

**Meeting of the Cabinet – 29<sup>th</sup> June 2011**

**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.

**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>2011/12</b> | <b>2012/13</b> | <b>2013/14</b> |
|----------------------------------|----------------|----------------|----------------|
|                                  | <b>£'000</b>   | <b>£'000</b>   | <b>£'000</b>   |
| Public Sector Housing            | 38,911         | 0              | 0              |
| Other Adult, Community & Housing | 9,170          | 2,393          | 140            |
| Urban Environment                | 24,817         | 12,959         | 10,484         |
| Children's Services              | 31,707         | 619            | 4,067          |
| Corporate Resources              | 2,084          | 674            | 636            |
| Chief Executive's                | 425            | 254            | 0              |
| <b>TOTAL</b>                     | <b>107,114</b> | <b>16,899</b>  | <b>15,327</b>  |

4. Note that the capital programme for future years is in particular subject to government grant allocations, some of which have not yet been announced. The Public Sector Housing programme after 2011/12 will be significantly affected for the proposed new arrangements for financial management of the Housing Revenue Account.
5. Details of progress with the 2011/12 Programme are given in Appendix A. It is proposed that the current position be noted.

## **Adult, Community and Housing**

### 6. Lye Local Improvement Financial Trust (LIFT) Project

A decision (ref. DACHS/008/2011) was made by the Leader of the Council in consultation with the Cabinet Member for Adult Social Care, the Director of Adult and Community Services and the Treasurer on 9<sup>th</sup> May 2011 to agree that the Council will withdraw from the procurement via LIFT of a Health and Social Care Centre in Lye. The reason for this was the withdrawal of “PFI Credit” funding by the Department of Health (as part of the Government’s Comprehensive Spending Review) which was previously anticipated to cover a substantial element of the scheme’s costs. Without this funding the project was unaffordable within the Council’s budget and Medium Term Financial Strategy. The Health and Social Care Centre in Lye will however continue to be developed as a NHS only facility.

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

## **Urban Environment**

### 7. Park and Open Space Improvements

There are a number of active “Friends of Parks” and other similar groups in the Borough working with the Council on an ongoing basis to improve parks and open spaces, including making bids for external funding to facilitate these improvements.

It is proposed that expenditure funded from successful bids be included in the Capital Programme.

## **Children’s Services**

### 8. Short Breaks

The Council has been allocated £398,000 of grant for 2011/12 to fund capital expenditure on initiatives to provide short breaks for disabled children. It is proposed that the allocation be noted, and the associated expenditure included in the Capital Programme.

## **Chief Executive’s**

### 9. Area Committee Allocations

It is proposed that, as in previous years, each Area Committee be allocated a capital budget on the basis of £10,000 per Ward (£240,000 in total). These allocations can be funded from available capital resources.

## **Urgent Amendments to the Capital Programme**

### Wordsley Park Depot

10. A scheme for the re-provision of essential welfare/mess facilities for the grounds maintenance teams at the above site was approved by Cabinet in February 2010 at a cost of £120,000. However, a subsequent and more detailed study to assess the works involved with removing the existing building, preparing the site for the new building, and improving the utilities/services has identified an additional cost of £64,000. Funding for the extra costs can be met from annual revenue budgets.

In order to meet necessary timescales, a decision (ref. DUE/007/2011) was made by the Leader of the Council in consultation with the Treasurer on 14<sup>th</sup> March 2011 to amend the Capital Programme to reflect the revised cost of the scheme.

### Lister Road Depot

11. A number of urgent, essential improvements were identified as necessary at the Lister Road Depot, including hot water boiler replacement, a substantial refurbishment of the Street Care roof, replacement of a number of upper floor windows in the main building, and replacement of the vehicle workshop paint spray booth. The estimated cost of the works is £115,000. This can be funded from existing budgetary provision.

In order to progress the works, a decision (ref. DUE/013/2011) was made by the Leader of the Council in consultation with the Treasurer on 5<sup>th</sup> April 2011 to approve this capital expenditure.

### Disabled Facilities Grants

12. Disabled Facilities Grants (DFGs) are mandatory grants awarded to disabled people to fund adaptations to enable them to remain living in their own homes. Such adaptations include level access showers, stairlifts, external ramps or ground floor bedroom / bathroom conversions. The Council receives an annual grant from the Department for Communities and Local Government (CLG) in order to support the costs of these adaptations. This sum is augmented by resources from public sector housing capital receipts.

