

## **Meeting of the Council – 14<sup>th</sup> July, 2014**

### **Report of the Cabinet**

### **Capital Programme Monitoring**

#### **Purpose of Report**

1. To report progress with the implementation of the Capital Programme, including the 2013/14 outturn position.
2. To propose amendments to the Capital Programme.

#### **Background**

##### Capital Spending and Financing 2013/14

3. The Council's capital expenditure in the year totalled £86.251m, as follows. A comparison with budget is shown in Appendix A.

	<b>£'000</b>
Public Sector Housing.....	40,753
Other Adult & Community .....	7,407
Urban Environment .....	26,134
Children's Services .....	9,147
Corporate Resources .....	2,810
	<b>86,251</b>

4. This expenditure has been financed as follows.

	<b>£'000</b>
Capital Financing Requirement* .....	15,439
Capital Receipts.....	6,062
Major Repairs Reserve (Housing).....	22,203
Revenue .....	22,456
Grants and Contributions .....	20,091
	<b>86,251</b>

\*This was mainly funded internally from the Council's cashflow resources rather than from external debt.

5. The table below summarises the *current* 3 year Capital Programme updated where appropriate to reflect latest scheme spending profiles.

	2014/15 £'000	2015/16 £'000	2016/17 £'000
Public Sector Housing	42,566	40,334	41,162
Other Adult, Community & Housing	6,362	550	550
Urban Environment	29,241	12,302	5,873
Children's Services	28,996	170	161
Corporate Resources	1,765	1,428	636
<b>Total spend</b>	<b>108,930</b>	<b>54,784</b>	<b>48,382</b>
Revenue	13,284	12,527	12,934
Major Repairs Reserve (Housing)	22,279	22,558	22,847
Capital receipts	19,327	11,961	9,507
Grants and contributions (inc. Lottery)	27,184	2,142	183
Capital Financing Requirement*	26,856	5,596	2,911
<b>Total funding</b>	<b>108,930</b>	<b>54,784</b>	<b>48,382</b>

\*This will be funded internally from the Council's cashflow resources as far as possible, rather than from external debt.

Note that the capital programme for future years is in particular subject to government grant allocations, some of which have not yet been announced.

6. In accordance with the requirements of the Council's Financial Regulations, details of progress with the 2014/15 Programme are given in Appendix B. It is proposed that the current position be noted, and that budgets be amended to reflect the reported variances. An update on progress with the Council's most significant capital schemes is shown in Appendix C.

## **Adult, Community and Housing**

### Disabled Facilities Grant Funding Allocation

7. The funding allocation for 2015/16 is £2.281m which along with the availability of other Housing capital resources will give a total budget of £2.777m. This will fund around 200 grants depending on the nature and cost of the works involved. The Council has been notified of an increase of £0.017m in its Disabled Facilities Grant funding allocation for 2014/15.

It is proposed that the allocations be noted and the associated expenditure included in the Capital Programme.

### Holloway Hall Chambers

8. Holloway Hall Chambers - situated in Dudley town centre, adjacent to the recently refurbished Holloway Chambers and Elizabeth House buildings - is currently empty. Its refurbishment and return to use would create two town houses (of which there is a shortage) for rent as part of the new council homes programme. The estimated cost of £192,000 can be funded through monies from the Homes and Communities Agency (HCA), Right to Buy receipts and Council capital funding. It is anticipated that the refurbishment will be completed by March 2015.

It is therefore proposed that a budget of £192,000 for the refurbishment of Holloway Hall Chambers to provide new council homes be included in the Capital Programme.

#### Adult Personal Social Services Community Capacity Grant

9. The Council has been notified of its Adult Personal Social Services capital funding allocation for 2015/16 amounting to £857,000. This is intended to support development in three key areas: personalisation, reform and efficiency.

It is proposed that the allocation be noted and that the associated spend on relevant Adult Personal Social Services projects be included in the Capital Programme.

### **Urban Environment**

#### Castle Hill Development Extension

10. Additional European Regional Development Fund (ERDF) funding has been applied for in relation to the Castle Hill development to provide the following:
- A new schools reception building servicing the new second entrance (formed as part of Castle Hill development), and enhancements to the primary entrance point on Tipton Road;
  - A pedestrian route in front of the Dudley Zoological Gardens (DZG) offices to link the Castle Hill development to Castle Hill itself;
  - A new DZG entrance accessed from the car parks;
  - Public realm enhancements to include interpretation panels, signage, seats, and variable message signs to the surrounding road network;
  - The Black Country Steam Project at the Black Country Living Museum (BCLM) comprising:
    - Expansion of the museum's "living Interpretation" by bringing back items of industrial machinery into working use and providing full sensory immersion of sights, sounds and smells and housing in a purpose built building housing an early example of a Haystack boiler;
    - Enhancements to Racecourse Colliery, steam hammer at the Anchor Forge and the purchase of a steam tractor.

