

Cabinet

In line with advice from HM Government, the council is now holding only essential meetings. This plays a part in helping us to maintain the safety of the public, staff and councillors. These meetings are being held electronically and, unfortunately, you will not be able to attend them.

However, the City Mayor has asked that, as far as possible, there is still public involvement and input into the decision-making process.

Therefore, should you wish to raise a question or comment on any of the items listed, which will be presented at the meeting on your behalf, you can do so in writing, by sending an email to the address at the bottom of this agenda.

Please do this by 4.30pm on the day before the meeting is due to take place.

Decision notices or minutes from meetings will be available as appropriate. Should you wish to view decisions taken meetings of the Cabinet and other Lead Member Briefings, they will be available for viewing on the council website - <https://sccdemocracy.salford.gov.uk/mgDelegatedDecisions.aspx>

Further information on the coronavirus and what it means for Salford can be found on the council website - <https://www.salford.gov.uk/coronavirus>

DATE: Tuesday, 26 May 2020

TIME: 10.00 am

VENUE: Via Teams

AGENDA

- 1 **Apologies for absence**
- 2 **Declarations of interest**
- 3 **Minutes of the previous meeting** (Pages 1 - 4)
To approve the minutes of the meeting held on the 24 March 2020.
- 4 **Decision Items (Part 1 - Open to the Public):**
 - 4a Pendleton Building Safety Programme (Pages 5 - 14)
- 5 **Exclusion of the Public.**
- 6 **Decision Items (Part 2 - Closed to the Public):**
 - 6a Pendleton Building Safety Programme (Pages 15 - 32)

7 Any other urgent business

Contact Officer: Karen Berry, Democratic Services Manager
Tel No: 0161 793 3318
E-Mail: decisionmakingandscrutiny@salford.gov.uk

Cabinet

Held on Tuesday 24 March 2020

Present

Paul Dennett	City Mayor (in the Chair)
Paula Boshell	Statutory Deputy City Mayor
John Merry, CBE	Deputy City Mayor

Lead Members:

Bill Hinds	Lead Member for Finance and Support Services
Gina Reynolds	Adult Services, Health and Wellbeing
Derek Antrobus	Planning and Sustainable Development
Tracy Kelly	Neighbourhoods and Housing

Executive Support Members (at the invitation of the City Mayor):

Mike McCusker	Planning and sustainable Development
Barbara Bentham	Workforce and Industrial Relations
Sharmina August	Equalities, Communities and Social Impact
John Walsh	Education and Learning

Officers:

Jim Taylor	Chief Executive
Debbie Brown	Strategic Director, Service Reform
Miranda Carruthers-Watt	City Solicitor
Charlotte Ramsden	Strategic Director, People
Ben Dolan	Strategic Director, Place
Sam Betts	Assistant Director
Joanne Hardman	Chief Finance Officer
Karen Berry	Democratic Service Manager

1. Apologies for absence

Apologies for absence were submitted on behalf of Councillors Jones, Lancaster, Coen and Hamilton, and from Muna Abdel Aziz, Andrew Snowdon and Michael Sheehan

2. Declarations of interest

There were no declarations of interest.

3. Minutes of proceedings

The minutes of the meeting held on 10 March 2020, were approved as a correct record.

4. RHS Bridgewater

Ben Dolan provided a detailed overview of the key highlights in terms of progress with the development along with the RHS's work in starting to deliver on the social value outcomes.

The RHS recently announced their intention to open on 30 July 2020.

