

HALTON BOROUGH COUNCIL



*Municipal Building,
Kingsway,
Widnes.
WA8 7QF*

23rd October 2007

**TO: MEMBERS OF THE HALTON
BOROUGH COUNCIL**

You are hereby summoned to attend an Ordinary Meeting of the Halton Borough Council to be held in the Council Chamber, Runcorn Town Hall on Wednesday, 31 October 2007 commencing at 6.30 p.m. for the purpose of considering and passing such resolution(s) as may be deemed necessary or desirable in respect of the matters mentioned in the Agenda.

A handwritten signature in black ink, appearing to read 'David W. R.', is centered on the page.

Chief Executive

-AGENDA-

- 1. COUNCIL MINUTES**
- 2. APOLOGIES FOR ABSENCE**
- 3. THE MAYOR'S ANNOUNCEMENT**
- 4. DECLARATIONS OF INTEREST**
- 5. LEADER'S REPORT**
- 6. MINUTES OF THE EXECUTIVE BOARD**
 - a) 19th July 2007
 - b) 6th September 2007
 - c) 20th September 2007
 - d) 18th October 2007
- 7. MINUTES OF THE EXECUTIVE BOARD SUB-COMMITTEE**
 - a) 19th July 2007
 - b) 6th September 2007
 - c) 20th September 2007
 - d) 18th October 2007
- 8. MINUTES OF THE 3MG EXECUTIVE SUB-BOARD**
 - a) 16th July 2007
- 9. QUESTIONS ASKED UNDER STANDING ORDER NO 8**
- 10. MATTERS REQUIRING A DECISION BY THE COUNCIL**
 - a) Executive Board 19th July 2007 - Housing Capital Programme (Minute No. EXB 19 refers)

The Executive Board considered the attached report.

RECOMMENDED: That the amended programme for 2007/08, as set out in the appendix, be approved.

- b) Executive Board 19th July 2007 - Capital Programme for Adult Social Care Division Within 2007/8 (Minute No. EXB 23 refers)

The Executive Board considered the attached report.

RECOMMENDED: That the Capital Programme for Adult Social Care within 2007/8 be approved as outlined in the report.

- c) Executive Board Sub-Committee 18th October 2007 - Preliminary Estimates for the Replacement of the Council's Fleet of Vehicles and Plant (Minute No. ES 38 refers)

The Executive Board Sub-Committee considered the attached report.

RECOMMENDED: That vehicle and plant replacement be included in the capital programme at a cost of £1.192m in 2007/8.

- d) 3MG Executive Sub-Board 16th July 2007 - Delivery Strategy Review - 3MG (Mersey Multimodal Gateway) (Minute No. ESB 5 refers)

The 3MG Executive Sub-Board considered the attached report.

RECOMMENDED: That the revised spending profile be approved.

11. CHANGE TO MEMBERSHIP OF COMMITTEE

The Council is advised that Councillor Wainwright has filled the Labour Group vacancy on the Standards Committee. This change has been made in accordance with Standing Order No. 30(4).

12. MINUTES OF POLICY AND PERFORMANCE BOARD AND THE BUSINESS EFFICIENCY BOARD

- a) Employment, Learning and Skills - Yellow Pages
- b) Children and Young People - Cream Pages
- c) Healthy Halton - Grey Pages
- d) Safer Halton - Pink Pages
- e) Urban Renewal - Green Pages

f) Corporate Services - Salmon Pages

g) Business Efficiency Board - White Pages

13. COMMITTEE MINUTES

a) Development Control - Pink Pages

b) Standards - White Pages

c) Regulatory - Blue Pages

AGENDA ITEM NO.

REPORT TO: Executive Board

DATE: 19th July 2007

REPORTING OFFICER: Strategic Director Health and Community

SUBJECT: Housing Capital Programme

WARD(S): Boroughwide

1.0 PURPOSE OF REPORT

1.1 To inform the Board of the financial outturn for the 2006/07 housing capital programme, and to seek approval for an amended 2007/08 programme.

2.0 RECOMMENDED – that the 2006/07 outturn be noted, and the amended programme for 2007/08 as set out in the Appendix be recommended to Council for approval.

3.0 SUPPORTING INFORMATION

3.1 A report was presented to Board on the 15th March 2007 setting out the forecast outturn for the 2006/07 housing capital programme, with a commentary on schemes where forecast outturn varied significantly from budget. The report also included a proposed programme of work for 2007/08.

3.2 In the light of the actual outturn for 2006/07 the revised total resource available for 2007/08 is now as follows -

	<u>£000's</u>
B/fwd from 2006/07	2,122
New capital grant	889
DFG subsidy	385
DFG capital growth	300
 TOTAL	 3,696

3.3 The programme of work for 2007/08 as set out in the final column of the Appendix has been adjusted to take account of the 2006/07 outturn. The only new scheme since the report of the 15th March is the provision of an additional £28,000 to fund further necessary repair works at Belvedere supported housing scheme in Runcorn. This comprises electrical improvements found to be necessary following a survey undertaken last year, and roofing repairs. Although the building is leased to an independent sector organisation, the Council still owns it and is responsible for these works.

