

Meeting of the Cabinet – 22nd September 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	5,836	5,021	2,869
Urban Environment	25,423	11,747	7,779
Children's Services	42,361	8,766	260
Finance, ICT & Procurement	2,688	102	0
Law, Property and Human Resources	2,172	924	674
Chief Executive's	685	274	0
TOTAL	111,807	62,860	36,500

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.

Adult, Community and Housing

Transformation of Adult Social Care

5. The following projects can be funded from the Council's Social Care Reform Grant allocations, and will enable the Directorate to move forward in achieving some of the targets for transformation.
- Centre for Independent Living - £130,000
This investment will enable the current facility to refocus as a centre for independent living and also be the main hub where the user-led organisations that are required to be set up as part of the transformation of social care would be established. The work required relates to front of house and reception facilities, hot-desking for staff from various disability groups, and confidential office facilities where one-to-one matters can be dealt with.
 - Laptops for frontline staff - £220,000
The purchase of 150 laptops will enable existing processes to be streamlined with reduced visits to clients, reduced time spent in collecting and keying in data and speedier outcomes for clients.
 - ICT to support delivery of Home Care services - £110,000
Electronic recording systems making use of both blackberry and digi-pen technology will improve the quality and efficiency of services being delivered, through: better security for staff; real time recording of data; and no double inputting of data - resulting in lower administrative costs and better monitoring of staff activity.

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

Urban Environment

S106 funding for Highways projects

6. The Council receives "Section 106" funding from developers, towards necessary highways improvements – including Local Safety and Safer Routes to School schemes. It is proposed that any expenditure which can be funded from such resources be included in the Capital Programme as appropriate.

Priory Ruins and Park

7. The Council has been awarded a Heritage Lottery Fund grant totalling £1.786m for the development and restoration of the Priory Ruins and Park, including consolidation of the masonry and interpretation of the ruins, repair and upgrading of the park landscape and sports facilities, provision of a "green classroom" building, staffing and events programming for the next five years. Of the total project cost of £2.182m, a further £0.127m has already been resourced from other external funding and existing budgets leaving £0.269m still to be found. Whilst every attempt will be made to secure this from external sources, if this is not possible it could be funded by Prudential Borrowing repaid from the Directorate's existing revenue budgets.

It is proposed that:

- The Director of the Urban Environment be authorised to accept grant funding from the HLF;
- The Director of Corporate Resources be authorised to sign the necessary funding agreements with the HLF;
- Subject to funding being confirmed, the capital element of the scheme be included in the Capital Programme;
- The 10 year management and maintenance plan for the Park be approved. Details of the plan are available from Liz Stuffins, Greenspaces Team Leader on (01384) 816991 or email liz.stuffins@dudley.gov.uk.

Leisure Centre Energy Reduction

8. Following an audit review, it was recommended that “Powerstar” energy reducing equipment be installed at each of the 3 principal leisure centres at a cost of £15,000 per site, which can be funded from the guaranteed savings of £5,000 per year per site.

In addition, it has become necessary to replace the “dump radiator” to reduce running costs and maximise energy savings from the Combined Heat and Power (CHP) unit at Crystal Leisure Centre at an estimated cost of £32,000, which can be funded from Directorate revenue resources. The unit uses gas to generate electricity without drawing off the main grid, and without this radiator, electrical costs would increase by an estimated £18,000 per year.

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

Children’s Services

Reductions in Government Capital Funding

9. The Government has made a number of announcements concerning reductions in grant funding for councils. The impact of these on Dudley’s Children’s Services capital grants in the current year is as follows.

	Reduction £’000
Extended Schools	158
Harnessing Technology	513
Targeted Capital Fund (Diplomas and SEN)	658
Youth Capital	83
Surestart – Children’s Centres, early Years and Childcare	445
Total	1857

Spending programmes are being reviewed and schemes re-prioritised within the resources now available. In respect of Youth Capital, a contribution of £25,000 is available from Youth Service revenue resources, which will enable all agreed commitments to be met.

It is proposed that the funding reductions be noted and the Capital Programme amended accordingly.

Special Educational Needs (SEN) Specialist Provisions

10. The current SEN Strategy recommended new provision for the support and tuition of children with special needs. Following formal consultation, approval was given by the Directorate Policy Team and the Cabinet Member for Children's Services on 5th March 2009 to decommission the existing Individual Needs Centres and reallocate funding to the development of these new specialist provisions within mainstream schools.

