

**Meeting Of the Cabinet - 13<sup>th</sup> September 2006**

**Joint Report of the Chief Executive and Director of Finance**

**Capital Programme Monitoring**

**Purpose of Report**

1. To report progress with the implementation of the Capital Programme.
2. To propose certain amendments.

**Background**

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

<b>Service</b>	<b>2006/07</b>	<b>2007/08</b>	<b>2008/09</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Public Sector Housing	24070	23924	22193
Other Adult, Community & Housing	7445	2479	1669
Urban Environment	29478	31815	14814
Children's Services	28468	19490	2418
Finance, ICT & Procurement	1677	347	350
Law & Property	1863	659	659
Chief Executive's	2373	161	0
<b>TOTAL</b>	<b>95374</b>	<b>78875</b>	<b>42103</b>

4. Note that the overall capital programme for 2007/08 and 2008/09 is likely to increase as extra funding becomes available.
5. In accordance with the requirements of the Financial Management Regime (FMR), details of progress with the 2006/07 Programme are given in Appendix A. It is proposed that the current position be noted.

## **Urban Environment**

### Burnt Tree Island Highway Improvement Scheme

6. The Burnt Tree Island (BTI) scheme is a £10.3m joint scheme with Sandwell MBC to improve the congested island configuration of the junction between the A4123 and the A461. As the boundary between Dudley and Sandwell runs through the middle of the BTI it has previously been agreed the costs associated with the scheme be shared equally between the authorities.

In line with best practice, Dudley and Sandwell are working collaboratively to deliver the BTI scheme. The design and construction will be managed through Dudley's strategic highways partner thereby achieving significant procurement savings. Matters associated with Compulsory Purchase Orders will be handled by Sandwell.

The Department for Transport (DfT) approved the scheme for programme entry on 26<sup>th</sup> July and there is now a need to agree financial matters, take the scheme through the statutory processes and progress the scheme forward to construction.

The DfT is not requiring a local contribution to the actual scheme costs (subject to costs not exceeding budget, in which case a Council contribution would be required). However, it is likely that the cost of developing the scheme, and taking it through a public inquiry will not be supported. The cost associated with this is estimated at £750,000 with Dudley's contribution amounting to £375,000. The DfT has indicated that it may consider claims for scheme preparation costs in certain circumstances and this will be pursued. In the event that this is unsuccessful, the proceeds from the disposal of land previously retained for Highway purposes and now surplus to requirements could be used to fund the preparation costs, with any remaining shortfall being sourced from the Minor Improvement block of the Highways Capital Programme. (This would result in a reduction in the Minor Improvement programme.)

It is proposed that the development of the scheme be approved and included in the Capital Programme on this basis.

## **Children's Services**

### Schools Travel Plan Grant

7. The DfES has awarded grant totalling £122,000 for 2006/07 to schools which had an authorised School Travel Plan in place at 31<sup>st</sup> March in 2006. This funding will be used for measures to improve safety and reduce car use, following consultation with teachers, parents, pupils, governors, etc.

It is proposed that the grant allocation be noted, and the associated expenditure be included in the Capital Programme.

## **Law & Property**

### Extension to Cornbow Shopping Centre, Halesowen

8. Following the resolution of the Cabinet at its meeting on 21<sup>st</sup> September 2005 to use compulsory purchase powers to facilitate the proposed extension of the Cornbow Shopping Centre, the Borough Council of Dudley (Cornbow Centre Extension, Halesowen) Compulsory Purchase Order 2006 was made on 28<sup>th</sup> March 2006. The Order, if confirmed, will authorise the Council to acquire the leasehold interests of those retail units not already in the control of the developer and the part of the existing bus station which will not be required after the new bus station is developed, together with rights to demolish the footbridge link to the rear of the Iceland Store in Hagley Street. There have been four objections to the Order from Somerfield, Peacocks, Iceland and Centro, and so a Local Public Inquiry has been called commencing on 7<sup>th</sup> November 2006 to hear the objections and make a recommendation to the Minister as to whether the Order should be confirmed.

Under the terms of an agreement with the developer, Vale Retail, the developer is obliged to cover any compensation paid to the owners of the properties included in the Order and to reimburse any costs incurred by the Council as a result of the proposed scheme. On completion of the scheme there will be an exchange of land between the Council and Vale Retail to regularise the ownerships along the new perimeter of the extended shopping centre, which is currently expected to realise a small capital receipt for the Council.

As any acquisitions would constitute capital expenditure by the Council, it is proposed that the contingent liability for future compensation payments be noted (together with the indemnity received from the developer to cover such costs), and that any such expenditure be included in the Capital Programme.

## **Chief Executive's**

### Safer Stronger Communities Fund

9. The Safe & Sound Community Safety Partnership has been allocated £110,000 for 2006/07 by the Home Office for capital projects from the Safer and Stronger Communities Fund. The funding will be administered by the Community Safety Team. Of the total, £30,000 will be used to support reductions in burglary through target hardening, £20,000 will support the work of the Joint Activity Group which is at present focussing on criminal damage reduction, and the remainder will be utilised for schemes to reduce anti-social behaviour, business crime, vehicle crime, violent crime etc.

