

Meeting of the Council – 25th February, 2008

Report of the Cabinet

Capital Programme Monitoring and Capital Programme 2008/09 to 2010/11

Purpose of Report

1. To consider the proposals of the Cabinet regarding the allocation of available capital resources for 2008/09 to 2010/11 and certain other amendments proposed to the Capital Programme and matters associated therewith.
2. To consider the approval of the 'Prudential Indicators' as required to be determined by the CIPFA Prudential Code for Capital Finance in Local Authorities and the Local Government Act, 2003.

Background

3. On consideration of the issues below, the Cabinet, at its meeting held on 12th December, 2007 and 13th February, 2008 resolved to recommend the Council to approve the proposals set out in paragraphs 59 to 82 (inclusive) below. Other proposals contained in the reports submitted to the meetings were determined by the Cabinet under the powers delegated to it. Copies of the reports are available from Richard Sanders in the Directorate of Law and Property (telephone 01384 815236 or email Richard.sanders@dudley.gov.uk or on the Council's website www.dudley.gov.uk and follow the links to Council Democracy/Decision Making/Committee information.

Available Resources for 2008/09 to 2010/11

4. The Local Government Act 2003 introduced a new system of "prudential borrowing" from 1st April 2004 which allows councils to set their own borrowing limits subject to criteria of prudence, affordability, and sustainability.
5. The Government continues to support capital expenditure by authorities in the form of direct capital grants and "Supported Capital Expenditure" (SCE) approvals which generate support for the majority of the ensuing debt charges via the Revenue Support Grant (RSG) system. There is no support for any extra borrowing made possible by the "prudential" system. Details of Government support for mainstream capital spending programmes for the period 2008/09 - 2010/11 have now been announced in parallel with the 3 year RSG settlement.
6. The majority of SCE approvals have been allocated as part of the Single Capital Pot (SCP) mechanism as follows.

	2008/09 £m	2009/10 £m	2010/11 £m
Transport	2.444	2.687	2.946
Education	4.659	4.966	2.035
Children's Social Care	0.049	0.049	0.049
Total Single Capital Pot SCE	7.152	7.702	5.030

7. Note that Government support for work on private sector housing will continue to be in the form of capital grant and support for borrowing for public sector housing investment will continue to be made through Housing Revenue Account Subsidy (HRAS). Also from 2008/09 onwards, support for Adult Social Care and Mental Health investment will be through Single Capital Pot grant rather than supported borrowing, as set out in paragraph 20 below.

Overall Allocation of Resources

8. In theory, it would be possible to treat the overall SCE (and non-ringfenced capital grants) as a corporate resource in the true spirit of the Single Capital Pot, and devise a methodology for prioritising all capital "bids" against the resources available. In reality however, this would pose major problems, not least the difficulty in devising a prioritisation methodology which could fairly compare and score bids for schemes of all magnitudes and degrees of complexity across the whole range of Council services. In addition, it would probably be seen as unacceptable, both internally and from the viewpoint of Government departments, not to spend capital resources for the purposes they were notionally allocated.
9. Therefore, it is proposed that each SCE (together with non-ringfenced grants) be earmarked to the relevant service, but with a particular emphasis on demonstrating appropriate prioritisation *within* service programmes, and *within* spend headings. As stated in the Financial Management Regime, it is the responsibility of the relevant Directors to make sure that such prioritisation is robust and stands up to scrutiny. Prioritisation should include formal scoring mechanisms or other objective methods wherever possible and appropriate.
10. It is also proposed that, as in the past, Housing capital receipts should be earmarked to be spent on Housing capital schemes.

Transport

11. Resources for Integrated Transport will, as in previous years, be pooled on a countywide basis and reallocated by the West Midlands Districts Joint Committee to each Borough based on population after funding of joint initiatives. The resources for Structural Maintenance of Roads and Bridges are identified to individual authorities and will be allocated to the Council's own priority schemes.
12. Proposals for the detailed allocation of the above resources are being reported elsewhere on this agenda.

