting and power	Maintenance	180,000
Corrie Primary	Heating	Maintenance	90,000
St James Ashton Primary	Replacement heating	Maintenance	152,000
Milton St Johns Primary	Lighting, power and alarm replacement	Maintenance	350,000
Fairfield Primary	Car Park Repairs	Maintenance	18,000
Gorse Hall Primary	Replacement Windows	Maintenance	15,826
Micklehurst	Fire Alarm	Fire Alarm	10,281
Ryecroft Hall - New Location for KS2 PRU	Replacement of internal wall	Basic Need	8,650
BSF telephones relocation	Relocation from TAC	Maintenance	13,800
Linden Road Children's Centre	Refurbishment and electrical works	Maintenance	17,198
Flowery Field Primary	Additional furniture	Basic Need	16,000
Milton St John Primary	Emergency works	Maintenance	16,000
Inspire Academy	ICT Equipment	Basic Need	88,869
Inspire Academy	Classroom Equipment	Basic Need	25,857
Discovery Academy	ICT Equipment	Basic Need	15,000
	Classroom Equipment	Basic Need	
Broadoak Primary School	FF&E	FF&E Grant	106,970
Total			3,769,818,

- (iii) Approval of the procurement of the identified work through the Tameside Investment Partnership, with the achievement of local spend and other value added outcomes, being reported within future reports to Strategic Capital Panel, Executive Board and Executive Cabinet.

- (iv) **All academies and maintained schools to seek the Council's consent for work to be carried out prior to commissioning the work in order to ensure that building regulations, planning requirements and all health and safety issues as well as any impact on capacity are complied with before work on site commenced.**

7. TRANSPORT FLEET REPLACEMENT

Consideration was given to a report of the Assistant Executive Director (Environmental Services) which explained that the Council currently operated a varied fleet of 164 vehicles from vans to refuse vehicles to provide its numerous services to the residents of the Borough. A report for the essential replacement of 12 vehicles was approved by the Panel and a subsequent Key Decision in September 2014 and these were procured through Prudential Borrowing as this was shown to represent best value. The report identified a further 66 vehicles of various types that had been extended beyond their operational lives (average age at replacement 2015 was 8.4 years) as part of the Council's Medium Term Financial Strategy.

From these 66 vehicles, 8 were on contract hire and had been extended by a further 12 months. It was now essential to the continued operation of services that the remaining 58 vehicles be replaced. The report set out the business case for the replacement of these vehicles. The options presented represented the best value way of meeting the Council's needs and achieving a variety of options of savings available, whilst maintaining the operational efficiency of the services.

In the identification of the Council's fleet requirements and replacement vehicles, consideration had been given to a number of factors. Fleet vehicles supported the provision of both direct operational services to the public and also support services. The Council was currently reviewing its options in terms of service delivery with consideration being given to bringing together all direct operational services into a single area and examination of fleet requirements to support these operations needed to be addressed. It was also essential that a cost benefit analysis be undertaken for the remaining 94 vehicles in the fleet in conjunction with this review to determine the most appropriate vehicle strategy going forward.

Details of financial considerations, current fleet profile, and a summary of risks, impact and mitigating factors divided into two categories for replacing or not replacing the fleet were discussed. In terms of environmental issues, the current fleet had an average of 8.4 years and operated on Euro 3 type engines. A replacement fleet would operate on Euro 6 engines providing both improved fuel efficiency and a reduction in harmful emissions and improved air quality.

RESOLVED

That the following recommendations be made to Executive Cabinet:

- (i) **That the 58 vehicles identified in Appendix 1 to the report be procured via a competitive EU tendering process and funded by Prudential Borrowing and relevant service areas be recharged an annual rental to cover purchase, borrowing and maintenance costs covering the relevant borrowing period.**
- (ii) **That a review be undertaken of the whole fleet to determine the Council's service needs over the next 3 to 5 years to support the delivery of those identified services in the most effective manner.**
- (iii) **That a cost benefit analysis be undertaken for the remaining fleet (maximum 94 vehicles) in conjunction with the above review to determine the most appropriate vehicle strategy going forward for the next 3 to 5 years.**

8. ENGINEERING CAPITAL PROGRAMME 2015-16 AND BEYOND

Consideration was given to a report of the Assistant Executive Director (Environmental Services) detailing the Engineering Capital Programme for Environmental Services and sources of funding with specific reference to the Highways Structural Maintenance Programme for 2015/16.

It was reported that the duty to formulate Local Transport Plans was the responsibility of Transport for Greater Manchester (TfGM) who reported to the Greater Manchester Combined Authority (GMCA). In order to support the objectives and strategies at local and regional level the proposed Engineering Capital Programme was divided into a number of headings based on the funding detailed at **Appendix 1** as follows:-

- Capital Minor Works budget (£0.913m);
- Structural Maintenance (Bridges and Structures) (£1.199m);
- Structural Maintenance (Principal/Non Principal Roads) (£1.304m);
- Street Lighting (£0.185m);
- Other Specific Funding (£11.847m);
- Carriageway Structural Maintenance Improvements (£0.048m);
- Ongoing Major Schemes:
 - Longdendale Integrated Transport Strategy (£0.480m);
 - Ashton Northern Bypass Stage 2 (£0.308m);
- Section 106 Schemes:
 - Lord Sheldon Way (IKEA) Roundabout, Ashton (£0.024m);
 - Street Lighting to footpath/cycleway Denton Rock (£0.010m);
- Developer Contribution Schemes:
 - Traffic Calming Lower Bennett Street (£0.016m); and
- Other Schemes (£10.961m).