- 3.4 The March report to Board explained that it was unlikely that there would be further significant expenditure on the Castlefields Equity Release Loan scheme, and that proposals would be brought forward to utilise the underspend. Elsewhere on the agenda is a report proposing the development of a Gypsy/Traveller transit site, and subject to that scheme being agreed, it is proposed that the development costs be funded from the uncommitted £565k.

4.0 POLICY IMPLICATIONS

- 4.1 None.

5.0 OTHER IMPLICATIONS

- 5.1 None.

6.0 RISK ANALYSIS

- 6.1 The considerable growth in the DFG budget will need to be closely managed to minimise any slippage. Additional design/tendering/supervision capacity will be created through the temporary use of consultants.

7.0 EQUALITY AND DIVERSITY ISSUES

- 7.1 The proposed programme of work will help tackle the housing problems of some of those in greatest housing need.

8.0 LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972

Document	Place of inspection	Contact Officer
Executive Board Report:15 March 2007	Widnes Municipal Building	Dwayne Johnson Strategic Director Health & Community

HOUSING CAPITAL PROGRAMME 2006/07/08 (£000s)

	Approved Budget 2006/07	Forecast Outturn 2006/07	Actual Outturn 2006/07	Approved Budget 2007/08	Revised Budget 2007/08
Housing Grants/Loans	484	608	560	586	586
Disabled Facilities Grants	685	685	687	942	942
Home Link	10	10	10	10	10
Energy Promotion	35	35	35	75	75
Castlefields Equity Release Loans	1,358	165	149	549	565
Neighbourhood Renewal Assessment	27	27	23	0	4
Housing Needs Survey	8	8	8	0	0
Refurbishment of Riverview Gypsy site	838	37	34	1,269	1,272
Belvedere Repairs	87	87	89	0	28
Adaptations Initiative	92	0	0	92	92
Contingency/loans for major adaptations				106	122
TOTAL	3,623	1,662	1,595	3,629	3,696

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REPORT TO:	Executive Board
DATE:	19 July 2007
REPORTING OFFICER:	Strategic Director - Health & Community
SUBJECT:	Capital Programme for Adult Social Care Division within 2007/8
WARD(S)	Borough wide

1.0 PURPOSE OF REPORT

To provide detailed information in relation to the proposals to develop and improve services within Adult Social Care, through the use of capital resources.

2.0 RECOMMENDATIONS

2.1 **That the Board recommends the Council to approve the Capital Programme for Adult Social Care within 2007/8 as outlined in this report.**

3.0 SUPPORTING INFORMATION

Background Overview

3.1 Adult Social Services departments can access a range of resources from a variety of sources to support capital developments. In the main they are from two major routes:

- Department of Health Capital grant.
- Council Capital programme & other specific grants

3.2 In December 2006 the Department of Health issued guidance LASSL (2006) 2 outlining how Adult Social Services departments could access capital funding and the amount allocated. In essence, the guidance clearly states an allocation of Supported Capital Expenditure (Capital Grant) for Halton in 2007/8 of £58,000 allocated towards Adult Services (generic).

3.3 Other specific capital grants include the Mental Health Supported Capital expenditure (SCE) grant for 2007/8 £95,000. Since 2005/6 under DOH guidance the Mental Health SCE is no longer ring fenced. Excellent councils under CPA are able to use this grant for any capital purpose. Bearing this in mind, alternative uses of the grant have been identified for the 2007/8 grant. Additionally, a new ring-fenced capital

grant to improve care homes £150,000 was introduced by the Department of Health in 2007/8.

3.4 The table below highlights this position for Adult Social Care:

	Capital for 2007/08 (£)
Mental Health SCE	95,000
LASSL	58,000
Capital Grant – Improvement of Care Homes	150,000
Total	303,000

3.5 Mental Health SCE

The funding for 2007/8 @ £95K should be redirected to refurbishments at John Briggs House. This Council owned building will accommodate the Older Peoples team on the Ground floor and transfer the Private Sector Housing team to the upper floor in order to integrate the Independent Living Team and the care and repair agency. Connecting these services will deliver the efficiencies agreed as part of the savings proposals in 2007-08 and lead to future resource efficiencies. The works also bring some parts of the building to Disability Discrimination Act (DDA standard) and improve the door access system.

3.5.1 Capital Grant Improvement of Care Homes

Halton BC acts as an agent on behalf of the Department of Health for the new Dignity in Care Grant. This grant aims to enhance the physical environment of Care Homes as part of the Government's dignity campaign, which places dignity and respect at the heart of caring for older people. Applications have been received from private and voluntary sector nursing and residential homes for this grant of £150,000 to improve the lives of local people. These have now been prioritised. Payment will be made on completion of the work in 2007/8.