A decision (ref. DCR/18/2011) was made by the Leader of the Council in consultation with the Treasurer on 15<sup>th</sup> April 2011 that following notification of grant funding of £2,012,000 for DFGs for 2011/12, this be added to the Council's Capital Programme.

## **Post Completion Review of Capital Projects**

13. The Post Completion Reviews required by Contract standing orders have now been undertaken for the following schemes, with a copy of the proformas summarising the reviews attached at Appendix B.

### **Children's Services**

Ham Dingle Primary - Window Replacement  
Huntingtree Primary - Window Replacement  
The Coseley School – Window Replacement  
Lutley Primary School – Roofing Works  
Redhill – Window Replacement  
Netherbrook – Boiler Replacement

It is proposed that these be noted.

## **Finance**

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

## **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 2011/12 Capital Programme, as set out in Appendix A be noted.
19. That the results of the Post Completion Reviews of capital projects, as set out in Appendix B be noted.
20. That the Council be recommended:
  - That the withdrawal from the procurement via LIFT of a Health and Social Care Centre in Lye be noted, as set out in paragraph 6.
  - That expenditure on parks and open spaces funded from successful bids by "Friends of Parks" and other similar groups be included in the Capital Programme, as set out in paragraph 7.
  - That expenditure to be funded from the Short Break grant be included in the Capital Programme, as set out in paragraph 8.
  - That the Area Committee capital budget allocations be approved, as set out in paragraph 9.

- That the Urgent Amendments to the Capital Programme, as set out in paragraphs 10-12 be noted.

John Polychronakis

Iain Newman

**John Polychronakis**  
**Chief Executive**

**Iain Newman**  
**Treasurer**

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**List of Background Papers**  
Relevant resource allocation notifications.

## 2011/12 Capital Programme Progress to Date

| <b>Service</b>                      | <b>Budget<br/>£'000</b> | <b>Spend to<br/>30<sup>th</sup> April<br/>£'000</b> | <b>Forecast<br/>£'000</b> | <b>Variance<br/>£'000</b> | <b>Reasons for<br/>Variance</b> |
|-------------------------------------|-------------------------|---|---------------------------|---------------------------|---------------------------------|
| Public Sector Housing               | 38,911                  | 165   | 38,911                    | -                         |                                 |
| Other Adult, Community<br>& Housing | 9,170                   | 503   | 9,170                     | -                         |                                 |
| Urban Environment                   | 24,817                  | 577   | 24,817                    | -                         |                                 |
| Children's Services                 | 31,707                  | 504   | 31,707                    | -                         |                                 |
| Corporate Resources                 | 2,084                   | 33  | 2,084                     | -                         |                                 |
| Chief Executive's                   | 425                     | 7   | 425                       | -                         |                                 |
| <b>TOTAL</b>                        | <b>107,114</b>          | <b>1,789</b>  | <b>107,114</b>            | <b>-</b>                  |                                 |

## Post Completion Review of Capital Projects

|  |
|--|
| <p><b>TITLE OF SCHEME:</b></p> <p><b>HAM DINGLE PRIMARY SCHOOL – REPLACEMENT OF WINDOWS.</b></p>   |
| <p><b>Date of Executive / Cabinet approval:</b> <i>13/02/2008</i><br/>         (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.</p>   |
| <p><b>Original Budget (as first reported to Executive / Cabinet):</b> <i>£150,000.00</i><br/> <b>Revised Budget at Tender stage:</b> <i>£138,685.00</i><br/> <b>Planned Completion date:</b> <i>27/08/2010</i></p>   |
| <p><b>Outturn Cost (still provisional):</b> <i>£179,554.48</i><br/> <b>Actual completion date:</b> <i>27/08/2010</i></p>   |
| <p><b>Variation from Original Budget:</b> <i>£40,869.48</i><br/> <b>Delay:</b> Not Applicable.</p>   |
| <p><b>Reason for Cost Variation and / or Delay in Completion (please indicate if any variation has previously been reported to Executive / Cabinet):</b></p> <p>The original budget was set prior to Corporate Property carrying out a detailed technical inspection.</p> <p>The tender estimate received from Corporate Property was £138,685, therefore the budget was subsequently reduced as identified above. Actual costs were reported at regular intervals through PIT (Project Implementation Team).</p> <p>Competitive tenders were invited in accordance with Council Standing Orders and the lowest valid tender received, of £184,182, was over the revised budget estimate. Corporate Property, as our design consultant, reviewed the tender returned and in their professional and considered opinion the lowest valid tender represented value for money.</p> |

