STRATEGIC PLANNING AND CAPITAL MONITORING PANEL

5 September 2016

Commenced: 2.00pm **Terminated: 2.30pm**

Present:	**Councillor J Fitzpatrick (In the Chair)**
	Councillors Cooney, Dickinson, Fairfoull, B Holland, McNally and Taylor
Chief Executive:	**Steven Pleasant**
Monitoring Officer	**Sandra Stewart**
Section 151 Officer:	**Ian Duncan**
Also in attendance:	**Robin Monk, Damien Bourke, Ian Saxon, Alison Lloyd-Walsh and Beverley Stephens.**
Apologies for Absence:	**Councillors K Quinn, Fairfoull and McNally.**

9. DECLARATIONS OF INTEREST

There were no declarations of interest submitted by Members.

10. MINUTES

The Minutes of the meeting of the Strategic Planning and Capital Monitoring Panel held on 11 July 2016 were signed by the Chair as a correct record.

11. CAPITAL MONITORING REPORT – QUARTER 1 2016/17

Consideration was given to a report of the First Deputy (Performance and Finance)/Assistant Executive Director (Finance) summarising the capital monitoring position at 30 June 2016. The report showed projected capital investment of £68.572 million by March 2017. This was £6.425 million less than the current programmed spend. Re-phasing of £6.782 million into the next financial year was therefore proposed.

Details of the capital expenditure to date and projected outturn 2016/17 were shown by service area and Section 3 of the report referred to the most significant scheme variations.

Particular reference was also made to; compulsory purchase orders, indemnities and potential liabilities, the changes to the approved 3 year capital programme, capital receipts and prudential indicators and it was -

RESOLVED
(i) That the current capital budget 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 in regard to Compulsory Purchase Orders (CPOs) and Indemnities be noted;
(v) That the changes to the capital programme be approved;
(vi) That the capital receipts position is noted; and

(vii) The updated Prudential indicator position be approved.

12. ASSET MANAGEMENT UPDATE

Consideration was given to a report of the Assistant Executive Director, Development, Growth and Investment, 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.

With regard to the disposal of assets, it was reported that the Asset Disposal process continued with a figure of £6,766,500 achieved in the last 9 months. It was explained that the Estates team was in the process of updating the list of land for sale with newly identified parcels. A list of property identified for disposal but not yet completed was appended to the report. The Assistant Executive Director made a correction to the estimated sale price of land at Windsor Road, explaining that the figure should read £9 million and not £800,000 as detailed in the appendix.

Further updates would be provided at the next meeting of the Panel and an updated website list would be added. Details of Capital receipts realised to date was provided in an appendix to the report.

Planning and Section 77 consultations were now underway on the 5 larger school sites and a process of active marketing was also on track. Work was underway on master planning the large site at Windsor Road in Denton. It was reported that consultation with local Members and stakeholder groups had started and the Assistant Executive Director made reference to a letter from members of the Dane Bank Free Space Committee received that morning and explained that discussions were progressing.

It was reported that renewed focus was being placed on the next two Auctions (13 September and 18 October) with six sites being submitted for September and work was ongoing for a number of sites to be potentially sold in October.

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

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

In respect of opportunities to purchase, it was explained that there was an opportunity to purchase the former Travis Perkins site at Boodle Street, Ashton. The site was adjacent to council owned land in a successful industrial estate. A business case was being developed around an investment opportunity on the combined site, however, there was only a short window to purchase this site following the previous purchaser pulling out. It was recommended that the Council purchases this site valued at around £130k in order to progress the investment opportunity.

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. Analysis of capital spends for June 2016 - August 2016 was £78,624.01. In addition there had been spend of £18,649 in regard of property related revenue type spend in the same period.

An analysis of the capital investment required in respect of health and safety/essential operational repairs was detailed in the report. In some cases, repairs had already been undertaken to allow the buildings to remain operational.