3.5.2 LASSL

a) Bredon £23,500

As part of the service redesign at Bredon, it is intended to undertake the following additional works for potential adjustments to the kitchen at Bredon Respite unit to comply with Commission for Social Care Inspection recommendations; install a door entry system and unforeseen additional items from the original specification.

b) Bridgewater £1,000

To fund kitchen improvements to enable the kitchen to be used as a resource for PSD and Older People service users to promote rehabilitation.

c) IT for Mobile Working £11,836

To fund various projects across Adult Social Care

d) DDA projects £21,664

Various projects across Adult Social Care will be undertaken to improve our DDA requirements.

4.0 POLICY IMPLICATIONS

4.1 There are no policy implications as a result of this report.

5.0 OTHER IMPLICATIONS

5.1 Provision exists to meet this expenditure within the Council's approved capital budget.

6.0 RISK ANALYSIS

6.1 All capital budgets will be closely managed to minimise any slippage and expend the full capital programme.

7.0 EQUALITY & DIVERSITY ISSUES

7.1 The proposed programme of work will help tackle housing and social care problems of those in greatest need.

8.0 LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972

<u>Document</u>	<u>Place of Inspection</u>	<u>Contact Officer</u>
Executive Board Report – 22 February 2007	Widnes Municipal Building	Bill Dodd Operational Director Financial Services

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REPORT TO: Executive Board Sub Committee

DATE: 18th October 2007

REPORTING OFFICER: Strategic Director – Environment

SUBJECT: Preliminary Estimates for the Replacement of the Council's Fleet of Vehicles and Plant

WARD(S): Borough wide

1.0 PURPOSE OF REPORT

1.1 This report requests agreement to the replacement of part of the Council's Fleet of Vehicles and Plant by various acquisition methods rather than through the current Contract Hire supply contract. It is proposed that sourcing through an appropriate Procurement Organisation with established framework agreements is used for the procurement process.

2.0 RECOMMENDED: That: -

- (1) the Operational Director for Highways, Transportation, & Logistics in consultation with the Operational Director Financial Services, Executive Board Member for Environment, Leisure and Sport and the Executive Board Member for Corporate Services be authorised to procure *Vehicles and Plant* through the most advantageous financial funding method;**
- (2) Council be recommended to include Vehicle and Plant Replacement in the Capital programme at a cost of £1.192m in 2007/8; and**
- (3) Procurement is undertaken through a *Central Purchasing Body complying with the requirements of the Public Contracts Regulations 2006*.**

3.0 SUPPORTING INFORMATION

3.1 The Council currently operates 109 vehicles, and 88 Items of plant and machinery acquired through tendered contracts on a Contract Hire basis. 48 of these fleet items with a combined capital value of £1.5million are now approaching their respective contract expiry *dates*.

3.2 Whilst there is an existing supply contract in place until December 2007, which could be used for the replacement of these fleet items, an

alternative procurement approach has been explored which has highlighted alternative, more cost-effective acquisition methods than under the current arrangements.

- 3.3 During September, Sector Treasury Management were commissioned to carry out an Options Appraisal on different financial methods of fleet acquisition and compare these against the cost of the Contract Hire. The alternative methods suggested are: - Operating Lease, Finance Lease & Borrowing.
- 3.4 Appendix 1 provides a snapshot of the appraisal exercise and demonstrates that a 'one size fits all approach' would not be in the Council's interest, but the flexibility of using all of the different methods depending on a number of factors including interest rates, residual values, vehicle capital cost, repayment term and the number and type of vehicles required, would provide the least expensive way forward.
- 3.5 The purchasing of these fleet items is governed by European procurement rules. It is therefore proposed that further efficiencies on procurement process could be made if the Operational Director Highways, Transportation & Logistics is authorised to agree terms with an established Central Purchasing Body (CPB) under the Public *Contracts* Regulations 2006. Provided the Council purchases from a CPB under arrangements that have themselves complied with the 2006 Regulations (advertising in EU etc) then there is no requirement on Halton to go through the advertising process again. The Council's Procurement Standing Orders (1.16) include a similar exception so there is no need for waiver of Standing Orders. When these CPB's advertise in the Official Journal of the EU they make it clear that they are seeking prices for vehicles and equipment for their own needs and to meet the needs of other public bodies.
- 3.6 A number of Local Authorities and Central Government departments have set up Procurement Organisations that have established fleet procurement frameworks that fully comply with the Public Contracts Regulations 2006. These include Eastern Shires, Yorkshire Purchasing and The Office of Government Commerce.

4.0 POLICY IMPLICATIONS

- 4.1 The Procurement Arrangement would be in line with the Council's Procurement Standing Order 1.15 and with key Objective 2 of the corporate Procurement Strategy: *"Deliver consistent and significantly better quality services that meet the identified needs of individuals and groups within Halton and develop mixed economy, through strategic partnerships, framework agreements and collaboration with a range of public, private and voluntary suppliers"*.