Housing

13. Proposals for the Public Sector Housing Investment Programme for 2008/09 - 2010/11 are set out in a report on issues relating to the management of the Housing Revenue Account in general, elsewhere on this agenda.
14. As far as the Private Sector Housing Investment Programme is concerned, taking into account the anticipated level of Disabled Facilities Grant (DFG) support, and the availability of other Housing capital resources, it is proposed that the following base budgets for 2008/09 - 2010/11 be agreed:

	2008/09 £m	2009/10 £m	2010/11 £m
Disabled Facilities Grants	1.699	1.882	1.901
Housing Assistance Grants	1.100	0.959	0.983
Total	2.799	2.841	2.884

- The total of £5.5m for Disabled Facilities Grants (DFGs) will fund around 370 grants depending on the nature and cost of the works involved. It is anticipated that this will be supplemented by further one-off funding of £2m (funded from “prudential borrowing”) as set out in paragraph 23 below which will fund a further 200 grants, allowing waiting times to be significantly reduced.
 - The total of £3.0m for Housing Assistance Grants will enable further progress to be made in dealing with unfitness in the private sector, funding around 525 grants depending on the nature and cost of the works involved.
15. We have also been notified of a further allocation of Government support for DFGs for 2007/08 of £128,000. It is proposed that the Capital Programme be amended accordingly.

Children’s Services

16. The Education Single Capital Pot SCE totals comprise:

	2008/09 £m	2009/10 £m	2010/11 £m
Modernisation Funding. To be allocated on the basis of Asset Management Plan (AMP) priorities.	2.843	3.246	0.315
Basic Need - New Pupil Places. This will be allocated to specific projects following appropriate consultation and evaluation of options	1.061	1.061	1.061

Schools Access Initiative. This funding will be used to meet the needs of individual pupils as they are identified during the year.	0.659	0.659	0.659
ICT. To supplement the Harnessing Technology Grant (see below) for investment in ICT to enable extension of ICT access and ICT based services.	0.096	-	-
Total	4.659	4.966	2.035

17. The following grant funding will also be available for Schools capital investment:

	2008/09 £m	2009/10 £m	2010/11 £m
Devolved Capital. This will be allocated to projects by schools on the basis of their own priorities. (Provisional allocations based on forecast pupil numbers.)	5.070	5.020	5.020
Modernisation Funding. To complement SCE funding above.			3.028
Extended Schools. To enable all schools to offer extended services by 2010, providing a range of services to children, their parents and the wider community.	0.530	0.561	0.290
ICT Harnessing Technology. For investment in ICT to enable extension of ICT access and ICT based services.	0.927	0.967	1.033
Primary Capital Programme. To rebuild or refurbish the majority of Primary schools ensuring schools are fully equipped for 21 st Century learning, at the heart of the community, with children's services in reach of every family. (Indicative figures subject to approval of Primary Strategy; support may be through Private Finance Initiatives)		4.202	6.580

Targeted Capital Fund (14-19 Diplomas and Special Educational Needs Projects). To provide initial dedicated funding to support the additional costs of delivery of Diplomas at Key Stage 4 which cannot be met from mainstream funding.	2.000	6.000	
Total	6.527	12.750	21.951

In respect of Modernisation Funding, schools will be expected to identify match-funding from their Devolved allocations where appropriate.

18. The following resources will be available for other Children's Services capital initiatives:

	2008/09 £m	2009/10 £m	2010/11 £m
Children's Social Care (SCE as above). Proposed to be used to maintain and refurbish children's residential homes to keep them in line with regulatory standards.	0.049	0.049	0.049
Surestart, Early Years and Childcare (grant). To be used for Extended Schools, Children's Centres and Sustainable Early Years and Childcare projects, in delivering the Government's Ten Year Strategy for Childcare " <i>Choice for parents: the best start for Children</i> " and Extended Schools Prospectus. This will be allocated to specific projects in due course following consideration of how the funding can be best used to meet these objectives.	1.468	1.872	1.567
ICT Mobile Technology To Support Children's Social Workers (grant). To invest in improved mobile ICT for children's social workers, which will help to improve business processes, and so bring benefits such as improved workload management and better use of time for children's social workers.	0.040	-	-
Youth Capital (grant). To provide a capital budget to be spent on what young people want - which will be allocated to specific projects	0.164	0.164	0.164

following appropriate consultation
with young people.

