

Meeting Of the Cabinet – 27th October 2010

Joint Report of the Chief Executive and Treasurer

Capital Programme Monitoring

Purpose of Report

1. To report progress with the implementation of the Capital Programme.
2. To propose amendments to the Capital Programme, and seek any related approvals.

Background

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

Service	2010/11	2011/12	2012/13
	£'000	£'000	£'000
Public Sector Housing	32,642	36,026	24,918
Other Adult, Community & Housing	6,404	4,783	2,869
Urban Environment	25,082	10,505	8,191
Children's Services	40,714	8,885	92
Finance, ICT & Procurement	2,688	102	0
Law, Property and Human Resources	2,172	924	674
Chief Executive's	656	303	0
TOTAL	110,358	61,528	36,744

Note that the overall capital programme for future years is in particular subject to government decisions on grant and supported borrowing allocations.

4. In accordance with the requirements of the Council's Financial Regulations, details of progress with the 2010/11 Programme are given in Appendix A. It is proposed that the current position be noted.

Urban Environment

Lister Road Depot

5. In addition to the recent improvements, concrete repairs and resurfacing are now required around the incinerator apron; repairs are required to the Street Care office roof due to structural problems; and the Waste Care mess room also requires urgent structural improvements. The estimated cost of these works is £78,000 which can be funded from savings on the Incinerator Improvement project (see Appendix A.)

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

Leisure Centre Plant Refurbishment

6. Investment of £839,000 is required to ensure standards of operation of the plant at the Dudley, Halesowen and Crystal Leisure Centres is maintained. This will include improvements to heat and power, air handling, and filter equipment. Of the total cost, £830,000 can be met from the recent VAT refund relating to leisure activities, and £9,000 from Directorate revenue budgets.

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

Red House Glass Cone

7. The Council currently leases part of the site at Wordsley and operates it as a heritage attraction. The Council's offer to purchase the freehold has been accepted and details are now being progressed. A survey of the buildings has indicated that various works will be required to the former Stuart shop and associated buildings in order to meet legislative standards. The cost of these works is estimated at £90,000 which can also be met from the recent VAT refund relating to leisure activities.

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

Future Skills Dudley

8. Future Skills Dudley (FSD) within the Directorate's Economic Regeneration Division has successfully delivered a wide range of skills training, pre-employment and employment related contracts over the last 20 years to support local unemployed residents into employment.

FSD is entirely externally funded and receives its income from submitting bids and winning contracts, particularly from organisations focussed on skills and employment related activities such as the Department for Work & Pensions (DWP) and the Skills Funding Agency (SFA), and from other external sources such as the European Social Fund (ESF) and the European Regional Development Fund (ERDF).

FSD currently has approval through the following Decision Sheets.

- CE/10/2007, for the Director of the Urban Environment to:
 - submit appropriate bids to key funding agencies for their 2006-2010 tendering rounds;
 - enter into contracts with the key funding agencies together with subsequent contract variations as programmes develop.
- CE/09/2007, for permission to execute funding agreements with key partners and contractors who will assist Dudley Council to deliver approved training and client support contracts.

The Government, through the DWP, is now developing a national Framework for the Provision of Employment Related Support Services through which it proposes to let all future contracts. On behalf of the Council, FSD has submitted an Invitation to Tender (ItT) to DWP to be included as a potential delivery partner within this Framework. If successful at ItT stage, future ItTs for specific programmes will follow. Contracts let under the Framework will vary, but in terms of DWP contracts are likely to be of a value between £10 - £50 million per year. FSD is also being approached by other national and international organisations to be a potential delivery partner in their DWP ItT submissions. It is anticipated that the vast majority of any funding through this source will be primarily revenue.

FSD also proposes to continue submitting bids to the Skills Funding Agency, ESF, ERDF and any other potential funding sources that support their work.

In order for FSD to continue delivering direct employment and skills related services on behalf of the Council to around 3,000 Dudley residents per year and work with a range of partner organisations across the sub- region and region, approval is now sought for the period 2011-2015:

- That the Director of the Urban Environment be authorised to:
 - submit bids to all key funding agencies to deliver employment and skills related support;
 - enter into the necessary contracts with the key funding agencies and approve any subsequent contract variations;
 - enter into contracts / Service Level Agreements with key partners to assist Dudley Council with the delivery of approved bids;
 - submit proposals to external organisations for Dudley Council to deliver employment and skills related support as a subcontractor to them and to deliver any resultant contracts.
- That subject to any funding being confirmed, projects be included in the Capital Programme where appropriate.

