

Date of issue: 11<sup>th</sup> November, 2011

<b>MEETING</b>	<b>OVERVIEW &amp; SCRUTINY COMMITTEE</b> (Councillors M S Mann (Chair), Basharat, Davis, Haines, Minhas, Munawar, O'Connor, Plenty and Smith)
<b>DATE AND TIME:</b>	TUESDAY, 15TH NOVEMBER, 2011 AT 6.30 PM
<b>VENUE:</b>	COUNCIL CHAMBER, TOWN HALL, BATH ROAD, SLOUGH
<b>DEMOCRATIC SERVICES OFFICER: (for all enquiries)</b>	TERESA CLARK (01753) 875018

### SUPPLEMENTARY PAPERS

The following Papers have been added to the agenda for the above meeting:-

\* Items 5 and 7 were not available for publication with the rest of the agenda.

#### PART 1

<u>AGENDA ITEM</u>	<u>REPORT TITLE</u>	<u>PAGE</u>	<u>WARD</u>
5.	Heart of Slough	1 - 14	
7.	Consideration of reports marked to be noted/for information	15 - 16	

*(The Committee will consider any reports marked to be noted/for information and determine whether future scrutiny is considered necessary: maximum of 5 minutes allocated).*

b Learning Disability Change Programme

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**REPORT TO:** Overview and Scrutiny Committee    **DATE:** 15 November 2011

**CONTACT OFFICER:** Emma Foy, Acting Head of Finance, Resources and Regeneration

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**WARD(S):**                                      All

**PART I**

**FOR COMMENT AND CONSIDERATION**

**HEART OF SLOUGH FINANCE MONITORING REPORT**

1.    **Purpose of Report**

To provide and update to Members of the Committee providing an expenditure update on the Heart of Slough Gold project.

2.    **Recommendation(s)/Proposed Action**

The Committee is requested to note and comment on the report.

3.    **Community Strategy Priorities**

- **Celebrating Diversity, Enabling inclusion**
- **Adding years to Life and Life to years**
- **Being Safe, Feeling Safe**
- **A Cleaner, Greener place to live, Work and Play**
- **Prosperity for All**

4.    **Other Implications**

(a)    **Financial**

The financial implications of expenditure of the scheme are included in this report.

(b)    **Risk Management**

All risks are reported, monitored and managed through the Project Board and reported to CMT on a monthly basis through the Project reports and Gold Project updates contained within monthly finance and performance monitoring.

(c)    **Human Rights Act and Other Legal Implications**

There are no Human Rights Act implications in this report.

(d) Equalities Impact Assessment

Major projects have been or will be subject to Equalities Impacts Assessments as part of their development, led by the appropriate project/programme manager.

5. **Background**

5.1 The Heart of Slough is a partnership project between the Homes and Communities Agency, Development Securities and Slough Borough Council to transform the 29 acre site around the site where the Brunel roundabout was located. This report shows expenditure in the year to date.

5.2 The objectives of the project are to transform the centre of Slough creating:

- A new bus station (completed in May 2011)
- A learning and cultural centre (The Curve)
- New Office and residential developments which are of high quality design, sustainable and energy efficient.
- Major new infrastructure improvements to help link Slough Bus and Railway station to the town centre

5.3 Heart of Slough is funded from a partnership investment of £450m. Further information on income and expenditure is provided below:

The Scheme is divided into five key schemes:

- The Bus station
- Infrastructure project
- Work on the TVU site
- The Library Complex
- Slough Station Forecourt