Total	1.721	2.085	1.780
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19. It is proposed that the above resources, and related schemes be included in the Capital Programme as appropriate.

Adult Social Care and Mental Health

20. The following support has been made available as Single Capital Pot grant.

	2008/09	2009/10	2010/11
	£m	£m	£m
Adult Social Care	0.159	0.159	0.159
Mental Health	0.142	0.141	0.141
Total	0.301	0.300	0.300

21. It is proposed that these resources be allocated as follows:

- Adult Social Care - to address minor works schemes identified as asset management priorities by the Directorate Property and Capital Steering Group and approved by Directorate Management Team;
- Mental Health - to be allocated in partnership with the Primary Care Trust (PCT) and other interested partners to projects which help meet national targets as laid down in the National Service Framework for Mental Health, and the Suicide Prevention Strategy.

Other Services

22. The Council has been allocated the following grant under the Waste Infrastructure initiative.

	2008/09	2009/10	2010/11
	£m	£m	£m
Waste Infrastructure	0.537	0.537	0.196

It is proposed that this be allocated to waste infrastructure related projects, driven by the Black Country 30 Year Waste Study and that detailed projects be agreed by the Director of the Urban Environment in consultation with the Cabinet Member for the Environment. This will include the development of a recycling storage and handling facility followed by improvements to the existing waste infrastructure, which will aid waste minimisation and improve the Borough's recycling performance.

Prudential Borrowing

23. The Revenue Budget report to be submitted to the Council on 3rd March, 2008 contains a number of specific growth proposals which involve utilising the flexibilities now available under the “prudential borrowing” regime, as follows:

Adult, Community and Housing

- £2m one-off funding to reduce waiting times for Disabled Facilities Grants;

Urban Environment

- £1.2m for priority Street Lighting replacement;
- £0.3m over 3 years for Regeneration feasibility work;
- £1.0m of works to the Waste to Energy plant to comply with anti-pollution legislation.

24. It is proposed that subject to these elements of the Revenue Budget Strategy being agreed, the above expenditure be included in the Capital Programme.
25. Council has received a capitalisation direction for £16.7m in respect of Equal Pay Back Pay in 2007/08, and may receive further directions in 2008/09 and future years. This will enable costs up to the amount of the directions received to be treated as capital expenditure and funded from “prudential borrowing”. Provision has been made in revenue budgets for the anticipated costs of repayment. It is proposed that the Capital Programme be amended accordingly.
26. There are no proposals to use further Prudential Borrowing within the Public Sector Housing Investment Programme.

Asset Management Plan (AMP)

27. The allocations proposed above do not directly address issues arising from the Corporate AMP. However, the allocation of Structural Repair and Maintenance resources within the Capital Programme (funded from Law and Property revenue budgets and previously approved Prudential Borrowing) will reflect the AMP priorities.

Other Capital Programme Amendments

Adult, Community and Housing

HIV / Aids Grant 2007/08

28. The Council has made a successful bid to the Department of Health for £29,000 of HIV/AIDS capital grant funding. It is proposed that this be used for adaptations, installation of a lift, double entry doors and soundproofing of counselling rooms at Summit House.

Urban Environment

Liveability

29. The following amendments to the Liveability programme are proposed.
- As a result of a successful bid to the Cory Environmental Fund, up to £25,000 has been secured to provide fences and gates, and to surface an existing major path across the Turls Hill and Swanbrook open space. This will improve access to this site and build on the work being carried out through the Liveability project. A condition of the Grant is that a third party funder reimburses Cory 10% of the total project cost. This funding is being applied for from the North Dudley Area Committee.
 - The Dudley Federation of Tenants and Residents Associations (DFTRA) has, with help from Groundwork Black Country, also made a successful bid to Cory for funding of £38,900 to improve a major footpath route and entrances through the Fens Pool Nature Reserve. DFTRA and Groundwork have requested that the Council enter into the agreement with Cory Environmental, as land owners, and manage the implementation of the works in partnership with Groundwork. The necessary 10% third party funding has been secured by the DFTRA from the Central Dudley Area Committee.
 - The Friends of Buffery Park have made a successful grant application to Waste Recycling Environmental Limited (WREN) for £25,000 towards the construction of a Multi Use Games Area at Buffery Park, one of the priorities set out in the master plan for the park. The total estimated cost of this project is £48,000, of which the balance of £23,000 can be funded as follows: £8,000 from existing Liveability funds; £15,000 from available Section 106 funding.
 - £1,800 of funding from the Grounds Maintenance improvements budget has been made available to support the development of cricket facilities at Grange Park.