An update was provided with regard to sport and leisure estate investment and Members were informed that, on 24 March 2016, Executive Cabinet considered a report setting out proposals to ensure the provision of high quality sports and leisure facilities in Tameside, creating a platform to reduce physical inactivity and develop a sustainable funding model in relation to Active Tameside. Executive Cabinet approved specific proposals in relation to:

- Changes to the existing Tameside leisure estate, including a programme of capital investment;
- Increasing commercially profitable activity;
- Growth in inward investment; and
- Maintenance and repairs.

It was explained that, once implemented in full, the proposals would enable revenue investment in Active Tameside to be reduced form £1,865 million to £0.715 million by 2019/20 (a reduction of £1.150 million or 62%), and to £0.441 million by the end of the contract in 2023/24 (a reduction of £1.424 million).

A summary of progress on the delivery of the sport and leisure estate investment programme up to the 15 August 2016 was detailed in the report.

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 opportunity to purchase an industrial site on Boodle Street, Ashton with marriage value to existing council land for investment/development purchase price expected to be less than £130k be made from the opportunity purchase fund with any return realised on the investment being used firstly to replace the resource in the fund be approved; and
(iii) That the allocation of £78,624.01 to undertake building condition replacement/repair projects as detailed in the report be approved.

13. DEVELOPER AGREEMENTS, CONTRIBUTIONS AND SECTION 106 AGREEMENTS

Consideration was given to a report of the Assistant Executive Director, Development, Growth and Investment, summarising the current position with regard to receipts received from Section 106 Agreements and Developer Contributions and made comments for each service area.

It was reported that the summary position as at the period 31 March 2016 for Section 106 Agreements totalled £190,000, with Developer Contributions totalling £261,000. The balance of unallocated section 106 funds and developer contributions were as follows:-

- Services for Children and Young People - £124,000 (s106) and £14,000 developer contributions;
- Community Services (Operations and Greenspace) - £43,000 (s106) and £186,000 developer contributions; and
- Engineering Services - £23,000 (s106) and £14,000 developer contributions.

A section 106 agreement was in the course of being drafted for an application at Newton Business Park, Hyde, reference 16/00054/OUT. The outline planning application was for the demolition of all existing on site structures and the principle of redevelopment of the site for residential dwellings with an indicative Master plan showing up to 64 dwellings of a mix of 2, 3 and 4 bed properties.

A section 106 agreement had been made for an application at Britannia Mill, Manchester Road Mossley, reference 15/01061/OUT. The outline planning application was for the demolition of the building and erection of approximately 750sqm retail floor space and approximately 62 apartments subject to reserved matters being approved and provided commuted sums to mitigate against the impact the proposal may have on off-site Open Space and Education provision. The sums were £631.85 per property for Open Space. There would also be £867.20 per 2 bed property and £1,211.35 per 3 bed property. There would also be a sum of £7,000 for the development to upgrade dropped kerbs and tactile paving in the vicinity of the site.

It was reported that no requests had been made to draw down funding from outstanding Developer Contributions or Section 106 monies.

As previously reported to the Strategic Planning and Capital Monitoring Panel, procedures to effectively manage the post April 2015 Section 106 agreement smart pooling system had been the subject of an internal audit. A audit report was now in the process of been finalised. Feedback on the outcome of the audit report would therefore be provided at the next Strategic Planning and Capital Monitoring Panel.

There was also a proposal at the last meeting to improve the annual scrutiny of Section 106 spend across the borough. It is proposed that the Strategic Capital Panel would receive a monthly scrutiny report detailing the level of spend, projects underway and where Section 106 still needed to be allocated or spent. The first of these reports would cover the 6 months from April 2016 and would be brought to the next meeting of the Strategic Planning and Capital Monitoring Panel.

RESOLVED
(i) That the content of the report be noted; and
(ii) That following broad approval from the Strategic Planning and Capital Monitoring Panel in November 2015 to commit appropriate resources within the existing budget to address the high priority actions set out in Section 3 of the report be further clarified following the outcomes of the audit report and presented to the Strategic Planning and Capital Monitoring Panel in due course.

