

GENERAL PURPOSES COMMITTEE

WEDNESDAY, 30TH AUGUST 2017, 6.00 PM
COMMITTEE ROOM 1, TOWN HALL, CHORLEY

AGENDA

APOLOGIES

- 1 **MINUTES OF MEETING THURSDAY, 15 JUNE 2017 OF GENERAL PURPOSES COMMITTEE**

(Pages 3 - 8)

- 2 **DECLARATIONS OF ANY INTERESTS**

Members are reminded of their responsibility to declare any pecuniary interest in respect of matters contained in this agenda.

If you have a pecuniary interest you must withdraw from the meeting. Normally you should leave the room before the business starts to be discussed. You do, however, have the same right to speak as a member of the public and may remain in the room to enable you to exercise that right and then leave immediately. In either case you must not seek to improperly influence a decision on the matter.

- 3 **EXCLUSION OF THE PUBLIC AND PRESS**

To consider the exclusion of the press and public for the following items of business on the ground that it involves the likely disclosure of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972: Information relating to the financial or business affairs of any particular person (including the authority holding that information).

- 4 **URGENT COMMISSIONING WORKS: MARKET WALK**

(Pages 9 - 12)

To consider the enclosed report of the Director of Business, Development and Growth.

- 5 **ANY URGENT BUSINESS PREVIOUSLY AGREED WITH THE CHAIR**

GARY HALL
CHIEF EXECUTIVE

Electronic agendas sent to Members of the General Purposes Committee Councillor Gordon France (Chair), Councillor Anthony Gee (Vice-Chair) and Councillors Aaron Beaver, Eric Bell, Charlie Bromilow, Jean Cronshaw, Alan Cullens, John Dalton, Margaret France, Tom Gray, Paul Leadbetter, Marion Lowe, Matthew Lynch, June Molyneaux, Alistair Morwood, Greg Morgan and Ralph Snape.

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MINUTES OF GENERAL PURPOSES COMMITTEE

MEETING DATE Thursday, 15 June 2017

MEMBERS PRESENT: Councillor Gordon France (Chair), Councillor Anthony Gee (Vice-Chair) and Councillors Aaron Beaver, Eric Bell, Charlie Bromilow, Jean Cronshaw, Margaret France, Tom Gray, Paul Leadbetter, Marion Lowe, June Molyneaux, Alistair Morwood and Greg Morgan

OFFICERS: Gary Hall (Chief Executive), Mark Lester (Director (Business, Development and Growth)), Chris Moister (Head of Legal, Democratic & HR Services), Zoe Whiteside (Development and Regeneration Manager), James Thomson (Principal Management Accountant) and Ruth Rimmington (Democratic and Member Services Officer)

APOLOGIES: Councillor Alan Cullens, Mark Jarnell and Ralph Snape

OTHER MEMBERS: Councillor Martin Boardman

16.GP.9 Silence

All those present at the meeting stood in silence in memory of those people who lost their lives at the recent Grenfell Tower fire in London.

16.GP.10 Declarations of Any Interests

There were no declarations of interest received.

16.GP.11 Minutes of meeting Monday, 24th May 2010 of General Purposes Committee

RESOLVED – that the minutes of the meeting of the General Purposes Committee held on 24 May 2010 be noted for signature by the Chair. This had been the last time the Committee had been required to meet.

16.GP.12 Exclusion of the Public and Press

Councillor Marion Lowe proposed, Councillor June Molyneaux seconded and it was **RESOLVED – that the press and public be excluded from the meeting for the following item of business on the grounds that it involves the disclosure of exempt information as defined by paragraph 3 of Part 1 of schedule 12A to the Local Government Act.**

16.GP.13 Primrose Gardens Retirement Living: Award of Contract

Councillor Graham Dunn, Executive Member (Homes and Housing) presented the report of the Director (Business, Development and Growth). The decision to proceed with the scheme had been taken in September 2016 with the detail of the proposals.

The report provided an update, including the detailed design, cost schedule and construction timetable. The report sought approval to enter into a Design and Build contract with Eric Wright Construction.

Background

The Council had entered into a Pre-Contract Services Agreement in 2017, in order to enable the detailed design work and site enabling works to progress, pending the development of a suite of contractor's proposals, accurate cost schedule and also a Design and Build contract.

All of the preparatory work had now been completed by the design team, working with the Council to finalise the design requirements, and a cost schedule had been produced and audited by Pick Everard. Pick Everard had undertaken a thorough process of due diligence on the cost schedule.

An external legal specialist, Hill Dickinson had been instructed to draft a fixed price contract, which provided minimum risk to the Council. This meant that all risk lay with Eric Wright and that following the detailed cost analysis undertaken, the Council could be satisfied that the price paid represented value for money, would deliver a high quality scheme and would not increase.

Primrose Gardens had evolved from the initial outline design with the main contractor engaged to develop the design and assisting in drawing up a set of contract proposals. As the design process evolved the original cost schedule of £9.1m was reviewed and developed into a more accurate reflection of actual costs required to deliver the scheme. This resulted in an increase in costs of £787k of which £292k, and a revised design and build budget of £9.394m, was reported to the Leader and Chief Officers in February 2017. The Council had at that time secured additional funding from the HCA to cover the then £292k increase in costs. Additional costs of £8k for the purchase of the site and £50k for the Furniture, Fittings and Equipment have also been identified. The total proposed budget for the scheme would now be £10.59mill up from £9.75mill an increase of £0.84mill.

The further amendments to the project were transparent and justified as they would deliver a scheme which went above and beyond minimum requirements, with the most significant investment being the fire suppression system to keep tenants safe and meet expectations in terms of the quality and standard of the building.