Saltwells Nature Reserve Improvements

30. The Capital Programme currently includes a £30,000 package of improvements at Saltwells Nature Reserve. It is proposed that this budget be increased by £7,000 (to be funded from Risk management resources) to undertake safety works including resurfacing and fencing to one of the footpaths within the Reserve.

Stevens Park, Wollescote

31. The Friends of Stevens Park Wollescote have been awarded £3,000 from the Big Lottery Children's Fund towards physical improvements at the park. The work will be managed by the Council.

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

Disabled Crossing Programme

32. This provides dropped footpath crossings to ensure DDA compliance, enabling motorised scooters to cross roads safely. The increase in use of motorised scooters has led to a significant increase in demand and it is proposed that this year's budget be increased by £40,000 to enable the current 15 month backlog to

be cleared. This can be funded from savings elsewhere in the Transport Capital Programme.

South Black Country Innovation Campus

33. The Dudley Borough Economic Strategy, in line with the Black Country Study, identifies the need to stimulate a more diverse and dynamic business base and to increase the numbers of highly-paid highly-skilled jobs in the Borough. This will be achieved by encouraging knowledge-based, research-and-development-led businesses to start up in, or relocate to, the Borough.

Working in partnership with Sandwell MBC, the South Black Country Innovation Campus seeks to provide the infrastructure needed to support these new companies as well as to assist our existing businesses to compete in a global, ultra competitive market. It would comprise a 4,000 sq metre Innovation Centre to stimulate innovation and enterprise and an additional 6,000 sq metres of grow-on space for growing and developing companies.

The Campus would be located on the remaining undeveloped land at Castle Gate. This is considered an ideal location given its excellent geographical position to serve the wider Black Country, its public transport links and the superb surrounding facilities.

The estimated construction cost of the Campus is £19.5m, the majority of which will be met by the private sector. However, an initial investment of around £5m of public funding may be sought from Advantage West Midlands (AWM), and a further application for capital and revenue funding may be sought from the new 2007-13 European Programme as and when it is appropriate. There will be no match funding requirement from the Council's mainstream capital or revenue resources.

The Cabinet at its meeting on 12th December, 2007, authorised the Director of the Urban Environment to submit funding applications for the project and the Director of Law and Property to sign any necessary legal agreements with AWM.

The Cabinet also resolved that, subject to the necessary external funding being forthcoming, the project be included in the Capital Programme.

Cotwall End Valley Local Nature Reserve (LNR)

34. The Council has been awarded £20,000 from the WREN (Waste Recycling Environmental Ltd) Landfill Tax Credit Scheme towards various access and habitat improvement works at Cotwall End Valley LNR. This is the first Landfill Tax Credit Scheme allocation through WREN in Dudley Borough. The required match funding input of £2,000, together with ongoing maintenance costs, can be met from the Directorate's revenue budgets.

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

Children's Services

Relocation of Home and Hospital Service

35. The Home and Hospital Education service is currently located in mobile accommodation, which is not fit for purpose and impedes full curriculum delivery for vulnerable children. It is proposed that subject to a satisfactory feasibility study, the unit be relocated to the current Rosewood School site once that school has been relocated. The site, once adapted, will improve the quality of accommodation, providing a stimulating learning environment for pupils, staff and the wider community - and will reduce the need for out-of-Borough placements, and thereby pressure on revenue budgets.

Adaptation will involve internal remodelling and alteration, including essential electrical work, provision of new pupil toilets and a science laboratory, and some window replacement. The estimated cost of £170,000 can be met from: Devolved Capital Grant £60,000; School Development Grant £36,000; Directorate revenue budgets £74,000.

Short Break Pathfinder Project

36. As a result of a successful joint bid by the Council and PCT to be a pathfinder for short breaks for children with disabilities, funding of £2.561m has been received (of which £0.469m is Capital) for the project over the next 3 years.