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

### Emergency Planning Offices

10. As previously reported, Government funding allocations (in the form of Revenue Support Grant) from 2005/06 onwards were increased to reflect Councils' increased civil contingency planning responsibilities resulting from the Civil Contingencies Act (CCA) - particularly to ensure the preparedness of Councils in case of major incidents. Work had previously been undertaken in planning for these eventualities, but it was recognised that the authority needed to improve its Command and Control facilities to comply with the new requirements.

This could be achieved by converting the first floor of the Laundry Block at Himley Hall to provide office space for the Emergency Planning Team and to provide a dedicated and fully equipped District Emergency Planning Control Centre to be used in the eventuality of major incidents. The facility could also be used for computer training, emergency planning training, and as a Business Continuity Suite in case of the need to relocate essential offices.

Following a protracted process of obtaining Planning Permission from South Staffordshire District Council, the project was commenced in late June in order to ensure the Council's compliance with the CCA requirements. The cost of the project including furniture, telephones, computers, security and fire safety works will be £120,000 which can be funded from within the aforementioned extra funding allocations.

It is proposed that the project be included in the Capital Programme.

## **Adult, Community & Housing**

### Relocation of PULSE Team

11. The PULSE team delivers a range of activities in the community for people with a learning disability. 150 people per day now attend these activities rather than a day centre. This has freed up space in the Council's four centres and enabled the closure of one of the centres at Audnam at the end of this year. It is proposed to sell the site at Audnam in due course. Cabinet has previously agreed that the capital receipt may be used to fund improvements at the other three centres.

The PULSE team occupies temporary rented accommodation at Halas House in Halesowen, which is too small and located on the edge of the borough - making it difficult to co-ordinate a borough-wide programme of activities. Space has been identified at the Mere Centre in Stourbridge which could be used as a permanent office base for the team, subject to adaptation at a cost of £43,000 which could be funded from the expected capital receipt from the Audnam site.

It is proposed that these works be approved and included in the Capital Programme, so that this work can be carried out as soon as possible, thus facilitating an early move for the PULSE team.

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

### Local Enterprise Growth Initiative

12. The Local Enterprise Growth Initiative (LEGI) was announced in the 2005 Budget. The national aim of LEGI is: "to release the productivity and economic potential of our most deprived local areas and their inhabitants through enterprise and investment – thereby boosting local incomes and employment opportunities."

LEGI will provide flexible support in some of our most deprived areas to fund locally developed and owned proposals that deliver new or proven ways of stimulating economic activity through enterprise development.

Any LEGI bid must address the following three outcomes:

- (a) increase total entrepreneurial activity among the population in deprived local areas;
- (b) support the sustainable growth – and reduce the failure rate – of locally-owned business in deprived areas; and
- (c) attract appropriate investment and franchising into deprived areas, making use of local labour resources.

All 88 Local Authority areas receiving Neighbourhood Renewal Funds (NRF) have been allocated pump priming funding to develop bids. However, the allocation of LEGI funds is on a competitive basis and not all bids will receive financial support. On 1<sup>st</sup> July 2005 the Council received notification from the Office of the Deputy Prime Minister of an allocation of £120,000 to help develop the Council's proposals under LEGI. The three other Black Country boroughs received similar levels of funding.

After discussions with key local partners, it was agreed that Dudley would defer a submission until Round 2 so that adequate linkages could be made to the emerging Local Area Agreement (LAA) and sufficient baseline information could be established to develop a robust bid.

All other Black Country Councils submitted bids under Round 1 of LEGI, but were unsuccessful. It was subsequently agreed by the Chief Executives of the four Black Country Councils that a joint Black Country Bid will be submitted in Round 2.

It is a stipulation that LEGI applications must be submitted by a single named Local Authority even where a joint bid is being submitted on behalf of a number of Authorities. It has now been agreed that Dudley Council will take on the role of applicant and accountable body for the whole of the Black Country. The Council will develop Service Level Agreements with each of its partners and delivery agencies to safeguard its interests.

Precise details of the bid are currently being finalised by the Black Country LEGI Steering Group in co-operation with key partners and stakeholders. At the time of writing this report, the bid was anticipated to total £32m. The funding for the project will be primarily revenue grant, met from the Department for Communities and Local Government, with an additional £1million capital grant from Advantage West Midlands.

In order to comply with the necessary deadlines, an urgent decision (ref. DUE/43/2006) was made by the Leader of the Council and the Cabinet Member for Economic Regeneration in consultation with the Director of Finance and the Director of the Urban Environment, on 2<sup>nd</sup> August to:

- approve Dudley Council acting as applicant for the submission of a Black Country LEGI bid by the deadline of 14th September 2006;
- approve Dudley Council acting as accountable body for the delivery and monitoring of the Black Country LEGI bid for either (a) the whole of the sub region or (b) the Dudley Borough element of the bid - subsequently confirmed as (a) as set out above;
- authorise the Director of the Urban Environment to submit a bid to GOWM under round 2 LEGI;
- authorise the Director of the Urban Environment to accept any grant funding arising on behalf of the Black Country;
- include all capital expenditure resulting from a successful bid in the Council's Capital Programme.