Fire Strategy

The initial fire strategy proposal had been based on a 'stay and defend' basis with no suppression system at all. This met with all necessary building regulations, however, it was less common in new schemes and those of this size. Most extra care schemes, including those recently developed by Eric Wright, had fire suppression or mist systems installed.

The Council's insurers were asked to comment on the proposed fire strategy and strongly recommended that a suppression system be installed, which would attract a

discount on the premium, but more importantly, provided comfort and increased level of safety for our customers, as well as increased protection for life. This was a reputational issue as well as one where demand could be affected if the Council did not equip the scheme to the level of comparable schemes. Members noted that a sprinkler system was more expensive and would cause a lot of damage and inconvenience caused to residents if it went off in error, whereas the mist system would not.

Members noted that the design and construction of the scheme was very different to that of Grenfell Tower in London. The external elevations were constructed from masonry, no sandwich type cladding was being used anywhere within the scheme. The travel distance for escape routes were much shorter than those in the recent tragedy and the 60 minute protected compartment extend to not only the apartments (walls, floors and ceilings), but also to the designated fire escape routes. The assisted technology included within the scheme would allow access to additional support in cases of emergency and emergency vehicle access and the ability to tackle a situation of that nature was much better at Primrose Gardens (although an additional review would be completed).

Financing

The detail of the capital expenditure and the requested budget were set out in paragraph 43, along with how this would be financed (the £336k included the £292k referred to previously). The detail relating to the S106 contributions were set out in paragraph 49 of the report. Members noted this included future offsite Section 106 contributions.

The government announced in November 2016 plans to radically transform the way housing benefit for supported housing (including extra care) was paid. These proposals were controversial as they would significantly reduce the amount of housing benefit paid to providers of supported housing, capping housing benefit payments for rent and service charges to local housing allowance levels.

The rents charged in supported housing (including extra care) were generally higher than those found in general needs housing, because of the nature of the client group, and the need to provide additional maintenance and management services for customers. Currently these rents were 100% covered by housing benefit and it was on this basis the Primrose Gardens Retirement Living business case was originally modelled.

In addition to the capped rent payments, the government was proposing that there would be a 'top up' pot given to councils (upper tier in two tier authority areas) which would bridge the funding gap between the capped rent paid by housing benefit, to the level of rent which was charged by the provider.

The government consulted on these proposals and the council had responded, with the response the same as that of the vast majority of providers in the sector advising that these proposals would decimate the future development of extra care and impact on vulnerable people.

It was not clear what the final outcome of these proposals would be, the government had not indicated when a final decision or announcement would be made. The financial modelling undertaken by officers included a 'worst case scenario' for rent and service charges which was set out in the report.

Lancashire County Council had taken a Council decision on 7 September 2016 to make a £1m contribution. This would be received when the Allocations Policy had been agreed.

Quality

In response to a query Members noted that it would be positive to have additional reassurance in relation to the Mechanical and Electrical part of the project to ensure that the quality was consistent with the Council's expectations. In addition, Members felt the Council's Building Control Team Leader should have an increased role in ensuring the quality of the build.

Councillor Aaron Beaver proposed, Councillor Eric Bell, seconded and it was **RESOLVED** two additional recommendations, as suggested by Councillor Boardman:

1. That an independent clerk of works be appointed to oversee the Mechanical and Electrical section of the project.
2. That the Council's Building Control Team work with Eric Wright Construction to ensure the quality of the build.

Councillor June Molyneaux proposed, Councillor Marion Lowe, seconded and it was **RESOLVED**

3. To approve an increase in the capital budget of £0.845m, therefore increasing the total capital budget from £9.747m to £10.592m.
4. To note the financing of this budget, including a successful application for a £0.337m increase in the HCA grant and the identification and approval of £0.228m additional commuted sums.
5. To approve an increase in the use of temporary prudential borrowing of £0.280m, bringing the total prudential borrowing figure to £6.158m. To note that this will be replaced in future years with offsite section 106 contributions.
6. To note that by commencing this scheme, the council will be committing to becoming the Registered Provider with an asset of a 65 bed extra care scheme. This will involve creating and managing social tenancies as regulated by the social housing regulator (currently the HCA).
7. To note the detailed design work and development of the contractors proposals which has been undertaken in the last three months and has resulted in the identification of specific, essential items necessary to deliver a high quality, community focussed and future proofed scheme to be delivered and managed by Chorley Council.
8. To note the cost items identified during the detailed design process referenced in paragraph 29 as required to provide a scheme which meets the Councils high quality standards and our customer expectations which are detailed in the report and include sundry items, a fire suppression (mist) system, public realm work, a fully equipped dancehall, and a fully equipped commercial café and servery.
9. To note the process of due diligence undertaken by the Council and our agent Pick Everard, to interrogate and verify the cost schedule provided by Eric Wright Construction.
10. To note the key principles which will be included in the contractors proposals document appended to the Design and Build contract. This includes a number of items which will be 'reviewable design items'

whereby the council will approve the final specification, colour, material etc.

11. To note the type of contract proposed is a standard Design and Build contract which includes a fixed price cost, which provides certainty and minimal risk to the Council.
12. To provide consent for the Council to enter into a formal Design and Build contract with Eric Wright Construction to deliver the Primrose Gardens Retirement Village scheme as specified within the contractors proposals and the employers requirements, at a fixed price of £9,888,742.
13. That a cross party letter is written to the DWP regarding the proposals to the funding of supported housing rents (known as the LHA cap) explicitly stating the negative impact the policy will have on the business model of Primrose Gardens.

Chair

Date

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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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