This funding will enable us to provide the "Full Service Offer"(FSO), but as pathfinders will be in a position to propose amendments to this and to propose alternative developments. Subject to Government consultation, the FSO currently comprises:

- sufficient short break provision that meets the needs of severely disabled children and their families, including those with complex health needs;
- age appropriate provision that ensures no groups are disadvantaged in accessing short breaks;
- a wide range of short breaks, tailored to families' needs;
- culturally appropriate provision that is sympathetic to the racial, cultural and religious background of disabled children and their families;
- provision that is available at the times when families and young people, need breaks - this should include evenings, weekends and holiday provision, and be capable of responding to urgent care requirements;
- well promoted information regarding the short break provision available in the area.

The pathfinder programme is expected to generate significant learning for national benefit.

The Capital element of the funding might be spent on new building resources, adaptation to existing resources and specialised equipment, etc. There are no match funding requirements.

It is proposed that the Council's Pathfinder status and funding allocation be noted, and that the related Capital spend be included in the Capital Programme.

Flood Recovery Grant

37. The Council has been awarded a Government grant of £50,000 specifically for recovery works relating to Schools, following last Summer's floods. It is proposed that this grant be used to improve the drainage of the school field at the Crestwood School where flood water breached drainage ditches around the field, flowed into residents' adjacent back gardens, and into some homes.

Chief Executive's

Himley Hall Standby Generator

38. The Contingency and Disaster Management Unit at Himley Hall does not have a back-up power supply, and to this end it is the intention to install a diesel fuelled standby generator in the out-buildings of the Hall.

The generator will have a capacity to run both the Contingency and Disaster Management Unit and the Hall. This will allow for the use of additional facilities within the Hall in the event of an emergency, as well as allowing bookings within the Hall to be maintained during the eventuality of a power failure. The connection of the Hall will be undertaken as part of the North Wing project.

The cost of the project is £29,000 which can be met from the revenue budget of the Contingency and Disaster Management Unit.

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

Pooled Treatment Budget

39. The 2007/08 National Treatment Agency Pooled Treatment Budget (PTB) allocation for Dudley includes a capital element of £61,000 for expenditure on drug projects. It is anticipated that this funding will initially be paid to the PCT, but it is unclear at this point whether the spend will be managed by the PCT or the Council.

It is proposed that the allocation be noted, and that if the funding is to be managed by the Council, the related expenditure be included in the Capital Programme.

Finance, ICT and Procurement

Benefit Shop Relocation

40. The Benefit Shop, currently located in Churchill Precinct, has recently been served with a notice to quit by the landlord (LCP Properties) as part of a planned redevelopment and will be effective from April 2008. In order to continue to provide services it will be necessary to find an alternative suitable location. Various locations around the Town Centre have been considered including our own premises at the former Council Tax banking hall. This latter option is the most favoured. It is a central location and enables us (with suitable alterations and disabled access improvements) to bring the accommodation back into full use. The works and planning process are complicated by conservation and listed building approval issues and estimated costs are around £110,000, but given alternative accommodation rental payments this would still provide good value.

It is proposed that subject to funding being found from internal resources, the project be approved and included in the Capital Programme.

Urgent Amendment to the Capital Programme

Council House, Mary Stevens Park - Security

41. Seven separate incidents of theft of office equipment and over twenty attempted break-ins have taken place at the Council House since January 2007. In addition to previously agreed security improvements - including a perimeter fence at the rear of the building and upgraded alarm - the installation of internal lockable security grilles was considered necessary to secure vulnerable areas..

An urgent decision (ref. DUE/99/2007) was therefore made by the Leader of the Council in consultation with the Director of Finance on 4th December 2007 to approve further security works to the value of £23,000 at the Council House and their inclusion in the Capital Programme. This can be funded from resources set aside for urgent priorities.

Saltwells Flood Works

42. The high volumes of water in Black Brook during the Summer 2007 floods caused damage to public rights of way and structures within Saltwells Nature Reserve. It was considered that if left without remediation and improvement, any further rainfall would cause excessive damage and possible loss of minor structures, culverts and footbridges within the Reserve.