It was also explained that Council had agreed to accept £1.670m of grant funding towards the Denton Link Road Project (detailed in **Appendix 1** to the report under other schemes) and it was intended to 'top up' the funding with £0.072m of Capital Contributions and agreement was sought for a further £0.167m of grant funding until virement from the Integrated Transport Block Minor Works Budget was approved by Transport for Greater Manchester.

RESOLVED

That the following recommendations be made to Executive Cabinet:

- (i) **That the Engineering Capital Programme for 2014/15 as detailed in Appendix 1 to the report be approved.**
- (ii) **That approval be given to the temporary Corporate Funding of £0.167m towards the Denton Link Road scheme until the approval to vire the monies from the ITB Minor Works Budget had been granted by Transport for Greater Manchester.**

9. DEVELOPER CONTRIBUTIONS AND SECTION 106 AGREEMENTS

Consideration was given to a report of the Executive Director (Place), detailing 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 July 2015 for Section 106 Agreements totalled £178,000, with Developer Contributions totalling £232,000. The balance of unallocated section 106 funds and developer contributions were as follows:-

- Services for Children and Young People - £124,000 (s106) and £12,000 developer contributions;
- Community Services (Operations) - £44,000 (s106) and £208,000 developer contributions; and
- Engineering Services - £10,000 (s106) and £10,000 developer contributions.

With regard to new section 106 agreements there was one new agreement relating to an outline proposal for a mixed housing / commercial development at the former Frank Hoyle Transport site off Broadway, Hyde.

RESOLVED

That the current position with regard to receipts received from Section 106 Agreements and Developer Contributions be noted.

10. TAMESIDE INTERCHANGE LAND ASSEMBLY GOVERNANCE ARRANGEMENTS

Consideration was given to a report of the Assistant Executive Director (Development, Growth and Investment) seeking approval of the proposed governance arrangements for land assembly in respect of the new Transport Interchange (Ashton).

It was explained that the funding for the new Tameside Transport Interchange had been awarded in July 2014 as part of the Greater Manchester Growth Deal submission to Government and design work for the scheme had begun in earnest. A proposed Transport for Greater Manchester led consultation exercise was due to commence in summer 2015 with a full planning submission expected in autumn of this year. Part of the layout design would consider a number of issues around land ownership for which the report sought governance.

In order to achieve the most efficient layout of the proposed interchange and to ensure it “wrapped” around the Metrolink platform, it had been agreed at the early design stage that a land assembly exercise was required. In parallel, Transport for Greater Manchester had drawn up a draft ‘Contract for Advance Funding and the Exchange of Freehold Land’ agreement between Transport for Greater Manchester and Tameside MBC for consideration setting out how the land assembly process would be taken forward.

Land ownership for the new Transport interchange would be vested with Transport for Greater Manchester and included the Probation Service Land and New Charter land detailed on the plan attached to the report. The development opportunity to the land to the east of the new interchange would be vested into Tameside ownership.

In order to secure governance around land procurement two options were proposed for consideration:

- Option 1 – Tameside to act as ‘agent’ for Transport for Greater Manchester in securing all the required land for the initiative; or
- Option 2 – Tameside to request Transport for Greater Manchester as the scheme promoter to secure the requisite land.

The advantages and disadvantages of both options including financial considerations and risks associated with utilising either Option 1 or Option 2 to secure the land for the new interchange were considered.

Option 1 would take advantage of the close working relationships Tameside officers had established over a number of years with both the New Charter and the Probation Service through the Ministry of Justice. This was already proving advantageous with New Charter during the advanced negotiations in respect of purchasing their land. In addition, through this mechanism the Council could shape the future use of the important area of land to the east of the new interchange and minimise the Authority’s financial exposure to the land assembly process.

Should option 2 be adopted by the Council, a future land funding contract would be required potentially adding delay to the overall delivery programme for the Transport Interchange.

RESOLVED

That a recommendation be made to Executive Cabinet to approve Option 1 as the most appropriate way forward.

11. LAND TRANSFERRED FOR AFFORDABLE HOUSING – EARLY REPLAYMENT OF CAPITAL RECEIPT FROM NEW CHARGER HOUSING TRUST

Consideration was given to a report of the Assistant Executive Director (Asset Management and Investment Partnership) explaining that a Key Decision had been made on 27 March 2013 to transfer land at Kynder Street, Katherine House and Cavendish Street to New Charter Housing

Limited, for development of affordable housing, on the basis of a deferred capital receipt. The value of the land was intended to be repaid as tenants exercised their Right to Buy the properties, at some point in the future.

New Charter Housing Limited had advised the Council that they wished to use the now developed sites to raise additional capital funding, therefore triggering a disposal by charge. A current market valuation had been undertaken by an independent suitably experienced and qualified surveyor and valuations of a total of £549,689 had been agreed subject to contract. To enable the early claw back of the capital receipt, approval was required in respect of this valuation of the sites.

It was noted that the development had also increased the Council's annual Council Tax income by an estimated £61,205 and a total of £367,230 New Homes Bonus in respect of Kynder Street, Katherine House and Cavendish Street.

RESOLVED

That Executive Cabinet be recommended to approve the valuation of the early repayment of the capital receipt of £549,689 in respect of the sites at Kynder Street, Katherine House and Cavendish Street, which would release the restrictive covenant in favour of the Council and give New Charter Housing Limited an unencumbered title.

12. URGENT ITEMS

There were no urgent items for consideration at this meeting.

CHAIR