Funding is available from the Dedicated Schools Grant to set up these new specialist provisions at The Brook, Hob Green, Gigmill, and High Arcal Schools.

In the case of The Brook and Hob Green, the capital work required to set up the new SEN provisions has been carried out, and costs incurred by, the schools - £50,000 at The Brook and £30,000 at Hob Green. It is proposed that these costs are reimbursed from the available funding, and included in the Capital Programme.

In the case of Gigmill and High Arcal, it is proposed that the expenditure (£50,000 for each school) be approved and included on the Capital Programme.

Urgent Amendments to the Capital Programme

Drainage to Football Pitch at Huntingtree Park Halesowen

11. Poor pitch drainage on this site has been a longstanding problem and was identified as a priority by local people.

Drainage work is best carried out in late summer when rainfall is lower and it was proposed to carry out this work this year. The work will include re-seeding the whole playing area and in order for this new grass to establish it will not be possible to play on the pitch for 12 months.

A budget of £53,700 has been identified from sums received from Section 106 (Town and Country Planning Act 1990) monies and it was proposed to deploy this budget for the work at Huntingtree Park.

In order to comply with the necessary timescales, a decision (ref. DUE/29/2010) was made by the Leader of the Council in consultation with the Interim Director of Finance on 25th June 2010 to: approve drainage works to the football pitch at Huntingtree Park, Halesowen; deploy Section 106 funding on this work; and include the scheme in the Capital Programme

Flood Mitigation Works – Early Action Bids

12. Approval was given in October 2009 by the Cabinet Member for Transportation to make applications to DEFRA's Early Action bid programme for funding associated with flood mitigation works and the development of a Surface Water Management Plan (SWMP) for the Borough.

Three specific bids submitted to DEFRA by the Council have been approved:

1. Flood mitigation works at Metfield Croft, Kingswinford - £40,000
2. Flood mitigation works at Hinsford Close, Kingswinford - £23,000
3. Development of a Borough-wide SWMP - £82,000

A condition of the approval is that works are completed and the funding expenditure is claimed by March 2011.

In order to comply with the necessary timescales, a decision (ref. DUE/30/2010) was made by the Leader of the Council in consultation with the Interim Director of Finance on 25th June 2010 to: accept the DEFRA grants; include the capital element of the related spend in the Capital programme; approve any spend funded by the grant deemed to be revenue; and authorise the Director of the Urban Environment to enter into the appropriate contracts to undertake the works and the provision of support specialist consultancy services for the SWMP.

New Telephony System

13. A decision (ref. DOF/21/2010) was made by the Leader of the Council in consultation with the Chief Executive and Interim Director of Finance on 27th July 2010 to enter into a contract to provide telephony across the Council and include the project in the Capital Programme.

The detailed decision which was considered in private, is available to Members on request to Richard Sanders, Democratic Services, Directorate of Law and Property on (01384) 815236 or email richard.sanders@dudley.gov.uk.

Fire Risk Works – Culture and Leisure

14. The Culture and Leisure Division underwent Fire Risk Level II assessments in 2005 under The Regulatory Reform (Fire Safety) Act 2005 across its 23 sites. Recommendations from the various reports have since been implemented where possible and where funding was available. There remained, however, numerous works across the sites that needed to be undertaken to fully comply with the requirements of The Regulatory Reform (Fire Safety) Act 2005

The estimated cost of these works of £226,000 can be met from a contribution of £100,000 from Risk Management, £73,000 secured from a VAT refund on sporting activities and £53,000 from revenue budgets held within the Culture & Leisure Division of DUE.

In order to ensure that outstanding works be completed as soon as possible, a decision (ref. DUE/39/2010) was made by the Leader of the Council in consultation with the Interim Director of Finance on 30th July 2010 to include the sum of £226,000 in the Capital Programme for Fire Risk Assessment works to be carried out in the Culture and Leisure Division.

Titanic Anchor

15. Earlier this year the Council was approached by Twenty-Two Productions with regard to a documentary series that they had been commissioned to make by Channel 4 / National Geographic. The key connection with the Borough was the link to the Titanic through the provision of the Anchor by Hingleys of Netherton and discussions were entered into in terms of how this would be represented in the documentary series.

There were two elements to the Borough's proposed involvement in this project:

- The area was to be used as a location for filming to replicate the anchor's journey in the Borough, albeit that it will be from the old Dudley Station back to Netherton as opposed to the original journey from Hingleys factory to the station.
- The life-size replica anchor could then be displayed as a piece of public art somewhere in the Borough, properly represented and interpreted.