In order to prevent such damage, an urgent decision (ref. DUE/105/2007) was therefore made by the Leader of the Council in consultation with the Director of Finance on 21st December 2007 to approve works to structures within Saltwells Nature Reserve to the value of £12,000 and their inclusion in the Capital Programme. This can be funded from a combination of Government Flood Damage Grant and existing Capital and Revenue budgets.

79 & 81 Stourbridge Rd. Dudley

43. Numbers 79 and 81 Stourbridge Road, Dudley are part of a terraced row of 5 properties. Both have been left unoccupied for over 20 years and a risk assessment has indicated that their condition has deteriorated to such an extent that if remedial measures are not undertaken in the near future they will present a danger to the general public. Both houses have been the subject of vandalism and extensive fire damage which has destroyed most of their roofs. The Council has at various times over the last few years had to carry out emergency repairs to secure the safety of the structure.

The ownership of no. 79 is not registered but the owner of no.81 has been known for some time. Despite numerous enquiries over a considerable period it is only in recent months that one of three part-owners of 79 has been able to be contacted; it appears that the original owner died and left the property to descendants.

Due to their construction it is impractical to treat properties individually and this has always been the reason given by the owners of 81 for not carrying out remedial work to their property.

The Council could carry out work to demolish both properties under section 78 of the Building Act 1984 and register a charge on the properties. However, because of the difficulty in establishing title to no.79 it is considered that there would be a high risk that the Council would not be able to recover costs and be able to redevelop this site in a satisfactory manner in order to recover expenditure incurred.

Purchase of these properties under Compulsory Purchase Order (CPO) would therefore appear to be the most satisfactory solution to ensure that the area is suitably redeveloped and that any liabilities to the Council are reimbursed. Once acquired, the Council can consider whether restoring the existing properties to beneficial use or demolition and sale of the vacant site offers the most financially advantageous solution.

The total cost of the acquisition of the two properties by CPO is estimated at £100,000 and it is anticipated that the proceeds from the ultimate site disposal will cover the initial acquisition and related costs.

Due to the current state of the properties, an urgent decision (ref. DUE/106/2007) was therefore made by the Leader of the Council in consultation with the Director of Finance on 21st December 2007 to agree the Compulsory Purchase of the properties and inclusion of the acquisition in the Capital Programme.

Broadfield House Museum Security

44. An urgent decision (ref. DUE/4/2008) was made by the Leader of the Council in consultation with the Director of Finance on 18th January 2008 to include £49,000 in the Capital Programme for security works at Broadfield House Glass Museum.

The detailed decision which was considered in private, is available to Members on request to Richard Sanders, Democratic Services, Directorate of Law and Property at the addresses referred to in paragraph 3 above.

Adult and Community Learning Capital Support Programme

45. A successful first stage bid has been made to the Adult Safeguarded Learning (ASL) Capital Fund of the Learning and Skills Council (LSC) on 31st October for funding to support the costs associated with the Kingswinford Library Hub project, and improvements to Halesowen Library, and the Pensnett, Brierley Hill, and Castle and Priory Neighbourhood Learning Centres.

The Kingswinford Hub project will enable the extension and refurbishment of the existing well-used building to encompass more space for stock, ICT and community activities, and to develop community partnership activity with the Brierley Hill Community Partnership. This will provide drop-in facilities at their community building along with self-issue facilities, public access computers, rotating stock and training within the premises.

The three Neighbourhood Learning Centres of Pensnett, Brierley Hill and Castle and Priory deliver high quality adult and community learning. However, building capacity and health and safety issues are preventing the further development and extension of services on offer. The capital funding sought will enable these issues to be addressed.

The funding would also enable necessary upgrades to the electrical installations at Halesowen Library.

Total project cost is £853,000. The bid to the LSC is for £768,000. A match funding contribution of 10% of total project costs (£85,000) will be required from the Council, and this can be met from Directorate revenue budgets.

In order to comply with timescales for submission of a Stage 2 bid, an urgent decision (ref. DACHS/009/2008) was made by the Leader of the Council in consultation with the Cabinet Member for Housing, Director of Adult, Community and Housing, and Director of Finance on 1st February 2008 to:

- Approve submission of a Stage 2 application for Major Capital Project Grant Support through the Adult Safeguarded Learning (ASL) Capital Fund of the Learning and Skills Council for grant funding for the Adult and Community Learning Capital Support Programme;
- Include the Adult and Community Learning, Capital Support Programme in the Council's Capital Programme, subject to funding through the Adult Safeguarded Learning Challenge Fund of the Learning and Skills Council;
- Approve the Council's budgeted contribution of £85,000.