The total cost of these works is estimated to be £1.523m and the ERDF grant being applied for is £0.905m. It is anticipated that the remaining £0.618m can be met from contributions from DZG (£0.200m) and BCLM (£0.268m), and existing Council budgets or Area Development Framework resources (£0.150m). It is proposed that subject to the grant application being successful, the project be approved and included in the Capital Programme.

#### Dudley Cemetery Extension

11. Due to Dudley Cemetery having only approximately 12 months burial space remaining, officers have identified the land opposite in Clee Road as a suitable location to site a new cemetery. The necessary planning consent was given on 9<sup>th</sup> June 2014.

Quotes to lay out the new cemetery have been received and it is expected that the total cost including fencing, gates, road/pathways and parking bays will be no more than £200,000. The cost of repaying borrowing of this sum can be met from the Bereavement Services revenue budget.

It is proposed the project be approved and included in the Capital Programme.

#### Cradley Forge Mushroom Green Dam

12. Cradley Forge embankment is located at the downstream section of the Mousesweet Brook near the confluence with the River Stour near Woodland Avenue in Cradley. A 50m long small diameter brick culvert, which runs through the 10m high man made ash embankment is failing due to its poor structural condition. The culvert entrance is under a constant risk of blockage resulting from both watercourse flood debris and illegal dumping.

The Council has been awarded £1.4m by DEFRA and the Environment Agency (EA) to replace the existing culvert with a much larger culvert in order to remove the serious threat to public safety from a risk of a major embankment failure resulting from a build up of flood waters.

This section of Mousesweet Brook forms the boundary between Dudley and Sandwell and the embankment together with the existing culvert is in the joint ownership of the two councils. The previously flooded and flood risk area is mostly in Dudley. In view of the limited engineering skills and resources available to Sandwell it has been agreed that Dudley would lead and manage the project in partnership with the EA. Sandwell would be a key stakeholder.

It is proposed the funding allocation be noted and the project included in the Capital Programme.

#### Effects of Severe Weather "Pothole" Grant

13. The Council has been awarded £319,000 by the Department for Transport to assist the Council with dealing with the effects of the severe weather from December 2013 to March 2014. It is planned to address 6,000 square metres of potholes, patching and repair of highway defects via revenue expenditure of £219,000 and to undertake capital expenditure of £100,000 on the enhancement of 12 unclassified roads which will be added to the micro-asphalting programme for 2014/15. It is proposed that this capital expenditure be added to the Capital Programme.

### **Urgent Amendment to the Capital Programme**

#### Post 16 Facility for Pens Meadow School

14. It was reported to the Cabinet in September 2013 that the Council had been awarded funding by the Education Funding Agency (EFA) from the Demographic Growth Capital Fund (DGCF) to create a 45 place post-16 provision at Pens Meadow Special School for learners with learning difficulties and disabilities utilising the adjacent and vacant Shousters building.

However, we were unable to progress with the proposals set out in the original bid as we were informed by the landlord that the property is no longer available for use by the Council. In light of this, the Local Authority has appraised alternative suitable sites upon which a Post 16 facility could be developed. This provision is critical for Dudley as there is limited suitable accommodation available locally where the educational needs of Post 16 young people with severe learning difficulties and disabilities can be met.

The existing grant had a spend deadline of 31<sup>st</sup> March, 2015. Following consultation with the EFA, we were advised that due to the unforeseen circumstances we were faced with that they would consider a revised capital bid and that we should request an extension of expenditure of the capital grant to August 2015. The revised estimated cost of refurbishment of an existing provision is £1.270m of which £1.000m would be sought from the EFA and £0.270m from existing Children's Services capital resources.

In order to comply with the EFA timescales for a revised bid, a decision (ref. DCS/23/2014) was made by the Leader of the Council in consultation with the Cabinet Member for Children's Services and Lifelong Learning, the Interim Director of Children's Services and the Treasurer on 8<sup>th</sup> May 2014 that:

- the Interim Director of Children's Services be authorised to submit a revised proposal seeking capital funding for the growth and development of improved Post 16 provision for young people who have learning difficulties and/or disabilities;
- subject to the bid being successful, the project be included in the Capital Programme.