5.0 FINANCIAL IMPLICATIONS

- 5.1 The lowest cost options are highlighted in the funding appraisal in Appendix 1. A mixture of operating lease and borrowing produce the lowest revenue cost in all but one case where the Net Present Value was lowest, although in this case the differential is negligible.
- 5.2 Repeat funding by Contract Hire would cost more than £50,000 extra but the borrowing options would produce capital receipts estimated at £115,000.
- 5.3 The cheapest revenue option is still £27,000 more than current costs, all due to increased specification of the Welfare Fleet, however, this additional cost will be met by savings from extended use of Council vehicles and a reduction in the use of Taxis.
- 5.4 To ensure best value, the appraisal process will be repeated annually to identify the cheapest financing options.

6.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES

6.1 Children and Young People in Halton

N/A.

6.2 Employment, Learning and Skills in Halton

N/A.

6.3 A Healthy Halton

N/A.

6.4 A Safer Halton

N/A.

6.5 Halton's Urban Renewal

N/A.

6.6 Corporate Effectiveness and Efficient Service Delivery

The proposals contained within this report will contribute to this Council Priority, in particular, Area of Focus 35 "Implementing and further developing procurement arrangements that will reduce the cost to the Council of acquiring its goods and services".

7.0 RISK ANALYSIS

7.1 The main risks associated with not replacing the contract expired fleet items would result in additional expenditure being incurred as a result of increasing maintenance and extended contract hire payments. Not replacing these vehicles on a timely basis will also risk non-compliance with Council's Carbon Management Programme in terms of the need to reduce exhaust tailpipe emissions. Inspecting the CPB's contract and advertising documentation would manage the risk that the intended Central Purchasing Body was offering arrangements that had not complied with the Public Contracts Regulations 2006.

8.0 EQUALITY AND DIVERSITY ISSUES

8.1 There are no specific issues that are not addressed by following the approved and established procurement processes.

9.0 LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972

Document	Place of Inspection	Contact Officer
Working documents	Lowerhouse Lane Depot	Geoff Hazlehurst

HALTON OPTION APPRAISAL INFORMATION - 2008/2009 REVENUE COSTS

<u>Capital Expenditure</u> £	<u>Period</u>	<u>2007/2008</u> <u>Current Hire</u> <u>Charges</u>	<u>Operating Lease</u>	<u>Finance Lease</u>	<u>Borrowing</u>	<u>Replacement</u> <u>Contract Hire</u> <u>Charges</u>	<u>Cheapest</u> <u>Revenue</u> <u>Option</u>	<u>Increase/S</u> <u>aving</u>
67,435.00	3 Years	16,438.56	14,646.88	24,100.59	23,648.78	18,333.00	14,646.88	-1,791.68
218,920.00	5 Years	43,255.28	39,261.11	50,117.36	48,330.97	47,399.00	39,261.11	-3,994.17
39,701.00	5 Years	7,626.84	7,762.74	9,088.75	8,764.79	8,055.00	7,762.74	135.90
120,000.00	6 Years	20,724.00	29,745.60	23,655.60	22,617.60	29,308.00	22,617.60	1,893.60
552,000.00	7 Years	57,463.96	112,056.00	96,335.04	91,339.44	97,224.00	91,339.44	33,875.48
520,526.00	7 Years	86,348.48	91,997.77	90,842.20	86,131.44	110,880.00	86,131.44	-217.04
64,000.00	7 Years	11,721.36	9,466.25	11,169.28	10,702.72	9,960.00	9,466.25	-2,255.11
1,582,582.00		243,578.48	304,936.35	305,308.82	291,535.74	321,159.00	271,225.46	27,646.98

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REPORT TO: 3MG Executive Sub Board

DATE: 16 July 2007

REPORTING OFFICER: Strategic Director – Environment

SUBJECT: Delivery Strategy Review - 3MG (Mersey Multimodal Gateway)

WARDS: Ditton and Riverside

1.0 PURPOSE OF THE REPORT

- 1.1 The purpose of this report is to update the Delivery Strategy from 2004 and to seek members' approval to make the changes as outlined in the report.

2.0 RECOMMENDATION: That

- (1) The Delivery Strategy be agreed on the basis of the up to date financial position of the programme.
- (2) That it is recommended to Council to approve the revised spending profile.

3.0 SUPPORTING INFORMATION

- 3.1 The Executive Board on 9th December 2004 approved the Delivery Strategy (EXB172).
- 3.2 In December 2004 it was reported that the programme as a whole was likely to cost £31.68M of which it was anticipated £24.19M would come from the private sector and circa £7.48M from the public sector (Item 4a, Para. 6.2). We are four years on from when these costings were established. We also have the benefit of being in the delivery phase and therefore can be more certain of the costs.
- 3.3 In July 2007 the programme as whole is likely to cost £100M of which it is anticipated £56M would come from the private sector and circa £44M would come via the public sector. Over £40M Private Sector Investment has been made in the period of the masterplan to date.
- 3.4 Due to the scale of the programme and the nature of strategic development it will be necessary to review the Delivery Strategy periodically, as it will not remain static. The intention would be to report back to 3MG Executive Board Sub in the future when there has been significant change.
- 3.5 Points for consideration:

- 3.5.1 The funding profile describes the expenditure and the income for the programme. The accompanying notes describe the build up to the funding profile.
- 3.5.2 The deletion of the £1M Ditton Environmental Enhancement Scheme. Ditton Road is unlikely to be one of the Gateways into 3MG, with the main accesses being from the A5300 and Ditton Road roundabout. It was felt that the funding would be better utilised elsewhere.
- 3.5.3 HBC Fields land receipt for the purposes of this report has been estimated at £20M. The Westbury Group acquired AHC in March 2007 for £33.5M. The site, one hundred acres, with inferior road access, poor configuration, leaves in the region of 60 acres of usable brownfield land. The District Valuer commented on the unique nature of the 'HBC Fields' land in terms of planning, location and sites of this size being increasingly more difficult to acquire. Given also the competition between the main logistics companies has resulted in higher prices for prime sites. The interest in 3MG by developers and freight operators is growing. It would not be unrealistic to expect the similar values for HBC Fields; 60 acre greenfield site with excellent access to the primary route network. The sale of HBC Field is intended to reimburse the expenditure incurred by the Council on the delivery of the programme.
- 3.5.4 The Highway Infrastructure as shown is circa £27M. This includes approximately £18M for the essential A5300 and approximately £9M for the East West link. We are investigating a lower cost alternative for the East West link to satisfy the requirements of the UDP. The highway costings also include an optimism bias of 35%, as required on all Highway Projects at this stage in their development. As the two roads schemes are developed the optimism bias could reduce and if it was eradicated altogether, there could be a 35% (£9,450,000) reduction to the total cost. It is prudent to show the bias at this stage.
- 3.5.5 Funding has been included for the CPO to cover land acquisitions (not dealt with elsewhere) and all of the associated fees for the CPO. It is prudent to make substantial allowances for the CPO, as two CPOs may be required; highway and planning.
- 3.5.6 The advice received on State Aid rules (from Weightmans Solicitors) states that any assets the Council contributes for the sole benefit of 3MG must be leased to 3MG Ltd at Open Market Value. This would include the Rail Reception Sidings, the Rail Corridor Extensions and non-adopted Highway Infrastructure,

e.g. the internal roads. Thus providing an annual revenue income for the Council.

3.6 The Delivery Strategy as it stands identifies a deficit of £10M.

However, the report does describe opportunities to eliminate the deficit by realising a higher value for HBC Field, reducing the optimism bias on the Highway Infrastructure and by providing a lower cost alternative to the East West link road. It is likely that a combination of these will be the case. The Delivery Strategy is ever moving feast and has to react to a number of external circumstances and change course accordingly. The costings contained in this report are as realistic as they can be at this stage of delivery. As the programme moves forward and works are tendered and land negotiations are complete the Delivery Strategy will be reviewed.

4.0 POLICY IMPLICATIONS

- 4.1 The Council adopted the DSRFP Masterplan in December 2004. The DSRFP is heralded in the Council's Corporate Plan and LSP and HBC Urban Renewal Strategy and Action Plan, and supports the Council's Urban Renewal corporate priority.

5.0 OTHER IMPLICATIONS

- 5.1 There are no other implications.

6.0 RISK ANALYSIS

- 6.1 The risks remain the same as those identified at the outset of the programme. The risks associated with the delivery of the programme are identified below.

6.1.1 **Timing is paramount.** 3MG is currently operating within the allocated budget. Funding is not in the Council purse to cover expenditure after this financial year until HBC Fields is sold. As such, the Council will incur interest on money it borrows to fund the programme. The timing of the delivery of the programme is critical and as far as reasonably practicable must coincide with the income streams. Care must be taken not to over stretch the Council purse, before securing certainty over the sale of HBC Field. This has particular relevance to the two highway infrastructure projects.

6.1.2 **A reduction in land values.** The main risk to the Council is the requirement to realise a return on HBC Fields to cover the cost of the Council input to 3MG. The value of HBC Fields is largely dependant upon the delivery of the Western Approach (A5300). This risk will be reduced during the negotiations with landowners

(Network Rail and CCC) and by submitting a planning application later this year.