Floodlighting at the Dell Stadium

46. The Management Committee of Dudley Town Football Club have been seeking for some years to secure the future of the Club by having a suitable ground available to them to play home fixtures. Following recent discussions with the football club the Dell Stadium has been identified as a venue which meets the Club's requirements and enables them to progress through the competitive football structure for the foreseeable future. Furthermore, enhancements to the lighting systems at the stadium would be beneficial to all other users.

Minor works have been undertaken earlier in 2007 to meet the requirements of the West Midlands Regional Football League and these were completed in August.

The current illumination level provided by the existing, twenty-one year old, floodlighting system is below the level permitted for competitive League Football. Lighting engineers have been engaged to ascertain the most effective means of increasing the level of illumination and adding lights to the existing columns is not an option, as the increased weight would not be supported.

To achieve the pre-requisite level of illumination the replacement of eight columns is necessary with the new columns being slightly higher than those currently in place. This requires Full Planning Permission from the Development Control Committee and Planning Application Reference Number PO7/1561 registered on 10 August 2007 appertains. Determination of the Application took place on Wednesday 17 October 2007.

In order to enable timescales associated with league requirements to be complied with, an urgent decision (ref. DUE/84/2007) was made by the Leader of the Council in consultation with the Senior Assistant Director of Finance on 23rd October 2007 to include the provision of replacement lighting columns and floodlights at the Dell Stadium, Pensnett within the current year's capital programme. The cost will be £105,000 including contingencies. This will be funded from Section 106 resources.

Replacement Base for the Wren's Nest National Nature Reserve Warden Service

47. The Capital Programme currently includes a budget of £104,000 for the above project. Following receipt of tenders the estimated cost is now £109,000.

In order to enable timescales associated with the project to be complied with, an urgent decision (ref. DUE/85/2007) was made by the Leader of the Council in consultation with the Director of Finance on 29th October 2007 to increase the budget accordingly. The total cost will be funded as follows: £90,000 from insurance; £10,000 from existing Disability Discrimination Act (DDA) capital budgets; £9,000 from Directorate revenue resources.

The CIPFA Prudential Code for Capital Finance in Local Authorities

48. The Local Government Act 2003 introduced a system of “prudential borrowing” which allows councils to set their own borrowing limits subject to criteria of prudence, affordability, and sustainability. The CIPFA Prudential Code sets out the indicators that authorities must use, and the factors they must take into account, to demonstrate that they have fulfilled this objective.
49. Details of the various indicators required, and the proposed figures to be set in relation to each indicator are set out at Appendix A.

Minimum Revenue Provision (MRP) Policy Statement

50. Current legislation requires Minimum Revenue Provision (MRP) to be made for any borrowing incurred for non-HRA related capital expenditure at a rate of 4% (of reducing balance) per year. The Government is proposing to abolish this legislation in favour of statutory guidance to which authorities must have regard when determining the appropriate revenue charge.
51. The main impact of the current proposed guidance will be that any unsupported “prudential borrowing” from 2008/09 onwards will need to be charged to revenue over a period no longer than the useful life of the assets on which the capital expenditure has been incurred. (Supported borrowing will continue to be charged at a minimum 4% as at present, to match the corresponding support notionally included within the Revenue Support Grant). Also, no MRP will need to be charged until assets are operational. Although in some circumstances - i.e. for short life assets - the proposed changes will increase revenue costs in the short term, it is anticipated that the overall impact should be favourable.
52. Within this overall framework, authorities will be able to decide:
- For unsupported borrowing, whether to charge to revenue on the basis of equal instalments over the initial estimated life of the assets or on the basis of depreciation calculated in accordance with normal accounting practice. The former will be simpler and give more predictable costs.
 - For supported borrowing, whether to charge on the basis of a simple 4%, or to retain certain adjustments to the 4% allowed by the existing regulations to reflect various historical issues. The former would be simpler but have a considerable revenue impact on Dudley.