5.4 Expenditure in the current financial year to the 31st October is detailed in the table below:

Heart of Slough Project As at End of June 2011	Total Spend 2009-11	Adjusted Budget 2011-12	Spend to 31 October 2011	Bal of 2011-12 Budget Available
<b>P063 - HOS - Bus Station</b>				
4001 - Works Payments - External			1,322,641	
4030 - External Fees			3,500	
4031 - Internal Fees & Salaries			90,995	
<b>Total P063 - HOS - Bus Station</b>	<b>9,028,274</b>	<b>2,405,390</b>	<b>1,417,136</b>	<b>988,254</b>
<b>P064 - HOS - Infrastructure</b>				
4001 - Works Payments - External			3,671,857	
4012 - Utility Works			60,338	
4030 - External Fees			333,247	
4031 - Internal Fees & Salaries			19	
<b>Total P064 - HOS - Infrastructure</b>	<b>3,852,528</b>	<b>9,558,407</b>	<b>4,065,461</b>	<b>5,492,946</b>
<b>P065 - HOS - TVU Site</b>				
4030 - External Fees			10,022	
<b>Total P065 - HOS - TVU Site</b>	<b>336,309</b>	<b>287,415</b>	<b>10,022</b>	<b>277,393</b>
<b>P066 - HOS - Library Complex</b>				
4030 - External Fees			44,077	
4031 - Internal Fees & Salaries			70	
Total 4000 - Default Code	612,877			
<b>Total P066 - HOS - Library Complex</b>	<b>1,684,508</b>	<b>2,831,369</b>	<b>44,147</b>	<b>2,787,222</b>
<b>Slough Station Forecourt (P060)</b>				
4001 - Works Payments - External			7,644	
4030 - External Fees			6,824	
4031 - Internal Fees & Salaries				
4040 - Miscellaneous				
<b>Total P060</b>	<b>161,025</b>	<b>1,039,000</b>	<b>14,468</b>	<b>1,024,532</b>
<b>TOTAL HOS PROJECT</b>	<b>15,062,644</b>	<b>16,121,581</b>	<b>5,551,234</b>	<b>10,570,347</b>
<b>Funding Profile</b>				
HCA Grant	-6,423,820	-4,576,180	-5,482,597	906,417
Contributions - Dev Sec	-152,500	-150,000	-54,169	-95,831
Library Grant		-2,400,000	0	-2,400,000
Other Grants & TVU Land		0		0
Revenue - Section 74		-180,000		-180,000
Capital Receipts/Borrowing	-8,486,323	-7,776,402		-7,776,402
Slough Station Forecourt budget		-1,039,000	-14,468	-1,024,532

5.5 The Financing Summary for the expenditure (excluding Station forecourt) is detailed in the table below for 2011-12. The Station forecourt is funded from a separate budget.

<b>Financing Summary</b>	
Borrowing	(£7,776,402)
Grants	(£7,306,180)
Total Funding	(£15,082,582)

5.6 A brief summary of progress on each area of the project has been detailed below:

## 5.7 **Bus Station Project**

This is fully operational by First Bus, the café is now open and the opening of the newsagent is imminent. Adaption to the railings at the front of the bus station has been designed and the access road to William Street has been resurfaced.

## 5.8 **Infrastructure Project**

The central traffic crossroads junction was opened on the 25 October. The next financial drawdown on this element of the project from HCA has been progressed. There is a potential growth item to the Infrastructure Project budget of £424K.

## 5.9 **The Curve Library Project**

Initial works around this part of the project have been progressed but the procurement of the main project is being considered currently with the potential option of procurement of the project via a LABV route.

## 5.10 **Slough Station Forecourt**

Initial works are now being progressed and an increase in activity will take place in future months.

## 5.11 **TVU Site**

Work on this part of the project is continuing in line with expectations.

## 5.12 **Next Steps**

Key officers are currently reviewing their forecast of expenditure in the current financial year and a revised forecast will be produced for the next Programme Board in December.

## 6. **Conclusion**

The Committee is asked to note the report above.

## 7. **Appendices Attached**

None.

## 8. **Background Papers**

Audit Commission report on Heart of Slough

# **Management of Capital Projects - Heart of Slough**

**Summary of findings**

**Slough Borough Council**

**Audit 2010/11**

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**We also help public bodies manage the financial challenges they face by providing authoritative, unbiased, evidence-based analysis and advice.**



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# Introduction

1 The Heart of Slough programme led by the Council in partnership with other private and public sector organisations aims to redevelop the centre of the town, improve the town for residents and visitors, as well as encouraging businesses to move to the town. This involves five key projects.

- Provision of a new bus station.
- Provision of a new Learning & Cultural Centre.
- New Housing on the current Thames Valley University site.
- New office developments.
- Redesign of the A4 to improve access for pedestrians and cyclists.