The following aspects of the report were highlighted:

- There are no reported delays with any aspects of the development, subject to funding, anticipated to complete on site by around 2028;
- RHS Bridgewater is anticipated to attract around 700,000 visitors per year and contribute around £13.8m annually to the Greater Manchester economy;
- Across the principal contracts around 60% - 70% of employees live within either the Greater Manchester area or within a 20-mile radius of the Garden - 32.5% of current RHS staff are Salford residents, (13 out of 40 people).
- 33% of principal contracts (by value) were won by Salford companies. In addition to this several significant sub-contracts have been won by Salford-based companies;
- A further 3 out of 6 management positions being recruited to currently will also be filled by Salford residents. This will bring the total Salford residents employed by the RHS to 35%. These jobs are all management or specialist skilled posts such as horticultural positions.
- A further 50 staff will be recruited over the next few months ahead of opening;
- The RHS are currently in discussions with Salford City College regarding sourcing their first local apprenticeship provider;
- To date over 700 individuals have volunteered at RHS Bridgewater, around a quarter of whom are Salford residents;
- The RHS have been undertaking a variety of community outreach
- Activities and it is anticipated that these activities will expand;
- The RHS have launched a Grow Well Fund administered through Salford CVS with match funding from the NHS Salford Clinical Commissioning Group;
- The RHS has recruited a Therapeutic Gardener who is leading a programme to support local residents' health and wellbeing through social prescribing;
- The RHS received Innovation Funding from Salford Primary Care Together to deliver and evaluate the project;
- The RHS announced a 12-month pilot will be undertaken between July 2020 and July 2021 allowing free access to the Garden as detailed in the report.

The report prompted the following observations:

- Request to review certain 'volunteer roles' to ensure they are carried out by qualified individuals and remunerated accordingly;
- An ask for The RHS to organise some free access/events sometime in the future for NHS staff, key workers and carers taking care of the sick and vulnerable, and from other front line service organisations who are providing a valuable resource;
- Concerns were raised about public transport accessibility to the gardens from some parts of the city.

Members requested they be kept up to date with timescales.

RESOLVED: THAT, the City Mayor in consultation with Cabinet noted the progress with delivering the various elements of RHS Garden Bridgewater, which will open on 30 July 2020 on the site of the former Worsley New Hall.

5. Any other business.

5.1 Spirit of Salford.

Debbie Brown, Strategic Director informed Cabinet that as of today the City Council has launched the [Spirit of Salford helpline](#) in response to the coronavirus pandemic.

Any residents that have to self-isolate (stay at home) for any length of time and need assistance, or any carers that need advice and support, should visit the [Spirit of Salford helpline](#) page or call 0800 952 1000 between 8.30am and 6pm (Monday to Friday).

5.2 Ingleside Birth and Community Centre.

Councillor Merry, Deputy City Mayor and Lead Member for Children's and Young People's Services informed Cabinet of the temporary relocation of births at Ingleside Birth and Community Centre to the Princess Anne Maternity Unit at Royal Bolton Hospital.

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Part 1 – Item No.

REPORT OF THE
STRATEGIC DIRECTOR PLACE

TO DEPUTY CITY MAYOR

ON 26th MAY 2020

TITLE: Pendleton Building Safety Works

RECOMMENDATIONS: That the Deputy City Mayor, in exercise of the powers contained within the City Council constitution and the delegated decision of the City Mayor dated 28th February 2018, do hereby approve:

1. Subject to Homes England and MHCLG not objecting, the council enter into a Project Agreement Amendment and Restatement, containing a new Further Works (FW) Schedule, a Letter of Comfort, a Funders Direct Agreement Amendment and Restatement, a Claims Proceeds Agreement and other ancillary agreements with Pendleton Together Operating Limited (PTOL) relating to the delivery of the required building safety works in Pendleton
2. Commencement of capital expenditure to fund the installation of sprinklers and accompanying revenue adjustment to the monthly Unitary Charge to fund ongoing maintenance and lifecycle costs relating to the sprinklers for the remaining duration of the Project Agreement
3. Rent loss of up to a fixed limit pa through the provision of council properties to support decants, where required, during the FW Period (Further Works Period)
4. The council taking responsibility for the risk on rent loss for the first 12 weeks period following any large scale decant of blocks for issues such as enforcement / prohibition notices.
5. Continued support for suspending the letting of garages and associated loss of rent, following a recommendation from GMFRS to empty these as a precautionary safety measure post-Grenfell
6. The waiver of pending KPI deductions and rent loss incurred during 2017/18 and 2018/19 due to the impact of the fire safety works.
7. Authorisation to the Head of Housing & Strategy to approve performance related waiver up to a pre-determined fixed value for each occasion in line with the principles contained within the Letter of Comfort during the Further Works Period. Authorisation for the Strategic Director Place to approve performance related waivers between a higher pre-determined value for each occasion.