- 6.1.3 **Lack of developer interest.** The investment by the Westbury Group in AHC Westlink is very promising and Land values are increasing. The interest in 3MG by developers and logistics operators is growing more competitive. The Council has the opportunity to form a joint venture delivery vehicle for 3MG. This delivery vehicle would share the risks and provide capital for acquisitions / CPO / infrastructure and the like, thus reducing the Council commitment. The joint venture delivery will be considered over the next six months and the 3MG Executive Sub Board will consider a report. The establishment of a JV will provide certainty in terms of finance and delivery of the Masterplan and will reduce the risks presently, solely borne by the Council.
- 6.1.4 **Construction costs rising.** Items such as steel have risen significantly in recent years and other materials could follow suit. A 25% contingency has been included in the rail sidings estimate and a 35% optimism bias in the road estimate. Therefore, the major infrastructure projects contain contingencies in line with Government guidance for this stage of estimate.
- 6.1.5 **Failure to secure Planning Permission.** There are likely to be objections to each planning application submitted in relation to 3MG. However, by complying with Planning Policy as set out in the Halton UDP Policy E7 and the SPD for Ditton Strategic Rail Freight Park, reduces the risk of refusal or call in by the Secretary of State. The planning applications we anticipate all support the delivery of Policy E7.
- 6.1.6 **Grants surety.** To date £2M has been secured from ERDF towards 3MG infrastructure. This must be expended and claimed by June 2008 or it will be lost. The NWDA are have appraised a Phase 1 application for £1.7M, which will be considered by their Board on 9 July. This covers land acquisitions, fees and infrastructure projects. Once this grant is secured it will be paid retrospectively for expenditure the Council has incurred since 2 August 2006. The NWDA will also expect the Council to claim the full £1.7M by 31 March 2008. The in principal agreement with the NWDA is for £4.5M. As projects are progressed, further applications will be submitted for Phase 2 & 3, to draw down the remaining funding. WREN have provided a grant of £73k and an application will be made to BIFFA for £30k, this funding is being utilised on Halebank Rec.
- 6.1.7 **Utilising Council funding prior to securing a receipt from HBC Fields and grant income.** There will be a period,

particularly in this current year, where by the Council will front the expenditure of the masterplan. For example, the sludge diversion has been commissioned and United Utilities will be undertaking the work from September. We can only claim 24.13% from ERDF. Therefore, the balance will initially come from the Council Capital Programme. Once the NWDA Contract is in place for Phase 1, we can claim the balance of the sludge diversion, the remaining 75.87% from the NWDA.

- 6.1.8 **Acquisition of third party land.** The Council will only pursue the acquisition of Tessengerlo and Eddarbridge, if third party funding is available (see ESB 15). The Council will act in a facilitator role, potentially utilising its CPO powers.

7.0 EQUALITY AND DIVERSITY ISSUES

None

8.0 REASON(S) FOR DECISION

9.0 ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

10.0 IMPLEMENTATION DATE

(NB 8.0, 9.0 AND 10.0 ONLY IF KEY DECISION)

11.0 LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972

Document	Place of Inspection	Contact Officer
Ditton Strategic Rail Freight Park Delivery Strategy October 2004	Major Projects	Sally McDonald

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FINANCIAL INFORMATION ON MAJOR PROJECTS																
Programme: 3MG																
Programme Spend																
	Code	2007-2008									2008-2009 Estimate	2009-2010 Estimate	2010-2011 Estimate	TOTAL	NOTES	
		Previous Years		Q1		Q2		Q3		Q4						
		Actual	Estimate	Actual	Estimate	Actual	Estimate	Actual	Estimate	Actual						Estimate
Administration	6804	244,460	48,945		48,945		48,945		48,945		201,653	207,702	213,933	1,063,528	1	
Project Management Consultancy	N517	265,349	5,000		5,000		5,000		5,000		20,000	20,000	20,000	345,349	2	
HBC Fields	N519	345,435	0		128,375		54,000		200,000		908,000	500,000	0	2,135,810	3	
Ditton Road	N520	1,458	0		0		0		0		0	0	0	1,458	4	
Rail Reception Sidings / Corridor Extension	N521	28,931	10,000		20,000		30,000		740,000		1,600,000	420,444	3,195,000	6,044,375	5	
Tessengerlo	N523	0	0		5,000		15,000		500,000		1,000,000	500,000	0	2,020,000	6	
Eddarbridge	N524	309	0		0		0		156,000		1,143,691	1,000,000	0	2,300,000	7	
CPO	N525	2,534	0		0		5,000		15,000		277,466	500,000	200,000	1,000,000	8	
Sludge Line Relocation	N526	59,000	1,116,558		0		0		0		0	0	0	1,175,558	9	
Highway Infrastructure	N528	168,051	50,000		50,000		50,000		409,000		3,177,000	18,322,000	5,236,000	27,462,051	10	
DSRFP Marketing	N530	49,688	0		5,000		2,500		2,500		10,000	10,000	10,000	89,688	11	
Ditton Enterprise Grant Scheme	N531	539	1,750		1,750		65,000		121,000		73,461			263,500	12	
Programme Total		1,165,754	1,232,253	0	264,070	0	275,445	0	2,197,445	0	8,411,271	21,480,146	8,874,933	43,901,317		
Latest Approval														13,181,000		
Board Minute	9/12/04															
Variance														30,720,317		
Programme Funding																
	Code	2007-2008									2008-2009 Estimate	2009-2010 Estimate	2010-2011 Estimate	TOTAL	NOTES	
		Previous Years		Q1		Q2		Q3		Q4						
		Actual	Estimate	Actual	Estimate	Actual	Estimate	Actual	Estimate	Actual						Estimate
HBC Capital Programme		1,075,965	264,410		0		0		0		0	0	0	1,340,375	13	
HBC Field land receipt		0	0		0		0		0		20,000,000			20,000,000	14	
NRF		70,000	0		0		0		0		0	0	0	70,000	15	
ERDF Objective 2		19,789	280,000		20,000		95,000		300,000		1,285,211	0	0	2,000,000	16	
Land Fill Tax Credits		0	50,000		20,000		30,000		3,000		0	0	0	103,000	17	
NWDA		0	0		0		250,000		250,000		2,000,000	2,000,000	0	4,500,000	18	
Section 106		0	0		0		0		0		700,000	0	0	700,000	19	
NWDA Tess acq		0	0		0		0		500,000		0	0	0	500,000	20	
Tessengerlo land receipt		0	0		0		0		0		0	1,520,000	0	1,520,000	21	
Eddarbridge land receipt		0	0		0		0		0		0	0	2,300,000	2,300,000	22	
Programme Total		1,165,754	0	0	0	0	375,000	0	1,053,000	0	23,985,211	3,520,000	0	33,033,375		
Latest Approval														13,181,000		
Variance														19,852,375		

