



EAST STAFFORDSHIRE BOROUGH COUNCIL

REPORT COVER SHEET

Title of Report:	Dove Way/Pennycroft Lane Project – Final Account
Meeting of:	Cabinet
Date:	14 th May 2018
Is this an Executive Decision:	Yes
Is this a Key Decision:	No
Is the Report Confidential:	No
If so, please state relevant paragraph from Schedule 12A LGA 1972:	
<p>Essential Signatories:</p> <p>ALL REPORTS MUST BE IN THE NAME OF A HEAD OF SERVICE</p> <p>Monitoring Officer: Angela Wakefield</p> <p>Date Signature</p> <p>Chief Finance Officer: Sal Khan</p> <p>Date Signature</p>	

EAST STAFFORDSHIRE BOROUGH COUNCIL

Report to Cabinet

Date: 14th May 2018

REPORT TITLE: Dove Way/Pennycroft Lane Project – Final Account

PORTFOLIO: Leader of the Council

HEAD OF SERVICE: Chief Executive/Head of Service – Sal Khan

CONTACT OFFICER: Lisa Turner Ext. No. x1399

WARD(S) AFFECTED: All

1. Purpose of the Report

- 1.1 To update members on the latest position in respect of the final account associated with the Dove Way/ Pennycroft Lane capital works and to agree the necessary funding allocation to facilitate final payment to the contractor.

2. Contribution to Corporate Priorities

- 2.1. The works associated with this project directly contribute to the promoting local economic growth priority.

3. Report

- 3.1 During the course of 2016/17, the Council completed infrastructure and remediation works at sites located on Dove Way and Pennycroft Lane, Uttoxeter. The aim being to bring the sites into use by making them more attractive to developers, with planning permission granted at Dove Way for commercial use and residential planning for 49 dwellings at the Pennycroft Lane site. As well as providing employment and homes for the area. The Council at a Full Council meeting on 19th May 2017 agreed “in principle” to the sale of these sites and is in the process of completing negotiations.

- 3.2 The Council successfully secured external funding from the local enterprise partnership of £1.9m to deliver these works. However in early 2017 it was identified that the costs were expected to exceed the external funding allocation. The main reasons for this related to additional costs on the remediation works and additional works in delivering the site infrastructure, that were unknown at the time the contract with Amey was agreed (July 2015).
- 3.3 The latest forecast was incorporated into the Quarter 3 finance report to Cabinet in March 2017, with additional (£0.4m) funding agreed from the Growth Point Capital Fund. A project review was undertaken by our independent internal auditors and their findings were discussed at Scrutiny (Audit and Value for Money Council Services) Committee, who following their own investigations made a number of recommendations to improve internal controls.
- 3.4 During the course of 2017/18 the MTFs quarterly finance reports have highlighted that the final account associated with these works had not yet been forthcoming from the contractor (Amey). Officers from the Enterprise and Legal teams have been in extended discussions during the interim period with the contractor and have recently provisionally agreed a final account figure of £198k. This is higher than original estimates had anticipated in the year end accounts for 2016/17, but is less than was anticipated at the VFM and Audit Committee on 9th October (when £210k was expected). All of this means there is an additional funding requirement of £133k. Appendix A provides a summary of the cost estimates from early 2017 compared with the position as agreed in the final account.
- 3.5 It is proposed to meet the revised requirement (£133k) from the Growth Point Capital Fund, which has an uncommitted balance of £1m. Growth Point Capital is suitable as it is designed to support the Council with new growth in the borough. In accordance with financial regulations, Cabinet is therefore asked to approve this funding allocation from Growth Point Grant to facilitate final payment to the Contractor.

4. Financial Considerations

This section has been approved by the following member of the Financial Management Unit: Lisa Turner

- 4.1. The financial implications of this report are outlined within the main body of the report. The additional funding requirement of £133k can be met from uncommitted Growth Point Capital Grant funding of £1m, in accordance within financial regulations, this is subject to Cabinet approval. Growth Point funding is appropriate as it was granted to the Council to help facilitate developments across the borough because the Council was given Growth Status by the Government.

5. Risk Assessment and Management

5.1. The main risks to this report and the Council achieving its objectives are as follows:

5.2. **Positive** (Opportunities/Benefits):

5.2.1. Finalisation of the project and associated finances;

5.2.2. Final account is consistent with the contractual arrangements.

5.3. **Negative** (Threats):

5.3.1. Potential legal ramifications of not making payment to the contractor.

6. Legal Considerations

*This section has been approved by the following member of the Legal Team:
Angela Wakefield*

6.1. As a result of detailed scrutiny of all relevant documentation we can confirm that the proposed final account is consistent with the contractual arrangements in place with the contractor.

7. Equalities and Health

7.1. **Equality impacts:** The subject of this report is not a policy, strategy, function or service that is new or being revised. An equality and health impact assessment is not required.

7.2. **Health impacts:** The outcome of the health screening question does not require a full Health Impact Assessment to be completed. An equality and health impact assessment is not required.

8. Human Rights

8.1. There are no Human Rights issues arising from this Report.

9. Sustainability (including climate change and change adaptation measures)

9.1. Does the proposal result in an overall positive effect in terms of sustainability (including climate change and change adaptation measures) N/A

10. Recommendation(s)

10.1. Cabinet note that the final account has been provisionally agreed with the contractor.

10.2. Cabinet approve the funding allocation from growth point capital grant to facilitate final payment to the contractor.

11. Appendices

11.1 Appendix A: Financial Summary

12. Background Papers

12.1. Quarter 3: Revenue and Capital Report 2016/17

DOVE WAY / PENNYCROFT LANE PROJECT - COST COMPARISON			
	Estimate		
Amey Contract Costs ONLY	Outturn 2016/17 £'000	Final Account £'000	Increase / (Decrease) £'000
Legal Expenses	7	7	0
Statutory Services (Water)	67	68	1
Fees assoc with works	190	290	100
Cost of Works	1,546	1,644	98
Other expenses	10	26	16
	1,820	2,035	215
Minus Abortive Costs (Note 1)		(91)	(91)
Total Contract Costs (A)	1,820	1,944	124
Less already Paid	(1,747)	(1,747)	0
Final Account Outstanding	73	197	124
HWRC Charges (Note 2) (B)		9	9
	73	206	133
Non Amey Contract Costs			
Western Power/ Connection	144	144	0
Dunton/Remediation	325	325	0
Total C	469	469	
Total Project Costs (A + B + C)	2,289	2,422	
Original Budget	1,875	1,875	
Growth Point Funding Approved (Q3)	414	414	
	2,289	2,289	
Funding Requirement	0	133	
Note 1: Abortive Costs relate to Staffordshire County Council changing the road design to suit their circumstances after one had already been designed.			
Note 2: HWRC Charges relate to expenditure not known about at the time the contract was agreed in relation to the the removal of arisings from the site. Amey had originally charged Staffordshire CC the full amount, this relates to ESBC's element.			