8. Authorisation of the City Solicitor in consultation with the Deputy City Mayor and Strategic Director Place to execute all legal formalities and documents needed by electronic means if permitted .
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EXECUTIVE SUMMARY:

The tragic fire at Grenfell Tower raised questions about the risk associated with nine council owned tower blocks in Pendleton and the council has since worked with PTOL and Greater Manchester Fire and Rescue Service (GMFRS) to develop a package of required fire safety works.

In August 2017 the council agreed to use its borrowing powers to provide a loan to PTOL to facilitate the execution of a programme of fire safety works. The release of the council loan was however conditional on obtaining approval from MHCLG to enter into a package of funding.

Following extensive discussion with Homes England and MHCLG the council received confirmation in August 2018 that the council would not be supported in proceeding with a loan, nor could it access government funding to pay for cladding removal. In response to this decision, PTOL with its funders agreed to loan additional funds into the project, to undertake the required further building safety works.

This report seeks approval to enter into a revised PFI contract to allow PTOL to draw down the additional funding to deliver the required works. PTOL will also install sprinklers for the council as part of these works.

The council is under increasing pressure from Government and residents to remove the unsafe cladding to the nine blocks in Pendleton. PTOL are now well progressed in their knowledge of the required internal and external works and have started the removal of the cladding and procurement of contractors to carry out the required programme of fire safety works.

Delay in reaching financial close will restrict PTOL's ability to draw down the necessary funding to enter into further contracts to carry out the full package of fire safety works. This will also have a detrimental impact on the programme resulting in blocks remaining unclad for longer periods and the thermal efficiency of tenant's flats without insulation will be reduced.

BACKGROUND DOCUMENTS:

Council Reports:

- Fire Safety Works in Pendleton, 23rd August 2017
- Pendleton Building Safety Works, 20th December 2017

- Pendleton Building Safety Works, 29th March 2018

MHCLG publications (<https://www.gov.uk/government/collections/grenfell-tower>)

KEY DECISION: YES

DETAILS:

1.0 Background

The tragic fire at Grenfell Tower raised questions about the risk associated with 9 council owned tower blocks in Pendleton and the council has since worked with PTOL and Greater Manchester Fire and Rescue Service (GMFRS) to develop a package of required fire safety works.

PTOL have maintained the required interim fire safety measures since Grenfell. This includes a waking watch that will remain in place until the required remediation has been completed. PTOL have employed a range of specialist consultants and fire engineers to review the fire strategies for each block and identify the fire safety works required. These are referred to as the Further Works and form three main packages of fire safety works including:

- Removal and replacement of the cladding system
- Fire safety works including alarm upgrade and compartmentation works to dwellings
- Fire safety works including alarm upgrade and compartmentation works to common areas

In August 2017 the council agreed to use its borrowing powers to provide a cash flow (in the form of a loan) to PTOL to facilitate the execution of a programme of fire safety works to nine council owned blocks in Pendleton. In December 2017 the council approved the capital funding to install sprinklers within the blocks.

The release of the council loan was conditional on obtaining approval from MHCLG to enter into a package of funding.

In May 2018 the government released a £400m Cladding Remediation Fund that was made available to social landlords to replace unsafe cladding on blocks. An application for funding was prepared during this period.

During dialogue with Homes England and MHCLG during the summer of 2018 it looked unlikely that a council loan to the PFI Contractor would be an acceptable funding solution and the council and PTOL started to look at alternate options. MHCLG later confirmed that a council loan would not be supported and that the council could not apply for the Cladding Remediation Fund to pay for the works. A letter from the Director of Social Housing in September 2018 confirmed MHCLG did not agree to a revised PFI contract allowing the council to loan funds in this way.