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

The project was prioritised through the Council's AMP 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 17<sup>th</sup> September 2008 the unanimous decision by the group was to recommend that the Directorate proceeded with the Window Replacement Scheme at Ham Dingle Primary School. The Director of Children's Services agreed to the programme at Capital Board that took place on 7<sup>th</sup> November 2008.

The new windows have reduced the overall condition backlog of the school, improved the thermal performance and overall security of the buildings. The new windows have also helped provide a stimulating learning environment for pupils, staff and the wider community.

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

Yes.

Signed by: Jane Porter ..... (Acting Director)

Date: 10<sup>th</sup> June 2011 ....



**TITLE OF SCHEME:****HUNTINGTREE PRIMARY SCHOOL – REPLACEMENT OF WINDOWS.****Date of Executive / Cabinet approval:** 13/02/2008

(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):** £225,000.00**Revised Budget at Tender stage:** £182,000.00**Planned Completion date:** 10/09/2010**Outturn Cost (still provisional):** £132,407.98**Actual completion date:** 10/09/2010**Variation from Revised Budget:** £-49,592.02**Delay:** Not Applicable.**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.

The tender estimate received from Corporate Property was £180,000, therefore the budget was subsequently reduced as identified above. Actual 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, of £151,000, was significantly under the pre tender estimate. We understand that this was due to the market conditions prevalent at the time of tendering, many contractors were submitting very competitive tender prices to maintain a regular workload.

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

The project was prioritised through the Council's AMP 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 17<sup>th</sup> September 2008 the unanimous decision by the group was to recommend that the Directorate proceeded with the Window Replacement Scheme at Huntingtree Primary School. The Director of Children's Services agreed to the programme at Capital Board that took place on 7<sup>th</sup> November 2008.

The new windows have reduced the overall condition backlog of the school, improved the thermal performance and overall security of the buildings. The new windows have also helped provide a stimulating learning environment for pupils, staff and the wider community.

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

Yes.

Signed by: Jane Porter ..... (Acting Director)

Date: 10<sup>th</sup> June 2011 ....

**TITLE OF SCHEME:**

**THE COSELEY SCHOOL – REPLACEMENT OF WINDOWS.**

**Date of Executive / Cabinet approval:** 13/02/2008

(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):** £235,000.00

**Revised Budget at Tender stage:** £211,000.00

**Planned Completion date:** 01/10/2010

**Outturn Cost (still provisional):** £168,552.48

**Actual completion date:** 01/10/2010

**Variation from Revised Budget:** £-42,447.52

**Delay:** Not Applicable.

**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.

The tender estimate received from Corporate Property was £211,000.00, therefore the budget was subsequently reduced, as identified above. Actual 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 significantly under the pre tender estimate. We understand that this was due to the market conditions prevalent at the time of tendering, many contractors were submitting very competitive tender prices to maintain a regular workload.

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

The project was prioritised through the Council's AMP 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 17<sup>th</sup> September 2008 the unanimous decision by the group was to recommend that the Directorate proceeded with the Window Replacement Scheme at The Coseley School. The Director of Children's Services agreed to the programme at Capital Board that took place on 7<sup>th</sup> November 2008.

The new windows have reduced the overall condition backlog of the school, improved the thermal performance and overall security of the buildings. The new windows have also helped provide a stimulating learning environment for pupils, staff and the wider community.

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

Yes.

Signed by: Jane Porter ..... (Acting Director)

Date: 10<sup>th</sup> June 2011 ....

**TITLE OF SCHEME:****LUTLEY PRIMARY SCHOOL – ROOFING WORKS.****Date of Executive / Cabinet approval:** 13/02/2008

(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:** £548,000.00**Revised Budget at Tender stage:** £428,000.00**Planned Completion date:** 30/11/2010**Outturn Cost (still provisional):** £383,704.64**Actual completion date:** 31/10/2010**Variation from Revised Budget:** £-44,295.36**Delay:** N/A**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. The original budget included for the total replacement of the roof structure. However, following their inspection, it became apparent that existing roof structure did not need to be replaced as originally envisaged.