FINANCIAL INFORMATION ON MAJOR													
Programme: 3MG													
Project Funding													
	Code	HBC Capital Programme	HBC Capital Receipts	NRF	ERDF Objective 2	Landfill Tax Credits	NWDA	ERDF Objective 1	Section 106	NWDA Tess Acq	Tessengerlo Land Receipt	Eddarbridge Land Receipt	TOTAL
Administration	6804												0
Project Management Consultancy	N517			70,000									70,000
HBC Fields	N519												0
Ditton Road	N520												0
Rail Reception Sidings / Corridor Extension	N521												0
Tessengerlo	N523												0
Eddarbridge	N524												0
CPO	N525												0
Sludge Line Relocation	N526												0
Highway Infrastructure	N528												0
DSRFP Marketing	N530												0
Ditton Enterprise Grant Scheme	N531												0
Programme Total		0	0	70,000	0	0	0	0	0				70,000
NOTES (1) Unsecured funding should be identified in BOLD													
(2) HBC funding from capital programme/capital priorities fund/capital receipts and each grant to be shown separately													
Latest Approval													0
Board Minute	9/12/04												
Variance		0	0	70,000	0	0	0	0	0				70,000
Comments													
HBC Capital Programme													
HBC Field land receipt													
NRF													
ERDF Objective 2													
Land Fill Tax Credits													
NWDA													
Section 106													
NWDA Tess acq													
Tessengerlo land receipt													
Eddarbridge land receipt													
Programme Total													
Latest Approval													
Variance													

3MG Programme

The projected spend and funding included in the revised 3MG profile is to be transacted through the Council. It does not include spend or funding which will be incurred or secured directly by the private sector.

Notes on the 3MG spending profile

1. Calculated based on the highest quarter in 06/07.
Inflation has been added at 3% for each subsequent year.
2. The majority of the consultancy expenditure was incurred during the development of the masterplan.
In 2006/7 the amount incurred for the year, not attributable to individual projects was £7k for Legal advice on the formation of the 3MG Management Company.
An estimate of £20k for each subsequent year has been included. Thus reducing the masterplan estimate by £100k per annum.
3. In quarter 2 of 2007/8 the following transactions are anticipated:
 - £10,000 Halebank Rec. works
 - £10,000 Environmental Statement
 - £105,000 Bibby acquisition
 - £1,000 Langton acquisition
 - £3,375 fees for both acquisitionsTotalling £128,375

In quarter 3 of 2007/8 the following transactions are anticipated:
 - £50,000 Platt acquisition
 - £65,000 Halebank Rec.
 - £47,000 Environmental StatementTotalling £166,000

In quarter 4 of 2007/8 the following transactions are anticipated:
 - £200,000 Phase 1 structural landscaping
In 2008/9, £796,000 has been included for the balance of the phase 1 structural landscaping.

In 2009/10 an amount of £500k has been included towards phase 2 structural landscaping for the Village Green application area.
4. A Ditton Road environmental scheme was being developed when Ditton Road was to be used as a key gateway into 3MG. Following the application for Village Green status in Halebank the skew bridge option with Network Rail was dropped and as was the Ditton Road scheme was dropped as Ditton Road would no longer be a main entrance and the £1m investment would be needed elsewhere within 3MG park itself.

5. Rail reception and sidings were identified in the masterplan separately with a total value of £6,665,000.

The estimated cost of the rail reception sidings as at April 2007 is £2,425,000. This may increase if VAT is non recoverable to £2,849,375.

No update of the costings is available for the rail corridor extension; therefore, £3,195,000 has been included as per the original masterplan.

6. The Tessengerlo opportunity was reported on 1st March 2007 (ESB15) it was agreed that:

- 1) Authority is given to the Operational Director Property Services to negotiate with Tessengerlo for the acquisition of their land ownership in the West Bank area of Widnes.
- 2) Delegated authority be given to the Strategic Director for Environment and the Strategic Director for Corporate Services (in consultation with the Executive Member for Planning Transportation Regeneration and Renewal and the Executive Member for Corporate Service) to take such action as is necessary to acquire the land from Tessengerlo subject to the North West Development Agency agreeing to fully fund the purchase price.