At this point discussions had progressed with PTOL significantly and an alternate funding solution was confirmed to provide long term funding for the Further Works.

2.0 Further Works Funding

The funding package for the further works is being provided by the PFI Contractor (Pendleton Together Operating Limited), with a single contribution from the council for the installation of sprinklers. The council has already approved the contribution for sprinklers in this year's capital programme allocation up to a capped £4m.

3.0 Sprinklers

Following Cabinet approval for sprinklers to be installed on the blocks in December 2017 the council has asked PTOL to design, install and maintain a residential sprinkler system to all blocks as part of the Further Works. There was no requirement in the original contract for the fitting of sprinklers and this is therefore an authority change which will be an additional cost to the council. PTOL have progressed designs to be included in the Further Works and have selected a contractor to undertake this work.

It is the council's intention to fund the initial capital works from within its own resources (unsupported borrowing) capped at £4m, with payments drawn down by PTOL as the works are completed. This sum is already included in the Council's approved capital programme.

The council will pay for the ongoing routine and lifecycle maintenance via uplift to the annual unitary charge for the remaining PFI concession period. PTOL will take the risk of any further maintenance cost increases.

The agreements being entered into provide for a review period 20 years from the commission date for the sprinkler system. Prior to reaching the 20 year anniversary the sprinkler system will be inspected and a revised maintenance procedure will be agreed between the council and PTOL to reflect the condition of the system and the warranty position at this time. Any replacement of system parts such as sprinkler heads and flow switches from this point will be funded by the council as a pass-through cost under the contract for the remaining contract term.

4.0 Pre-Financial Close Mobilisation

PTOL have continued to investigate the required fire safety works and have produced revised fire strategies for the tower blocks. These have helped shape their procurement strategy for the Further Works. They have also, through Together Housing Association (THA) and Procure Plus started to procure the necessary contractors and consultants to deliver the Further Works.

Significant progress was made during 2019 to procure and select the required trades' packages. Work to replace fire doors in common areas commenced in autumn 2019 and work to remove cladding started on Thorn and Spruce Courts in February 2020.

COVID-19 has created some additional challenges to carrying on with the Further Works and site mobilisation, with some contractors closing and some work unable to be carried out in compliance with government guidelines on safe working and social distancing. PTOL have currently suspended internal works in response this. However, in line with government guidance that the cladding removal is essential safety work PTOL have continued with implementing the cladding removal and enabling works, including the appointment of alternate companies to install the mast climbers.

Post financial close further procurement activity will take place to appoint trade contractors in respect of the internal compartmentation works to dwellings and common parts.

The further works programme is based on a 150-week programme of activity from Financial Close. Delay in reaching financial close will restrict PTOL's ability to draw down the necessary funding to enter into further contracts to carry out the full package of fire safety works. Any delay will also have a detrimental impact on the programme resulting in blocks remaining unclad for longer periods.

5.0 Project Documents / Concessions

To enable PTOL to release the full package of funding for the required further works, the council will be required to enter into several new and amended agreements with the PFI Contractor. These will include the Project Agreement Amendment and Restatement, containing a new Further Works (FW) Schedule, a Letter of Comfort, a Funders Direct Agreement Amendment and Restatement, a Claims Proceeds Agreement and other ancillary agreements.

Within these agreements the council is being asked to support what has been described as "an environment to lend" by agreeing to several relief events and concessions during the further works period. A number of these concessions form the recommendations within this report.