14. ENGINEERING CAPITAL PROGRAMME SCHEME APPROVALS 2016/17

The Assistant Executive Director – Environmental Services submitted a report setting out details of the Capital bids that had been made by the Highways and Transport section covering the financial year 2016/17 The report also provided an update on schemes being undertaken, funded by the Highways Challenge Fund.

It was reported that, in November 2015, a bid was submitted to Greater Manchester Casualty Reduction partnership for funding under the Partnership Funded Projects 2015/16 banner. The bid was to provide physical features on the highway to reduce speeds and improve the safety to both vehicles and pedestrians within the corridor of Sandy Lane, Dukinfield and Clarence Street, Stalybridge.

The scheme comprised:

- The installation of a MOVA signalised junction at Bayley Street, with advanced stop lines for cyclists, a pedestrian phase and associated coloured surfacing;
- A speed table at the Park Road junction;
- Variable message signs or speed cameras strategically positioned;
- Coloured surface treatment to highlight potential hazards on the highway;
- Improved street lighting; and
- A renewal of all signing and lining along the route.

Funding of £0.160 million was awarded to provide the signalised junction, lining, signage and surface treatments. The report sought approval from the panel to add these works to the Engineers' Capital Programme.

Further information was provided in respect of the Pothole Action Fund. It was explained that, for 2016/17, the Department for Transport (DfT) had established a national Pothole Action Fund of £50 million. The allocation to each district was based on local road length. For the Tameside MBC network this was £0.117 million.

The DfT had stated that they expected that each Highway Authority would commit the funding given to permanently repair potholes on roads or stop them forming in the first place. DfT had made it quite clear that this funding was to complement the planned highway maintenance expenditure for 2016/17 and not replace/displace it. The report sought further approval to progress with the pothole programme funded by the Department for Transport (DfT).

Panel Members were informed that the successful Challenge Fund bid for £3 million funding for Bridges and Structure Schemes was reported to Strategic Capital Panel in September 2015. The Panel were asked to recommend to Executive Cabinet the approval to use the available funding for the schemes as listed in the report.

RESOLVED
That the following RECOMMENDATION be made to Executive Cabinet:
That the allocation of Capital Funding and the approval of schemes as detailed in the report, be supported.

15. EDUCATION CAPITAL PROGRAMME PROGRESS UPDATE

Consideration was given to a report of the Assistant Executive Director (Development, Growth and Investment) advising Members of the Panel on the latest position with the Council's Education Capital Programme 2016/17 and sought approval for various recommendations as set out in the report.

The report gave details of:
- Recently completed major schemes;
- Funding allocation;
- Basic Need Schemes progress update, including requests for additional funding allocations;
- School Condition and Capital Maintenance progress update, including request for funding amendments;
- Requests for scheme funding to be reduced on the Capital Programme;
- Requests for new schemes to be funded by School condition/maintenance funding;
- Procurement and value added; and
- Risk Management.

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

RESOLVED
That the following RECOMMENDATIONS be made to Executive Cabinet:
(i) The allocation of additional Basic Need grant funding totalling £621,053 to the schemes detailed in Section 4 and Table 1 of the report. These allocations relate to increased cost estimates for the schemes concerned.
(ii) Amendments to the amount of School Condition/Maintenance grant funding supporting the schemes described in Section 5 and Table 2 of the report. This will result in a net reduction of £95,726 of funding previously approved to support those schemes.
(iii) The reduction of £236,326 of funding supporting the schemes described in Section 6 and Table 3 of the report.

(iv) The allocation of Capital Maintenance/Condition grant funding totalling £135,000 to the new schemes detailed in Section 7 and Table 4 of the report.

16. ASHTON OLD BATHS – FINAL FIT OUT WORKS AND APPOINTMENT OF OPERATOR

The Assistant Executive Director, Development Growth and Investment, submitted a report, which sought approval of proposals for the final fit out of the Ashton Old Baths innovation centre and the appointment of an operator. It further provides a progress update on the ongoing feasibility work on the redevelopment of the annex to the building.