Children's Services

Dudley Grid for Learning (DGfL)

9. DGfL is an educationally focused ICT service delivered in partnership with the private sector for the last 12 years, originally through a PFI arrangement. The current contract ends on 31/01/11, and the Children's Services Project Board are therefore currently selecting a preferred bidder for the next contract, DGfL3. This will include an estimated £4m of capital expenditure in each of the financial years 2013/14 and 2019/20, which can be funded from schools' contributions and residual PFI grant.

It is proposed that this capital expenditure be approved and included in the Capital Programme.

Chief Executive's

National Treatment Agency Funding

10. Capital funding has been made available by Department of Health to the National Treatment Agency for distribution, following a bidding process, to Substance Misuse services across the country. Dudley was successful in its application for £29,000, to be passed to our service provider CRI, for the following initiatives.

- £9,000 for ICT equipment to support the production of Changing Times, a publication produced jointly between Dudley Walsall Mental Health Partnership Trust, CRI and Aquarius. The publication is for, and includes input and articles from, service users.
- £20,000 for a minibus to provide outreach and harm reduction in void and derelict buildings identified as areas of drug use and discarded paraphernalia.

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

Post Completion Review of Capital Projects

11. The Post Completion Review required by Contract standing orders has now been undertaken for the following scheme, with a copy of the proforma summarising the review attached at Appendix B.

Urban Environment

Highgate Road / Pedmore Road, Dudley, Resurfacing

Children's Services

Belle Vue Primary School – Roofing works to Block B & C

It is proposed that these be noted.

Finance

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

Law

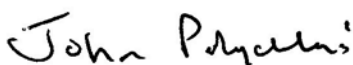
13. The Council's budgeting process is governed by the Local Government Act 1972, the Local Government Planning and Land Act 1980, the Local Government Finance Act 1988, the Local Government and Housing Act 1989, and the Local Government Act 2003.

Equality Impact

14. These proposals comply with the Council's policy on Equality and Diversity.
15. 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

16. That current progress with the 2010/11 Capital Programme, as set out in Appendix A be noted.
17. That the results of the Post Completion Review of capital projects, as set out in Appendix B be noted.
18. That in connection with Future Skills Dudley, the Director of the Urban Environment be authorised to:
 - submit bids to all key funding agencies to deliver employment and skills related support;
 - enter into the necessary contracts with the key funding agencies and approve any subsequent contract variations;
 - enter into contracts / Service Level Agreements with key partners to assist Dudley Council with the delivery of approved bids;
 - submit proposals to external organisations for Dudley Council to deliver employment and skills related support as a subcontractor to them and to deliver any resultant contracts, as set out in paragraph 8.
19. That the Council be recommended:
 - That the expenditure on Lister Road Depot amounting to £78,000 be approved and included in the Capital Programme, as set out in paragraph 5.
 - That the refurbishment of Leisure Centre Plant be approved and included in the Capital Programme, as set out in paragraph 6.
 - That the works to the former Stuart shop and associated buildings at the Red House Glass Cone be approved and included in the Capital Programme, as set out in paragraph 7.
 - That in connection with Future Skills Dudley (subject to any funding being confirmed), projects be included in the Capital Programme where appropriate, as set out in paragraph 8.
 - That the capital expenditure within the DGfL contract be approved and included in the Capital Programme, as set out in paragraph 9.
 - That the National Treatment Agency funding be noted and the related expenditure included in the Capital Programme, as set out in paragraph 10.



John Polychronakis
Chief Executive



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Treasurer

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List of Background Papers
Relevant resource allocation notifications.