6.0 External Assurance & Quality Control

PTOL have appointed a number of core consultants to manage and monitor the delivery and quality of the Further Works programme as follows:

Core Consultant	Appointment
Construction Manager	Ladyinch Management Ltd
Monitoring Consultant <i>(Cost Manager, Employers Representative, Building Surveying / Monitoring Services)</i>	Jacobs UK Ltd
Technical Consultant	Ove Arup & Partners Ltd
Lead Design Consultant	Pick Everard

The Construction Manager will be responsible for issuing Completion Certificates on inspection of the Further Works. The Monitoring Consultant and Technical Consultant will add a further layer of scrutiny ensuring compliance and quality workmanship.

Monthly meetings will be held to monitor progress and the quality of the Further Works. Regular attendees will consist of; the contractor representatives, the core consultants and representatives from the senior funder and the council.

7.0 Government Support to the Proposals

Homes England and MHCLG will need to make an assessment if the change in funding structure constitutes a significant variation to the contract terms. Government positive support will be required in advance of Financial Close to enable the council to enter into amended agreements with PTOL.

Homes England and MHCLG have committed to undertake this review expediently, as they recognise the barriers that the council faces in being able to access any other funding streams for remediation works, whilst bound by a PFI contract and the continuing national priority for cladding removal.

8.0 Conclusions

It is recommended that the Deputy City Mayor, in exercise of the powers contained within the City Council constitution and the delegated decision of the City Mayor dated 28th February 2018, do hereby approve:

- 1) Subject to Homes England and MHCLG not objecting, the council enter into a Project Agreement Amendment and Restatement, containing a new Further Works (FW) Schedule, a Letter of Comfort, a Funders Direct Agreement Amendment and Restatement, Claims Proceeds Agreement and other ancillary agreement with Pendleton Together Operating Limited (PTOL) relating to the delivery of the required building safety works in Pendleton
- 2) Commencement of capital expenditure to fund the installation of sprinklers and accompanying revenue adjustment to the monthly Unitary Charge to fund ongoing maintenance and lifecycle costs relating to the sprinklers for the remaining duration of the Project Agreement
- 3) Rent loss of up to a fixed level pa through the provision of council properties to support decants, where required, during the FW Period (Further Works Period)
- 4) The council taking responsibility for the risk on rent loss for the first 12 weeks period following any large scale decant of blocks for issues such as enforcement / prohibition notices.

- 5) Continued support for suspending the letting of garages and associated loss of rent, following a recommendation from GMFRS to empty these as a precautionary safety measure post-Grenfell
 - 6) The waiver of pending KPI deductions and rent loss incurred during 2017/18 and 2018/19
 - 7) Authorisation to the Head of Housing & Strategy to approve performance related waiver up to a pre-determined value up to a maximum fixed value for each occasion in line with the principles contained within the Letter of Comfort during the Further Works Period. Authorisation for the Strategic Director Place to approve performance related waivers between a higher pre-determined value for each occasion.
 - 8) Authorisation of the City Solicitor in consultation with the Deputy City Mayor and Strategic Director Place to execute all legal formalities and documents needed by electronic means if permitted
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KEY COUNCIL POLICIES:

EQUALITY IMPACT ASSESSMENT AND IMPLICATIONS:

The individual needs of residents have been taken into account as interim measures have been put in place to respond to this situation. Individual advice has been offered to all residents by Pendleton Together and the Greater Manchester Fire and Rescue Service.

ASSESSMENT OF RISK: High

Increasing pressure from Government for landlords to take appropriate action to remove ACM Cladding. Further delays in commencing the Further Works programme could lead to an enforcement / prohibition notice being issued from GMFRS.

Growing reputational risk as residents have already had to wait a considerable period to time whilst a funding solution and works programme were development.

LEGAL IMPLICATIONS Supplied by: City Solicitor x 3620

The council has taken advice throughout the process from external Solicitors and Leading Counsel.

Supplied by: Addleshaw Goddard (Stephanie Townley)

Overall, whilst there are concessions being made by the council in agreeing to this approach. It represents the most effective and efficient solution to get these remediation works underway and delivered. The solution places the burden of financing the Further Works on PTOL and as such they have required a range of protections to ensure that, for the period of the Further Works, the council is restricted in exercising its rights under the Project Agreement.