2 This is a large and complex programme for the Council to manage. The Heart of Slough programme, with a budget of £45.2 million, represents a significant part of the budgeted capital programme, which for 2010/11 – 2013/14 is £152.1 million.

3 Our risk based audit work aimed to assess the Council's arrangements for managing its capital programme and because of its significance; this work has focused on the Council's commitments to the Heart of Slough programme.

4 The results of the work will provide evidence for the Value for Money (VFM) conclusion criteria on arrangements for securing financial resilience, and for how the Council challenges the way they secure economy, efficiency and effectiveness.

5 The audit work involved reviewing key documents and discussions with key officers at the Council. The programme was assessed under the following key themes.

- Business Case.
- Financial appraisal and reassessment.
- Source of funds.
- Partnership working.
- Tendering and awarding of contract Project Management.
- Risk Management.
- Contract Management.
- Asset management.
- Reporting and accountability.

6 This report provides a summary of our findings under each of these themes.

# Conclusions

**7** The Heart of Slough Programme is a complicated regeneration project, which involves partners from both the public and private sectors, to deliver the programme.

**8** From our review we have concluded that the Council has robust arrangements in place to manage the programme. Although the Council's reliance on a 'letter of intent' for the initiation of the infrastructure part of the programme was unusual we are satisfied that this interim measure afforded adequate safeguards and was appropriate given the circumstances.

**9** The reliance on CPO action to acquire all the required land for the programme is a measure of last resort. However, we are satisfied that the Council has exhausted all other means and it now needs to manage the CPO process effectively to minimise the delay and the risk of escalating cost if the case goes to appeal and public enquiry.

**10** The results of the review have provided evidence in support of the VFM conclusion criteria on arrangements for securing financial resilience, and for how the Council challenges the way they secure economy, efficiency and effectiveness.

# Main findings

## Business case

**11** The Heart of Slough scheme has changed over many years. However the key elements of improving transport links, developing a cultural hub and reducing the dividing impact of the A4, have remained in all the business cases.

**12** The Cabinet has been fully involved in approving the business case for the programme, and the subsequent amendments.

**13** The Council has sought the views of residents on what they would want from the programme, and this informed the plans for the learning and cultural centre.

## Financial appraisal and reassessment

**14** The affordability of the scheme has been carefully considered throughout the development of the programme as have the costs and the benefits the programme would bring to the locality.

**15** There has been a strong recognition by Cabinet that in the current economic conditions, managing the costs of large capital programmes is important. This is evidenced by Cabinet's decision in July 2010 not to approve a proposed increase in the budget for the programme.

**16** The decision by Cabinet has made officers more aware of the budgetary constraints within which they must operate to deliver the programme and reinforced financial rigour across the board.

**17** An example in point is the infra-structure element of the programme. Each of the tenders received for these works were above the available budget, and because further budget funding was not forthcoming the project was redesigned to bring down the overall cost. This was achieved whilst preserving the quality required for the scheme.

## Source of funds

**18** The Council has funded the programme from external sources, including grant funding and contributions from other development partners.

**19** Most of the Council funding requirement has been met using the Council's own resources and prudential borrowing. This is included as part of the Council's overall capital budget, and is within prudential limits.

**20** There is some uncertainty about when some of the contributions will be received from the development partners. This is because of delays in developing some parts of the programme.

**21** The Council recognises that funding flows may be delayed and is managing this risk within its overall treasury management programme.

## **Partnership working**

**22** The Heart of Slough programme is led by Slough Borough Council; however there are several key partners who are engaged with the programme.

**23** Development Securities are involved with redeveloping the Brunel Bus Station, the Homes and Communities Agency are financially supporting the infrastructure improvements and Thames Valley University is responsible for redeveloping their site for housing.

**24** To manage working with these partners the Council has set up a Project Board, which meets monthly. This includes representatives from the partner organisations, as well as key officers from the Council.

**25** Establishing the Board and the close participation of partners has ensured that all parties are kept aware of progress of the programme and can respond collaboratively to any issues as they arise.