The outcome of the bid will be announced in December 2006. Delivery could begin in January 2007.

Demolition of 41 and 42 Hall Street, Dudley

13. In order to secure public safety, an urgent decision (ref. DUE/54/2006) was made by the Deputy Leader of the Council in consultation with the Director of Finance, on 15<sup>th</sup> August 2006 to approve a scheme to demolish the above properties and include the expenditure in the Capital Programme.

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

Since this decision was made, as the building is of historic interest the Black Country Museum has agreed with the owner to deconstruct the property (taking it down brick by brick), thereby removing the necessity for the Council to use its powers to secure public safety.

## **Finance**

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

Reports elsewhere on this agenda contain proposals to allocate resources currently earmarked for Matchfunding & Urgent Priorities as follows:

- £110,000 as the Council's capital matchfunding contribution to the Townscape Heritage Initiative for Dudley Town Centre;
- £175,000 to fund the capital element of the Big Lottery / Heritage Lottery Fund stage 2 bid to develop the Wren's Nest and Seven Sisters Heritage Experience.

## **Law**

15. 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**

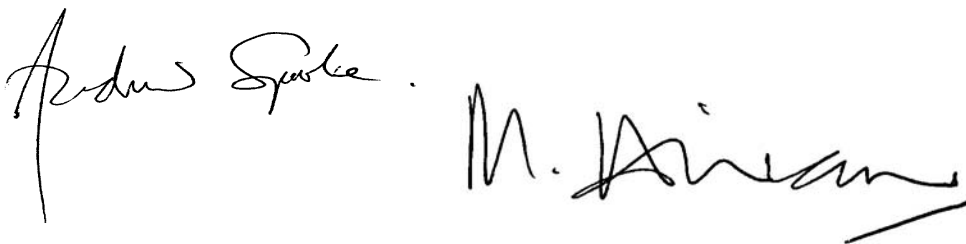
16. These proposals comply with the Council's policy on Equality and Diversity.

17. 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**

18. That current progress with the 2006/07 Capital Programme, as set out in paragraph 2 and Appendix A be noted.
19. That the Council be recommended:
- That the development of the Burnt Tree Island scheme be approved and included in the Capital Programme, as set out in paragraph 6.
  - That the Schools Travel Plan grant allocation be noted, and the associated expenditure be included in the Capital Programme, as set out in paragraph 7.
  - That in respect of the Extension to Cornbow Shopping Centre, the contingent liability for future compensation payments be noted (together with the indemnity received from the developer to cover such costs), and that any such expenditure be included in the Capital Programme, as set out in paragraph 8.
  - That the Safer Stronger Communities Fund grant allocation be noted, and the associated expenditure be included in the Capital Programme, as set out in paragraph 9.
  - That the Emergency Planning Offices project be included in the Capital Programme, as set out in paragraph 10.
  - That the works to the Mere Centre to accommodate the PULSE team be approved and included in the capital Programme, as set out in paragraph 11.
  - That the Urgent Amendments to the Capital Programme, as set out in paragraphs 12-13 be noted.



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**Andrew Sparke**  
**Chief Executive**

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**Mike Williams**  
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## **List of Background Papers**

Relevant resource allocation notifications.

## 2006/07 Capital Programme Progress to Date

Service	Budget £'000	Spend to 31 <sup>st</sup> July £'000	Forecast £'000	Variance £'000	Reasons for Variance
Public Sector Housing	24070	3641	24070	-	
Other Adult, Community & Housing	7445	1278	7445	-	
Urban Environment	29478	7040	29579	+101	See Note 1
Children's Services	28468	4181	28508	+40	See Note 2
Finance, ICT & Procurement	1677	503	1677	-	
Law & Property	1863	392	1863	-	
Chief Executive's	2373	43	2373	-	
<b>TOTAL</b>	<b>95374</b>	<b>17078</b>	<b>95515</b>	<b>+141</b>	

Note 1: Includes:

- extra costs of unavoidable remedial works on Lye Gyratory project (£46,000) which can be funded from extra capital receipts;
- extra outturn costs of Lister Road Depot Improvements (£26,000) which can be met from trading account surpluses;
- using a more expensive process for the Leasowes Culvert replacement (£25,000) following discovery of rock during digging works, which - along with the main scheme costs - can be funded from resources set aside for urgent priorities;
- various other minor net variances.

In addition, extra costs amounting to £170,000 have arisen in respect of the Enville Street project, mainly as a consequence of delays in property acquisitions. These will need to be funded from savings elsewhere in the Highways Capital Programme.

Note 2: Additional costs of accelerating the Priory and Wren's Nest Children's Centre project to meet Surestart deadlines, which can be funded from available Neighbourhood Renewal Fund (NRF) grant.