It was explained that the building was now back in the Council's ownership in line with the legal agreement with the former private sector owner and the main refurbishment and renovation works to the main pool hall had been completed with a free standing timber pod installed to shell and core. Structural repairs to the annex were also completed as part of the main works.

The final fit out proposals had been designed in consultation with the operator and the design team and the key aspects of the fit out proposals, procurement process, programme of works and budget costs were detailed in the report.

In relation to the appointment of an operator, terms for a management agreement had been approved by officers for the OJEU procurement and Oxford Innovation had confirmed acceptance. The management agreement was for an operator model with incentives to outperform the initial business plan. It would run for five years and it was intended that the operator would provide an annual business plan based on the previous year's performance against an agreed set of performance indicators. A copy of the 5-Year Business Plan was included in the report at **Appendix 2**.

As the Council owned the building and engaged the operator as a managing agent, it was required to make provision to cover any deficit in the initial years. Costs would be incurred in advance of the centre becoming operational (Year 0) and included costs such as marketing. This was essential to ensure that the development was effectively promoted to prospective tenants, maintaining Oxford Innovation input throughout the fit out stage and ensuring all necessary systems and processes were in place and mobilised for the centre's opening. These set up costs for the operator prior to opening amounted to £82,434 and were included in the annual revenue contribution requirements. Due to these initial higher operational costs the operator required working capital funding to cover these costs and Oxford Innovation had identified the maximum revenue contribution requirement for the operation of the centre as shown in the business plan. It was forecast that the working capital requirement would reduce every year until the centre was able to operate without financial assistance from the Council. Approval was therefore sought to provide a maximum revenue contribution to the operator as revenue costs of £110,000 (Year 1) to assist in their cash flow.

Regular reports on the operator's performance against the business plan and key performance indicators would be set out in the Council's regular quarterly monitoring reports on the budget received by Executive Cabinet.

In terms of the redevelopment of the annex, an initial high-level appraisal of the options available for its future use had been undertaken and identified as follows:

- Option 1 – mothballing the annexe for the foreseeable future;
- Option 2 – Refurbishment and use of the annex for office accommodation;
- Option 3 – Refurbishment and use of the annex for office accommodation and data / disaster recovery centre.

A vision and business case for Option 3 was currently being developed. The requirement for grade A office space was informed by strong private sector occupier demand in St Petersfield. The data /

disaster recovery centre proposal was being driven by public and private sector requirements which were still being assessed.

In conclusion, it was stated that the redevelopment of Ashton Old Baths was a unique, once in a generation opportunity that brought an iconic Greater Manchester heritage asset in Tameside back into sustainable use. It would also act as a catalyst for the completion of the regeneration of St Petersfield resulting in significant economic, social and environmental benefits and increased growth. Completion of the final fit out works and appointment of an operator would enable the Council to operationalise the innovation centre and achieve these benefits.

RESOLVED
That the following RECOMMENDATIONS CONSIDERED by Executive Cabinet on 31 August 2016, be noted:

(i) That the overall progress to date with the Ashton Old Baths project be noted.

(ii) That Council be recommended to approve the proposals for final fit out works for the Ashton Old Baths Innovation Centre at a cost of £871,059 as set out in section 3 of the report and the Capital Programme be amended accordingly.

(iii) That the Executive Director (Place), in consultation with the Executive Director (Governance, Resources and Pensions), be authorised to agree and complete the Management Agreement for the appointment of Oxford Innovation to operate the Ashton Old Baths Innovation Centre to protect the Council's interests so far as possible given the Council was retaining a significant level of risk and to agree Annual Business Plans during the term of the contract.

(iv) That the maximum revenue contribution of £82,434 in Year 0 and £110,000 in Year 1 as identified in the business plan be approved and that regular reporting on this issue be set out in the quarterly revenue monitoring report.

(v) That the progress to date with the feasibility work on the redevelopment of the annex be noted.

CHAIR