The tender estimate received from Corporate Property was £428,000.00, therefore the budget was subsequently reduced as identified above. Actual 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 significantly under the pre tender estimate. We understand that this was due to the market conditions prevalent at the time of tendering, many contractors were submitting very competitive tender prices to maintain a regular workload.

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

The project was prioritised through the Council's AMP 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 17<sup>th</sup> September 2008 the unanimous decision by the group was to recommend that the Directorate proceeded with the re-roofing scheme at Lutley Primary School. The Director of Children's Services agreed to the programme at Capital Board that took place on 7<sup>th</sup> November 2008.

The chosen solution was an insulated three ply mineral felt system (20 yr guarantee). 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: 10<sup>th</sup> June 2011 ....

**TITLE OF SCHEME:****REDHILL SCHOOL – REPLACEMENT OF WINDOWS.****Date of Executive / Cabinet approval:** 13/02/2008

(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):** £325,000.00**Planned Completion date:** 29/10/2010**Outturn Cost (still provisional):** £331,555.40**Actual completion date:** 29/10/2010**Variation from Original Budget:** £6,555.40**Delay:** Not Applicable.**Reason for Cost Variation and / or Delay in Completion (please indicate if any variation has previously been reported to Executive / Cabinet):**

Competitive tenders were invited in accordance with Council Standing Orders and the lowest valid tender received was over the original budget estimate. This was partly due to the budget for this project being allocated in excess of 12 months prior to an accurate pre-tender estimate being produced and partly due to the market conditions prevalent at the time of tendering. There was also additional costs incurred due to an area of windows needing structural support, this was not identified by the consultant until the project was on site.

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

The project was prioritised through the Council's AMP 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 17<sup>th</sup> September 2008 the unanimous decision by the group was to recommend that the Directorate proceeded with the Window Replacement Scheme at Redhill School. The Director of Children's Services agreed to the programme at Capital Board that took place on 7<sup>th</sup> November 2008.

The new windows have reduced the overall condition backlog of the school, improved the thermal performance and overall security of the buildings. The new windows have also helped provide a stimulating learning environment for pupils, staff and the wider community.

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

Yes.

Signed by: Jane Porter ..... (Acting Director)

Date: 20<sup>th</sup> May 2011 .....

**SCHEME:****NETHERBROOK PRIMARY SCHOOL – BOILER REPLACEMENT SCHEME****Date of Executive / Cabinet approval:** 13/02/2008

(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):** £150,000.00**Revised Budget at Tender stage:** £194,500.00**Planned Completion date:** 10/10/2010**Outturn Cost (still provisional):** £202,146.93**Actual completion date:** 15/10/2010**Variation from Revised Budget:** £7,646.93**Delay:** 5 days**Reason for Cost Variation and / or Delay in Completion (please indicate if any variation has previously been reported to Executive / Cabinet):**

Due to the fact that reconditioned boilers were available to be re-used, it was felt that tendering via the traditional route would not be the best solution. The equipment being installed has already been in use, therefore the contractor would not provide a guarantee for the boilers after installation. The contract was negotiated through the partnership agreement with Contract Services within The Directorate of Urban Environment. The negotiated figure was above the original budget estimate, this was partly due to the budget for this project being allocated in excess of 12 months prior to an accurate pre-negotiation estimate being produced. The delay in completion of the project was due to a faulty/non-functional part in the re-used boiler plant, with subsequently needed to be replaced.

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

The project was prioritised through the Council's AMP 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 17<sup>th</sup> September 2008 the unanimous decision by the group was to recommend that the Directorate proceeded with the Boiler Replacement Scheme at Netherbrook Primary School. The Director of Children's Services agreed to the programme at Capital Board that took place on 7<sup>th</sup> November 2008.



The objective of the Scheme was to provide fully functional boiler plant to replace the old and failing system. After careful consideration and investigation it was ascertained that re-conditioned boilers would be suitable for use at Netherbrook Primary School.

The completed project has provided a permanent solution to the failing boiler plant 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: 10<sup>th</sup> June 2011 ....