2010/11 Capital Programme Progress to Date

Service	Budget £'000	Spend to 30 th Sep £'000	Forecast £'000	Variance £'000	Reasons for Variance
Public Sector Housing	32,642	13,576	32,642		
Other Adult, Community & Housing	6,404	2,989	6,404		
Urban Environment	25,082	6,738	24,910	-172	See note 1.
Children's Services	40,714	9,922	40,714		
Finance, ICT & Procurement	2,688	747	2,688		
Law, Property and Human Resources	2,172	357	2,172		
Chief Executive's	656	102	656		
TOTAL	110,358	34,431	110,186	-172	

- 1: Mainly reduction in cost of (Lister Road) Incinerator improvements, as a result of certain specialist equipment no longer being needed to gain compliance with Environment Agency requirements.

Post Completion Review of Capital Schemes

Title of Scheme: Highgate Road/Pedmore Road, Dudley Resurfacing
Date of Executive / Cabinet approval (As part of Highways Structural Maintenance Programme): 14 May 2009 (i.e. inclusion in Capital Programme)
Original Budget (as first reported to Executive / Cabinet):.....£241,000 Planned Completion date: 20 March 2010
Outturn Cost.....£290,588 Actual completion date: 21 March 2010
Variation from Original Budget: Increase of £49,588 Delay: None
Reason for Cost Variation and / or Delay in Completion (please indicate if any variation has previously been reported to Executive / Cabinet): The additional costs resulted from several items including: <ul style="list-style-type: none"> Change to Sunday working adjacent to Stourbridge Road to minimise traffic disruption Increased depth of binder course to reshape the surface to the correct camber Use of GlasGrid asphalt reinforcement to strengthen the pavement Additional traffic management operatives to direct traffic and pedestrians through the works The scheme was completed 1 day late (Sunday work to reinstate the crossover)
Original Objectives of Scheme (please indicate when and to whom these were reported): Resurface the carriageway of Highgate Road and Pedmore Road to a depth of 100mm to overcome the deterioration of the pavement layers.
Have these Objectives been met? (If "No" please provide explanation): Yes, although it will be some time before the extended life of the pavement structure is known.

Signed by: *John Millar* (Director).....Date: *14/09/2010*

Title of Scheme:**Belle Vue Primary School – Roofing works to Block B & C****Date of Executive / Cabinet approval:** 08/02/2006

(i.e. inclusion in Capital Programme) This project was funded from devolved capital grant and modernisation. Both funding streams were approved by cabinet on the above date.

Original Budget (as first reported to Executive / Cabinet: £170,000.00**Planned Completion date:** 28/11/2008**Outturn Cost (still provisional):** £306,703.00**Actual completion date:** 22/12/2008**Variation from Original Budget:** £131,703.00**Delay:** An extension of time was granted to the Contractor for inclement weather.**Reason for Cost Variation and / or Delay in Completion (please indicate if any variation has previously been reported to Executive / Cabinet):**

The original budget was set prior to Corporate Property carrying out a detailed technical inspection. Following their inspection, the budget estimate received was £310,000.00 and the budget was subsequently raised. Increased costs were reported at regular intervals through PIT (Project Implementation Team).

Competitive tenders were invited in accordance with Council Standing Orders and the lowest valid tender received was under the revised budget estimate. This was due to the market conditions prevalent at the time of tendering.

Original Objectives of Scheme (please indicate when and to whom these were reported):

The project was prioritised through the Council's AMP (Asset Management Plan) Scoring Matrix mechanism that targets capital resources where they will have the greatest impact on raising educational Standards and improving the overall quality of school buildings. Also, the School's Governing body and Senior Management Team highlighted the project as a priority in the School's Building Development Plan.

Following a meeting of the AMP Consultation Group held on 17th September 2008 the unanimous decision by the group was to recommend that the Directorate proceeded with the re-roofing scheme at Rufford Primary School. The Director of Children's Services agreed to the programme at Capital Board that took place on 7th November 2008.

The chosen solution was an insulated three ply mineral felt system (20 yr guarantee) with an effective pitch created to facilitate water run off into newly formed external rainwater goods. The high level windows to the hall were also replaced with commercial grade aluminium double glazed units and operated on a Teleflex system that have enabled the windows to be operated with ease.

The existing skylights were also replaced with high security triple skin polycarbonate units.

The completed project has provided a permanent solution to the flat roof failure and a school environment that is equipped for 21st century teaching and learning.

Have these Objectives been met? (If "No" please provide explanation):

Yes.

Signed by: *Jane Porter* (Acting Director)

Date: *31st August 2010*