15. The recommendations in this report were submitted to the Cabinet at its meeting on 3<sup>rd</sup> July, 2014. Any amendments will be reported at the Council meeting.

## **Finance**

16. This report is financial in nature and information about the individual proposals is contained within the body of the report.

## **Law**

17. The Council's budgeting process is governed by the Local Government Act 1972, the Local Government Planning and Land Act 1980, the Local Government Finance Act 1988, the Local Government and Housing Act 1989, and the Local Government Act 2003.

## **Equality Impact**

18. These proposals comply with the Council's policy on Equality and Diversity.
19. With regard to Children and Young People:
- The Capital Programme for Children's Services will be spent wholly on improving services for children and young people. Other elements of the Capital Programme will also have a significant impact on this group.
  - Consultation is undertaken with children and young people, if appropriate, when developing individual capital projects within the Programme.
  - There has been no direct involvement of children and young people in developing the proposals in this report.

## **Recommendations**

20. The Council is recommended:

- That the outturn position for 2013/14, as set out in paragraphs 3 and 4 and Appendix A be noted.
- That current progress with the 2014/15 Capital Programme, as set out in Appendix B be noted, and that budgets be amended to reflect the reported variance.
- That the Disabled Facilities Grant funding allocations be noted, and the associated expenditure included in the Capital Programme, as set out in paragraph 7.
- That a budget of £192,000 for the refurbishment of Holloway Hall Chambers to provide new council homes be included in the Capital Programme as set out in paragraph 8.
- That the Community Capacity Grant allocation be noted and that the associated spend on relevant Adult Personal Social Services projects be included in the Capital Programme as set out in paragraph 9.
- That subject to the grant application being successful, the Castle Hill Development Extension project be approved and included in the Capital Programme, as set out in paragraph 10.
- That the project to extend Dudley Cemetery be approved and included in the Capital Programme, as set out in paragraph 11.
- That the funding allocation for the Cradley Forge Mushroom Green Embankment be noted, and the project included in the Capital Programme as set out in paragraph 12.
- That the capital expenditure of £100,000 funded by the pothole grant be included in the Capital Programme, as set out in paragraph 13.
- That the urgent amendment to the Capital Programme, as set out in paragraph 14, be noted.



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**Leader of the Council**

## 2013/14 Capital Outturn

Of which:

	Budget	Outturn Spend	Total Variance	Slippage/ Rephasing	Over/Under Spend	Comments
Service	£'000	£'000	£'000	£'000	£'000	
Public Sector Housing	39,025	40,753	1,728	1,728	0	
Other Adult & Community	8,395	7,407	-988	-1,103	+115	See note 1
Urban Environment	27,426	26,134	-1,292	-1,295	+3	See note 2
Children's Services	10,099	9,147	-952	-952	0	
Corporate Resources	2,611	2,810	199	199	0	
<b>TOTAL</b>	<b>87,556</b>	<b>86,251</b>	<b>-1,305</b>	<b>-1,423</b>	<b>+118</b>	

1. Extra costs of the Archives project, including in particular additional works relating to the temperature and humidity controls and changes to the accommodation to incorporate additional services. This can be funded from revenue resources set aside.

2. Minor overspend on Footway Reconstruction, funded from revenue resources.

## 2014/15 Capital Programme Progress to Date

<b>Service</b>	<b>Budget £'000</b>	<b>Spend to 31<sup>st</sup> May £'000</b>	<b>Forecast £'000</b>	<b>Variance £'000</b>	<b>Comments</b>
Public Sector Housing	42,566	2,015	42,566		
Other Adult, Community & Housing	6,362	674	6,362		
Urban Environment	29,241	727	29,241		
Children's Services	28,996	605	28,996		
Corporate Resources	1,765	349	1,829	+64	See note 1
<b>TOTAL</b>	<b>108,930</b>	<b>4,370</b>	<b>108,994</b>	<b>+64</b>	

Note 1: Extra capital costs of £64,000 on Transforming our Workplace, offset by savings on revenue element of project.



## **Progress with Major Capital Schemes**

### **Adult, Community and Housing**

#### New Council Housing

The Council has been successful in securing match funding from the Homes and Communities Agency (HCA) from the Care and Specialised Support Housing Fund. Design work has commenced for the 14 two bedroom apartments for people with learning disabilities and who are on the autistic spectrum at the former depots at Norfolk Road, Wollaston and The Walk, Sedgley, and 3 two bedroom three person houses also at The Walk, procurement of a contractor is ongoing and tender evaluation is currently being undertaken.

