

**EXECUTIVE SUMMARY: HANGER FARM, TOTTON :
COMPLETION OF WORKS**







Summary of Purpose and Recommendations:

To agree financial arrangements that enable Totton and Eling Town Council to complete the works at Hanger Farm, after the bankruptcy of the principal contractor. Allocations are recommended from developers' contributions.

Cost to Council: £80,000 capital allocation, plus arrangements to support the recovery of a bond.

Within existing budget? Over budget for scheme but within available contributions fund.

Contribution to Corporate Plan (Minor/Moderate/Major/Neutral):

	+		-		+		-
		Neutral		Priorities			
	Moderate			Clean Streets and Public Space	Major		
	Minor			Crime and Disorder	Moderate		
	Moderate			Housing		Neutral	
	Major			Managing our Finances	Moderate		

Comments on Impacts on Corporate Objectives and Priorities:

This is the principal open space development for west Totton. As a cornerstone for the quality of the area it is a vital scheme for the current and future quality of life for a significant population. It is a major capital project but as the main funding source is developers' contributions, it has a moderate impact on the management of finances.



Organisation of excellence



Working with public and partners



Economic well being



Social well being



Environmental well being

CABINET: 4 AUGUST 2004

HANGER FARM, TOTTON: COMPLETION OF WORKS

1. BACKGROUND

- 1.1 Cabinet will be aware of this project that has been the subject of four reports since October 2002. This report is to consider the way forward after the bankruptcy of the main contractor on the scheme. The request is for an additional allocation for the project and for support to the Town Council's cash flow during the completion.
- 1.2 Hanger Farm has a budget in excess of £3,000,000. The works were well advanced (around 70% complete) when the contractor left site. An Administrator was appointed but no resolution was found during their period of Administration. Since then, Totton and Eling Town Council have taken the lead in appointing a new contractor and by the time of the meeting will have had to engage them, in order to press on with the project. Even so, the completion date will be the end of the calendar year.
- 1.3 There are two major implications that arise: firstly, cost and secondly, the effect on users and the business plan for the facility.

2. PROJECT COSTS

- 2.1 Inevitably there are additional costs which follow when a project experiences such a difficulty. This impact is mitigated by the existence of a bond on the first contract of £285,000. Therefore the negotiated additional cost of £365,000 will ultimately net to a difference of £80,000. This is the additional sum that is sought from developer's contributions.
- 2.2 The other issue is the cash flow surrounding the recovery of the bond. In all likelihood, the time taken to recover the value of the bond will extend beyond the contract completion. This is a significant sum for the Town Council to bear and therefore the request is for the District Council to fund that cash flow deficit until the bond is recovered.

3. IMPACTS ON PARTNER AGENCIES

- 3.1 The operation of key facilities provided by the project will be carried out by partners. The original schedule for construction would have seen the tennis facility operable this summer and the arts facility available to Totton College at the beginning of September. Neither will be possible, which has meant a very significant amount of effort by the Town Council and their partners to make alternative arrangements. The consequences are already very significant and are a major imposition on the partner agencies. Any further delays could be very serious indeed. Therefore the Town Council are pressing ahead and need the support of this Council to bring matters to a timely conclusion.

4. ASSESSMENT

- 4.1 Clearly this is a setback for all concerned. However, this is a major scheme; it must be completed and should retain the intended specification and elements. It is unfortunate that there are cost implications but in the context of the overall scheme, the additional sum is a manageable amount and can be afforded from available contributions. It may be possible for this sum to be ameliorated by the Town Council seeking contributions from other partners. With this caveat, it is suggested that the request from Totton and Eling Town Council for the capital sum and cash flow support, should be met.
- 4.2 All contracts that involve the recovery of sums held in bond carry some risk that the full amount of the bond will not be recovered. From the information provided to date, the Town Council appears to be striking an appropriate balance between the need to move the project forward without unnecessary delay, the need to ensure value for money and the need to keep risks within acceptable limits. It would seem prudent however, to determine the authority's position should there be a shortfall. Again, given the situation with the scheme, and the availability of developer's contributions, the suggestion is that the funds should be made available.

5. FINANCIAL IMPLICATIONS

- 5.1 There are sufficient funds within Totton's developers' contributions, to meet the additional cost of £80,000 for the capital project. There is also sufficient funding to support any cash flow difficulties for the Town Council prior to completion and recovery of the bond sum (£285,000). The financial liability of this Council in any involvement in the recovery of the Bond will be monitored and limited.
- 5.2 The uncommitted fund for open space schemes in Totton is £507,000. The request represents a further draw down but this is the principal scheme for the area. The Town Council appreciate the overall position of the fund.

6. ENVIRONMENTAL IMPLICATIONS

- 6.1 For the scheme as a whole, these have been presented in previous reports. In the immediate context, a partially completed building and facility is clearly unsatisfactory and its completion should be addressed.

7. CRIME AND DISORDER IMPLICATIONS

- 7.1 For the scheme as a whole, these have been presented in earlier reports. The argument in the section above also applies to crime and disorder issues.

8. CONSULTATION

- 8.1 This scheme has been the subject of extensive consultation and there has been consistent and strong support throughout its implementation.

9. PORTFOLIO HOLDERS COMMENTS

- 9.1 The Portfolio holder supports the recommendations in the circumstances.

8. RECOMMENDATION

8.1 It is recommended that:

a) The sum of up to £80,000 be allocated from developers' contributions for open space, Totton and Eling Town Council having made its best endeavours to secure funding assistance from other partners, such sum to be applied to the Hanger Farm scheme on the basis of the current arrangements for stage payments.

b) The sum of up to £285,000 be made available from developers' contributions for open space to assist the cash flow in completing the project, this sum to be applied on the basis of the current arrangements for stage payments and be subject to repayment in full by the Town Council, within a defined timescale set by the Director of Resources in consultation with the Director of Community Services.

c) Should there be a shortfall on the recovery of the bond from the first contract, the Director of Resources, in consultation with the Director of Community Services, be authorised to approve the level of funding required from developers contributions, up to the sum of £285,000, Totton and Eling Town Council having made its best endeavours to secure funding assistance from other partners

For further Information contact:

Martin Devine
Assistant Director of Leisure Services
Tel: (023) 8028 5456
E-mail: martin.devine@nfdc.gov.uk

Background Papers:

Letter from Totton and Eling Town Council
12th July 2004

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