In quarter 2 of 2007/8 the following transactions are anticipated:

- £5,000 District Valuer's report

In quarter 3 of 2007/8 the following transactions are anticipated:

- £15,000 Professional fees

In quarter 4 of 2007/8 the following transactions are anticipated:

- £500,000 acquisition (see note 22)

In 2008/9, £1,000,000 has been included for reclamation.

In 2009/10, £500,000 has been identified as NWDA clawback.

7. Eddarbridge £2,300,000 is the original Masterplan figure

In quarter 4 of 2007/8 the following transactions are anticipated:

- £156,000 Unit 22 acquisition and demolition (estimate by A. Gore)

Balance split as per the masterplan

8. Includes the fees involved in the process from the start of the CPO through to the completion of claims.

9. Sludge line relocation

Previous year included up front cost to United Utilities for design and tender.

In quarter 1 of 2007/8 the following transaction occurred:

- £1,116,558 Payment in full to UU for works

There will be a balancing affect at the end of the contract would could see a minor alteration to the cost in either favour.

10. Costings include two pieces of highway infrastructure:

- East west link road (approx £9M)
- Link road to the A5300 (approx £18M)

The costs included are those, which would be attributable to 3MG to make the necessary highway alterations to cater for the 3MG traffic.

The costings have been provided by Atkins and are category 2 estimates; and include:

- Optimism bias @ 35%
- Non-recoverable VAT £1.567m (70% of works o/s highway boundary) (to be tested / confirmed)
- Inflation @ 3% per annum - assumed construction 2010/ 2011

11. The spend incurred in the previous year is associated with launching 3MG as a brand. All future expenditure will be split three ways with the O'Connor Group of Companies, AHC Westlink Group and HBC paying an equal share as such the annual contribution is expected to be in the region of £10k. The next phase of expenditure will be the targeted marketing strategy, which will raise the profile of 3MG and in turn raise the value of the land and development interest in the park.

12. ERDF has provided a £250k grant for a business enterprise scheme. In addition the 3MG programme is contributing towards the Project Management required to undertake the scheme. The Project Management fee has been agreed at £13,500.

Notes on the 3MG funding profile

13. The allocation from the Capital Programme remains unchanged from the original masterplan.

14. The District Valuers office provided a report in December 2005 this was summarised in ESB16.

- The DV's valuation for the site (based on the new road access and new rail infrastructure being in place) is in the region of £12,500,000. The DV has further commented on the unique nature of the 'HBC Fields' land in terms of planning, location and sites of this size being increasingly more difficult to acquire. Given also the competition between the main logistics companies has resulted in higher prices for prime sites.

- The DV has further advised that if the site were placed on the market he would anticipate a good level of interest and there could easily be an 'overbid' from an operator particularly eager to gain representation in the area. This overbid could be significant and in tender type situations the advice is that it is not unusual for 'special' purchaser bids to exceed the generality of the market by 10-20% i.e. a headline value of between £13,750,000 to £15,000,000 could be achieved. For this reason the DV would always recommend placing a property of this type on the open market to test interest.

In the same report the offer from Drawbridge of £13,300,000 was reported.

In March 2007 the Westbury Group acquired AHC. The acquisition included land and the business. The Westbury Group paid £33.5m for 100 acres. Of which approximately 60 acres is useable (discounting the mound and the poor configuration of the site).

HBC Field consists of 60 acres of developable area, not including the landscaping, sidings and road access.

£20m has been included in the funding profile for HBC Fields.

15. Grant already received from NRF.
16. Grant secured from ERDF.
17. £72,673 secured to date from WREN (landfill tax credits) a further £30k is expected from BIFFA (landfill tax credits).
18. NWDA have agreed in principal to a grant of £4.5m, this is identified within the NWDA Strategic Investment Programme. An application for the first tranche of this funding is in progress.
19. A section 106 agreement is in place for the Drawbridge development for circa £700k towards off site infrastructure. Drawbridge will no longer be the developer of the AHC site. However, whether Westbury implement the existing permission or submit a new application (the latter is more likely). The Local Planning Authority will look to maintain the level of commitment to off site infrastructure.
20. The NWDA offered to underwrite the acquisition of Tessengerlo in 2006/7. They may be a possibility of the same assistance later this year. The value of Tessengerlo is unknown at this time. An estimate has been included for the purposes of the funding profile.
21. The estimated costs of acquisition and remediation of Tessengerlo and reimbursing the NWDA for the underwriting the acquisition (clawback) identified in Note 6. Minus the income from the NWDA identified in Note 20, are included here. They may be some element of profit. However, for

these purposes the Tessengerlo scheme has been shown as breaking even.

22. Likewise with Eddarbridge the scheme is shown as breaking even and reflects the recovery of the costs identified in Note 7.

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