Work is also continuing on feasibility studies for other potential new build housing and conversions of non-domestic properties across the borough and Pre-Application has commenced with the Local Planning Authority on a number of potential sites. Topographical and environmental habitat surveys and site investigations have been commissioned and a delivery plan is being developed. A bid has also been submitted to the HCA for the conversion of Arcal Lodge in Sedgley into 14 units.

Schemes are expected to be delivered within budget.

#### Dementia Gateways

Works have commenced on the second dementia gateway at Brett Young in Halesowen with completion planned for August 2014. Schemes are expected to be delivered within budget.

#### Tiled House Lane Modernisation

Refurbishment works to carry out improvements to Tiled House Lane have completed within budget

### **Urban Environment**

#### Street Lighting

Street lighting improvement works are in progress and the Street Lighting Central Management System (CMS) is now fully commissioned and operational. 12,600 of the Council's 32,000 street lights can now be controlled via the CMS system remotely to help save energy; 7,300 of these can be dimmed. Spend is forecast to be within budget.

#### Better Bus Area

The proposals which involve the construction of a new signal controlled pedestrian crossing on the A4036 Pedmore Road, and the creation of additional road space and signal controls to facilitate bus priority measures at the junction of the Boulevard with Mill St, Brierley Hill were granted planning permission in March 2014. Some advanced works have already been carried out, and detailed design work is ongoing such that main works can be programmed to start on site in Summer 2014. Spend is forecast to be within budget.

#### Recycling

The four vehicles are now operational and all 3 phases of the plastic and cardboard rollout are complete. The overall scheme will be complete with the deployment of a small number of black boxes to enhance the glass collection service.

### Wheeled Bins

All three phases have been implemented within budget.

### Mary Stevens Park

Recruitment of 3 year Heritage Ranger post complete and new staff due to start in mid July, volunteering for project work is being established. The design team was recruited in June and detailed design work will start mid July with capital work due to start beginning of 2015. Spend is forecast to be within budget.

### Castle Hill

New Access Road: Phase 1a was completed during October 2012. Phase 1b (link road and roundabout) was completed April 2013.

Phase 2 onwards: This comprises the secondary route, recreational route, car parking and Visitor Hub. Planning permission was granted on 12<sup>th</sup> March 2013. The design team are currently working on detailed designs on a phased basis. Works commenced onsite for the initial phase of the secondary route on 23<sup>rd</sup> September 2013. Works commenced on the lower level car parks on 4th December 2013, and completed March 2014. Works to upper level car park commenced April 2014, with anticipated completion July 2014. Further phased works to commence July 2014, with final completion currently projected for March 2015.

Spend is forecast to be within budget.

### Dudley Marketplace and Town Centre

The first phase of the overall Dudley Market Place Public Realm Scheme, which is Castle Street/New Street is well underway and progressing towards a July completion. The tender for the second phase which completes the whole of the scheme has now been appraised and awarded, and value engineering options are being considered to keep within budget, whilst still achieving a high quality scheme.

## **Children's Services**

### DGfL3

Dudley Grid for Learning (DGfL) 3 includes a programme of ICT equipment upgrade and renewal across financial years 2013/14 & 2014/15. Consultation with schools to ascertain their priorities for the 'refresh' programme is complete. Refresh of ICT infrastructure and classroom equipment has now commenced phased roll out across the school estate. The programme and associated expenditure is therefore on schedule to bring improvement to schools ICT as planned.

### Corbyn Road - base for joint Children's Safeguarding Unit and frontline social work teams

Tenders have now been returned, and work started on 20th January 2014 with a planned completion date of 27th June 2014. Expected outturn cost is within budget.

## **Corporate Resources**

### Transforming our Workplace (ToW)

The project is now nearing completion. There has been some overspend on the refurbishment of core offices but this has been offset by underspend on other ToW budget lines such as fewer staff moves. Work to offices at 3/5 St James's Road has now been completed and approximately 75% of the staff due to relocate there have done so. Alterations to offices at Mary Stevens Park Stourbridge have also been completed and the final group of Children's Services staff will have moved in by September. Various minor works to the Council House complex are in progress. The release of 12 surplus office sites has commenced with 5 office sites having now been sold. The overall programme of work is currently running to budget and is scheduled to complete in September 2014.