## **Tendering and awarding of contract and Project Management**

**26** A review of the tendering process for the infrastructure contract found that it was compliant with Official Journal of the European Union (OJEU) requirements, which local authorities must comply with for the tendering of contracts.

**27** Evaluation of the bidders was well managed, with a good balance between consideration of the financial and non-financial aspects of the bids presented.

**28** The evaluation included site visits to previous projects, for the two final bidders, to assess first-hand the quality of the finish of these projects.

**29** The Council has worked with the preferred bidder to reduce the cost of the contract, while upholding the quality of programme. This ensured the costs of the infrastructure works were contained within the original budgetary provision, as described earlier. However, it also had the effect of delaying the signing the contract and potentially delaying the start of the works. If this were to happen the Council risked failing to meet the externally agreed deadline of the end of 2011 for completion of the infrastructure phase of the programme.

**30** To avoid this risk the Council decided that work could be commenced in advance of the formal signing of the contract under the auspices of a 'letter of intent' so as not to delay progress. This imposes respective rights and obligations for a short defined period until such time as contract formalities can be completed.

**31** The Council acknowledges that a "letter of intent" is not a substitute for formal contract documentation. However, there was concern that failure to meet the stringent completion deadline would have put at risk the funding for the project. The Council was satisfied that the interim measures afforded acceptable safeguards in the event of default or dispute on the part of the contractor.

**32** We are satisfied that given the circumstances with which the Council was faced (risk of losing funding for the project through its inability to meet external deadlines), its course of action was a pragmatic and reasonable one, with sufficient safeguards put in place to protect its interests in the short term.

## **Risk management**

**33** The project manager is responsible for maintaining a risk register and ensuring the relevant individuals are aware of the identified risks.

**34** There are regular updates, shared with the project board. This has meant that all parties involved are aware of the potential risks to the programme and how these could be mitigated.

**35** While Slough Borough Council is responsible for a significant part of the whole programme, the key partners involved in the scheme are responsible for some aspects. This has helped to share the risks of the programme across the partners.

## **Contract management**

**36** The contracts used for each part of the programme have been considered carefully and chosen to suit the project and to reflect on lessons from earlier parts of the programme.

**37** There have been some contractual issues with McLaren, the main contractor for the bus station. The claims are for compensation because of the delays to the project.

**38** To mitigate the impact of such claims the Council have collateral warranties in place. This provides cover for the Council if the delays to the project were because of the initial design or problems with subcontractors.

**39** Having collateral warranties has ensured the Council will only be liable for compensation where they are directly liable for the delays faced by McLaren.

## **Asset management**

**40** The Council owned most of the land required for the programme; however more land was needed for the programme and the Council have used different methods to gain this land.

**41** For the bus station site acquisition of the land was through a land swap agreement with Development Securities, who received a long lease of the current Brunel Bus Station site.

42 Extra land is required for the learning and cultural centre, and the Council has sought to buy this land through negotiating with current landowners.

43 This has proved challenging and Cabinet on 14 January 2011 approved the use compulsory purchase orders (CPOs) to acquire the land needed.

44 The use of CPOs can be time-consuming if this results in a public enquiry, which would delay the timetable for the project substantially. The Council is aware of these risks and its preference is to reach a negotiated settlement to buy the land from the current owners where possible.

45 The prospect of a CPO has helped in the negotiations and it is anticipated that the use of the power to gain some additional access rights will be minimal.

46 However, this is not exclusively the case and at the date of our report, the Council is proceeding with the enforcement of a CPO for the acquisition land required in relation the library and cultural centre. Any delay caused as a result of the CPO would add more costs to the programme.

## **Reporting and accountability**

47 The Cabinet have overall responsibility for the programme and have been involved in the approval of the plans for the programme.