53. The proposed guidance also recommends that before the start of each financial year each authority should prepare a statement of its policy on making MRP in respect of that financial year and submits it to the full council. The statement should indicate which of the options listed in the preceding paragraph are to be followed in the financial year.
54. In anticipation of the proposed changes being implemented, it is proposed that the Council agrees the following MRP Policy:
- For unsupported borrowing, MRP be calculated on the basis of equal instalments over the initial estimated life of the assets - the "Asset Life" method;
 - For supported borrowing, MRP be calculated on the basis of the existing regulations - the "Regulatory Method".

Finance

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

Law

56. 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

57. These proposals comply with the Council's policy on Equality and Diversity.
58. 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

59. That each SCE be earmarked to the relevant service, but with a particular emphasis on demonstrating appropriate prioritisation *within* service programmes, and *within* spend headings, as set out in paragraph 9.
60. That Housing capital receipts be earmarked to be spent on Housing capital schemes as set out in paragraph 10.

61. That the Private Sector Housing Investment Programme for 2008/09 - 2010/11 be approved, and amended in respect of the extra £128,000 for DFGs in 2007/08 as set out in paragraphs 14-15.
62. That the Children's Services capital resources and related schemes be included in the Capital Programme as appropriate, and that the grants identified as non-ring fenced be earmarked to the relevant initiatives, as set out in paragraphs 16-19.
63. That the allocation of Adult Social Care capital resources be approved and included in the Capital Programme, as set out in paragraph 21.
64. That the Waste Infrastructure grant allocation be allocated as set out in paragraph 22.
65. That subject to the relevant element of the Revenue Budget Strategy being agreed, the expenditure to be funded from prudential borrowing be approved, as set out in paragraphs 23-24.
66. That the Capital Programme be amended in respect of any capitalisation directions received, as set out in paragraph 25.
67. That the HIV/AIDS Grant 2007/08 be used for improvements at Summit House as set out in paragraph 28.
68. That the additions to the Liveability project be approved and included in the Capital Programme, and the Director of the Urban Environment be authorised to accept the relevant grants, as set out in paragraph 29.
69. That the budget for improvements to Saltwells Nature Reserve be increased by £7,000, as set out in paragraph 30.
70. That the Big Lottery funding award in respect of Stevens Park, Wollescote be noted, and the associated expenditure included in the Capital Programme, as set out in paragraph 31.
71. That the Disabled Crossing Programme budget be increased by £40,000, as set out in paragraph 32.
72. That subject to the necessary external funding being forthcoming, the South Black Country Innovation Campus project be included in the Capital Programme, as set out in paragraph 33.
73. That the WREN grant allocation for Cotwall End Valley LNR be noted, and the associated expenditure included in the Capital Programme, as set out in paragraph 34.
74. That subject to a satisfactory feasibility study, the relocation of the Home and Hospital Education service to the current Rosewood School site be approved, and the project to adapt the site be approved and included in the Capital Programme, as set out in paragraph 35.

75. That the Council's Short Break Pathfinder status and funding allocation be noted, and the related Capital spend be included in the Capital Programme, as set out in paragraph 36.
76. That the Schools Flood Recovery grant be used to improve the drainage of the school field at Crestwood High School, as set out in paragraph 37.
77. That the project to install a standby generator at Himley Hall be approved and included in the Capital Programme, as set out in paragraph 38.
78. That the allocation of the Pooled Treatment Budget funding be noted and that if the funding is to be managed by the Council, the related expenditure be included in the Capital Programme as set out in paragraph 39.
79. That subject to funding being found from internal resources, the project to relocate the Benefits Shop to the former banking hall be approved and included in the Capital Programme, as set out in paragraph 40.
80. That the Urgent Amendments to the Capital Programme, as set out in paragraphs 41-47 be noted.
81. That the Prudential Indicators as required to be determined by the CIPFA Prudential Code for Capital Finance in Local Authorities and the Local Government Act 2003, as set out in Appendix A, be agreed.
82. That subject to the anticipated legislative changes being enacted, the Minimum Revenue Provision (MRP) Policy for 2008/09 be as set out in paragraph 54.

David Caunt

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Leader of the Council