With regard to the acquisition of the anchor Twenty-Twenty asked the Council for a contribution of £20,000 towards the overall cost of £50,000. This can be met from resources available within the Culture and Leisure Services budget. The balance of £30,000 will be funded by Twenty-Twenty Productions.

The anchor will be displayed in the short – medium term at the Black Country Living Museum whilst all of the necessary processes for the permanent installation are complied with. It is anticipated that the anchor will be installed in its final position in mid 2011.

To enable timescales associated with the acquisition of the anchor and the commemorative event in Netherton to be complied with, a decision (ref. DUE/38/2010) was made by the Leader of the Council in consultation with the Interim Director of Finance on 30th July 2010 to include the purchase of the replica of the Titanic Anchor within the Capital Programme

Post Completion Review of Capital Projects

16. 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.

Children's Services

Blanford Mere Primary School Roofing Works

It is proposed that this be noted.

Finance

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

Law

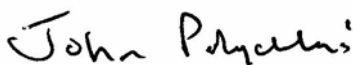
18. The Council's budgeting process is governed by the Local Government Act 1972, the Local Government Planning and Land Act 1980, the Local Government Finance Act 1988, the Local Government and Housing Act 1989, and the Local Government Act 2003.

Equality Impact

19. These proposals comply with the Council's policy on Equality and Diversity.
20. 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

21. That current progress with the 2010/11 Capital Programme, as set out in Appendix A be noted.
22. That the results of the Post Completion Review of capital projects, as set out in Appendix B be noted.
23. That the Council be recommended:
 - That the Transformation of Adult Social Care projects be approved and included in the Capital Programme, as set out in paragraph 5.
 - That expenditure on Highways projects funded from Section 106 funding be included in the Capital Programme, as set out in paragraph 6.
 - That in respect of the development and restoration of the Priory Ruins and Park, the Director of the Urban Environment be authorised to accept grant funding from the HLF; the Director of Corporate Resources be authorised to sign the necessary funding agreements with the HLF; subject to funding being confirmed, the capital element of the scheme be included in the Capital Programme; and the 10 year management and maintenance plan for the Park be approved, as set out in paragraph 7.
 - That the expenditure on Leisure Centre Energy Reduction equipment be approved and included in the Capital Programme, as set out in paragraph 8.
 - That the reduction in Government capital grant funding for Children's Services be noted, and the Capital Programme amended accordingly, as set out in paragraph 9.
 - That in respect of new SEN provision, the costs incurred by schools - £50,000 at The Brook and £30,000 at Hob Green - be reimbursed from the available funding and included in the Capital Programme, and that the expenditure of £50,000 for each school at Gigmill and High Arcal be approved and included on the Capital Programme, as set out in paragraph 10.
 - That the urgent amendments to the Capital Programme, as set out in paragraphs 11-15, be noted.



John Polychronakis
Chief Executive



Iain Newman
Treasurer

Contact Officer: John Everson
Telephone: 01384 814806
Email: john.everson@dudley.gov.uk

List of Background Papers

Relevant resource allocation notifications.

2010/11 Capital Programme Progress to Date

Service	Budget £'000	Spend to 31st Jul £'000	Forecast £'000	Variance £'000	Reasons for Variance
Public Sector Housing	32,642	7,089	32,642		
Other Adult, Community & Housing	5,836	1,979	5,836		
Urban Environment	25,423	4,197	25,426	+3	Minor overspend
Children's Services	42,361	4,752	40,529	-1,832	See paragraph 9
Finance, ICT & Procurement	2,688	354	2,688		
Law, Property and Human Resources	2,172	254	2,172		
Chief Executive's	685	56	685		
TOTAL	111,807	18,681	109,978	-1,829	

Post Completion Review of Capital Schemes

Title of Scheme: Blanford Mere Primary School – Roofing works
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): £100,000 Planned Completion date: 20/02/2009
Outturn Cost (still provisional): £262,402 Actual completion date: 17/04/2009
Variation from Original Budget: £162,402 Delay: An extension of time was granted to the Contractor for inclement weather.
Reason for Cost Variation and / or Delay in Completion: The original budget was set prior to Corporate Property carrying out a detailed technical inspection. Following their inspection, the budget estimate received was £301,000.00 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: 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 22 nd February 2006 the unanimous decision by the group was to recommend that the Directorate proceeded with the re-roofing scheme at Blanford Mere Primary School. 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 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?: Yes

Signed by: Jane Porter (Assistant Director)

Date: 23/08/10.....