The restrictions have been carefully vetted and negotiated to ensure that the council is giving up the minimum level of rights and retains sufficient levers to be able to secure delivery of the Further Works programme.

The package of commercial agreements is a balanced proposition in order to maximise the outcomes for the council in the delivery of the Further Works to an agreed and accepted standard and timescale.

FINANCIAL IMPLICATIONS Supplied by: Chris Mee, Strategic Finance Manager
x0434

The cost of the Further Works will be 100% funded by, with any cost increases / overruns at their own risk. The capital and ongoing maintenance costs for the installation of sprinklers will be met by the council, provision for which has been built into the capital programme and will be made within the Housing Revenue Account business plan.

PROCUREMENT IMPLICATIONS Supplied by: City Solicitor x 3620

Procurement of the required works will need to be compliant with the relevant procurement regimes in place for Pendleton Together Operating Limited. All works are to be procured as part of the PFI agreement, including the requested Authority Change for the provision of sprinklers.

HR IMPLICATIONS Supplied by: N/A

CLIMATE CHANGE IMPLICATIONS Consulted with: Mike Hemingway x 3209

The Further Works will have no detriment to the already established based specification for the PFI Contract which was required for the initial refurbishment works undertaken during 2013-2017. The new works are addressing rectification issues and will be undertaken to current building standards.

It is inevitable that there will be an impact on the environment whilst works are being undertaken. However, on completion of the further works the building will be in a no worse position. The technical team will look to minimise the impact on the environment for the duration of the further works.

OTHER DIRECTORATES CONSULTED: None

CONTACT OFFICER: Andrew Leigh TEL NO: 793 2155

WARDS TO WHICH REPORT RELATES: Langworthy

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PUBLIC INTEREST TEST – CHECKLIST
Schedule 12A Local Government Act 1972

Name of Report Pendleton Building
 Safety Programme

Committee Cabinet
Date 26th May 2020

Category of exemption applied: Paragraph 3 ‘ Information relating to the financial or business affairs of any particular person (including the Authority holding that information) and / or

Paragraph 5. Information in respect of which a claim to legal professional privilege could be maintained in legal proceedings

Public Interest Test Questionnaire

This is not a definitive list. However, it does provide a series of questions that you should ask yourself when recommending confidentiality.

FACTORS WHICH SUPPORT DISCLOSING INFORMATION	
Will disclosure help people to understand and participate in public debate about current issues?	No
Will disclosure help people to understand why the Council has taken certain decisions?	Yes
Will disclosure give the public information about the personal probity (or otherwise) of elected members or council staff?	No
Will disclosure encourage greater competition and better value for money for council taxpayers?	No
Will disclosure allow individuals and companies to understand decisions made by the Council that have affected their lives?	No
Is the information about factors that affect public health and public safety? (NB you should be careful if considering the release of information which might adversely affect public health and safety)	No
Will disclosure reveal incompetent, illegal or unethical decision-making or examples of malpractice?	No

Will disclosure reveal that such maladministration has not in fact occurred?	No
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FACTORS WHICH SUPPORT WITHHOLDING INFORMATION	
Will disclosure damage the Council's interests without giving the public any useful information?	Yes
Will disclosure damage another organisation or person's interests, without giving the public any useful information?	Yes
Will disclosure give an unfair, prejudicial or inaccurate view of a situation?	No
Will disclosure prevent the effective delivery of services without giving the public useful information?	No
Will disclosure put the health and safety of any group or individuals at risk?	No
Is there a clear and coherent reason why the community in general would benefit more from information being withheld?	Yes

**Justification of decision
(Please provide explicit reasoning)**

Disclosure would be inappropriate as it would adversely affect the financial position PTOL (the PFI Contractor) and the ability of the Council to take appropriate legal action to recover monies.

Other documents attached - no

Name and Title: Jane Barlow – PFI Commercial and Programme Manager

Date: 15th May 2020

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

Document is Restricted

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