48 The senior management team of the Council is regularly involved, providing an additional scrutiny for the programme.

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August 2011



**Briefing to:** Overview and Scrutiny Committee- FOR INFORMATION

<b>Date:</b>	<b>15<sup>th</sup> November 2011</b>	<b>Author:</b>	<b>Ged Taylor, Interim Assistant Director, Community and Adult Social Care</b>
<b>Directorate/ Division:</b>	<b>Community &amp; Wellbeing</b>	<b>Contact No:</b>	<b>5752</b>

**Slough Learning Disability Change Programme** *Nothing About Me Without Me*

### **1. Purpose**

This briefing paper summarises a number of strands of work and projects relating to Learning Disability services in Slough which have been consolidated into a major Change Programme for learning disability services over the next 3 years and beyond titled *Nothing About Me Without Me*. The purpose of this programme is to increase opportunities for people with a learning disability to access support and care based on the best service models that delivers value for money.

### **2. Context**

- Slough spends approximately £8.3m net per annum on learning disability services, £4m of which is spent on residential placements and £1.8m on the Council's in house provider services such as day care, respite care, supported living and residential care. This expenditure represents over 30% of the total adult social care expenditure in Slough.
- Slough has more learning disability users in residential care than comparator authorities and many of these residential placements are outside of Slough.
- Historically there has been a pattern of spot purchasing relatively expensive day care services and a number of users in residential care placements, placed out of the borough, also receive day care provision.
- There are approximately 7-10 service users annually, many with very complex needs, moving into adult's services from children's services as part of a *transitions* process, which represents an additional financial pressure on learning disability budgets each year.
- While there has been growth allocated to adult social care budgets overall in previous years, this has been proportionately less for learning disability services and there are also savings for the current financial year 2011/12.
- In addition, the reductions in Supporting People Funding means that we require a change in the learning disability Supporting Living service and models of support.
- The development of Personalisation for people with a learning disability means that all service users will have a Personal Budget by the end of this financial year and in some cases, service users have chosen to receive their Personal Budget as a Direct Payment.
- The majority of service users require support and care because of their disability in order to access different opportunities for employment, training, work experience, education and day opportunities. Those with a Direct Payment can employ Personal Assistants funded through their Personal Budget.
- However, at present, there are a limited number of Personal Assistants as the market for this type of support is in the early stages of development. Also, there has been limited provision of alternative opportunities for people with a

learning disability as resources to date have been invested in building based care in residential and day centre settings.

- A number of service users in residential placements outside Slough have stated a desire to move back into the borough and some have the potential to move into their own accommodation with support and become tenants (supported accommodation) rather than remain in residential placements. The cost of some of these residential placements is high and there are 20 people in placements that cost over £100,000 per person per annum.
- However, there is currently insufficient supported accommodation and much of the supported accommodation provided to date has been group living schemes which the majority of service users no longer want as they prefer to have their own accommodation and tenancy but as part of a network of accommodation with support.
- The main drivers behind this Change Programme are therefore:
  - many service users wanting to access different opportunities,
  - the need to develop different models of care and support with less reliance on residential care with more supported accommodation
  - to ensure better value for money for the care we purchase particularly in relation to residential care.
- There are a wide range of needs and aspirations across the group of service users we work with. Many will require ongoing day care or residential care because of the care needs they have and in a number of cases for people living at home with their families, their parents provide the main care and many are now becoming older and they require the respite that day care and residential respite care provides them with. Therefore a balance has to be struck in ensuring support and respite for those who need it is provided, while developing different types of care and support arrangements for those who wish to access them.

### **3. Existing Projects/Programmes**

The key projects being undertaken that comprise this overall programme of work include:

- Achieving value for money in residential and respite services provided by the Council (Lavender Court and Respond)
- Recommission the support to service users provided by the Council's Supporting Living Team from independent sector providers, to enable service users that could potentially become tenants to move into their own supported accommodation
- Reviewing the cost of some externally funded residential placements using a national pricing tool and where possible negotiating lower costs with providers
- Looking at what kind of services are needed to support people into employment, work experience, training and education and how the use of personal budgets can support this
- Working with people who use day services at the Council's day centres (Priors, Phoenix and Elliman centres), to see what additional day opportunities some service users may want and how the use of personal budgets may support this
- Looking at what are the best kind of supported living services to support people to live at home
- How people might return to the community in Slough from residential care
- To work with Children's Services so that the experience of young people and their families making the transition to Adult Services, is better and ensure as many of those young people have the opportunity to live in Slough