

Meeting of the Cabinet - 19th March, 2008

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 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.

Service	2007/08	2008/09	2009/10
	£'000	£'000	£'000
Public Sector Housing	27,831	27,039	25,614
Other Adult, Community & Housing	6,413	7,179	5,276
Urban Environment	29,038	33,197	17,833
Children's Services	17,402	26,642	22,122
Finance, ICT & Procurement	729	1,070	0
Law & Property	1,475	378	373
Chief Executive's	926	115	0
TOTAL	83,814	95,620	71,218

4. In accordance with the requirements of the Financial Management Regime (FMR), details of progress with the 2007/08 Programme are given in Appendix A. It is proposed that the current position be noted.

Adult, Community and Housing

Breakthrough Capital Funding from Learning and Skills Council (LSC)

5. The Learning and Skills Council (LSC) has previously allocated Neighbourhood Learning in Deprived Communities (NLDC) funding to be used throughout the Borough. This year, capital funding of £124,000 has been allocated for use in City Strategy areas only and will be referred to locally as Breakthrough funding.

The Black Country LSC is working with the Adult and Community Learning Team as the previous managers of NLDC to contract manage commission schemes to utilise this funding to meet local needs - in light of the gaps emerging from the recent Dudley Neighbourhood Employment and Skills Plans.

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

Kick Start Programme 2008/09

6. The Kick Start programme provides assistance to improve housing conditions in the private sector through equity loans. The Council's current delivery arrangements for the programme are with our partner Home Improvement Agency, Black Country Housing Group (BCHG).

Following a bid to the West Midlands Sub-Regional Kick Start Partnership, we are anticipating an allocation of £0.890m to fund Dudley's Kick Start programme in 2008/09.

It is proposed that subject to the allocation being forthcoming, the associated expenditure be included in the Capital Programme.

Affordable Housing - Queens Road / Bath Road, Stourbridge

7. It is proposed that £77,000 of Section 106 funding (monies provided by housing developers in lieu of providing affordable housing on site) be used to support the provision of six 3 bed houses for shared ownership to be marketed to local people and to meet housing need in the above area, and that this expenditure be included in the Capital Programme. The funding will be used in particular to enable the provision of additional green technologies within the development which is being undertaken by Black Country Housing Group.

Urban Environment

Council House at Mary Stevens Park, Stourbridge - Security Enhancements

8. Further to the recent programme of security improvements at the above site, it is proposed that the following measures now be undertaken:

- Erection of an additional 63m of security fencing to improve security to an area prone to unauthorised access;
- Relocation of Bowling Hut.

The estimated cost of £24,000 can be met from Section 106 funding and Directorate revenue budgets.

Dell Stadium

9. Following a recent external inspection of the athletics facilities it was found that the track facilities did not meet the governing bodies' standard to host athletic competitions. Consultants have determined that the work required in cleaning, repairing and replacing the track surface is estimated to cost £120,000 and can be funded from existing Directorate revenue and capital resources.

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

Sedgley Hall Park Watercourse Erosion

10. The pool situated at the rear of The Northway in Sedgley Hall Park is fed by two streams - one of which runs alongside the western boundary of the park abutting Alder Coppice School. Land ownerships in the area place responsibility for the stream with the Council.

The ground through which the stream runs is of a sandy/clayey nature and is susceptible to erosion particularly during times of peak flow - as have recently been experienced. Over the last 30 years, associated with the preceding residential development, the rate of flow has lowered the bed of the stream by around 2m.

A number of maintenance remedial measures have been undertaken in recent years. However, the bank that abuts the Alder Coppice School is now eroding towards the school boundary (that was moved away from the stream some years ago) and there is now a risk that further erosion will affect the structural integrity of the bank.

It is necessary to undertake a stability assessment and determine options to secure the integrity of the bank, and it is proposed that this work, costing £20,000 be approved and included in the Capital Programme. This can be funded from capital resources set aside to fund urgent priorities.

Liveability

11. It is proposed that the following enhancement to the Liveability programme be approved using available Section 106 funding:
- Bernard Oakley Memorial Gardens - £47,000 (including £18,000 already allocated in the Capital Programme for open space and children's play) to support the delivery of improvements set out in the masterplan;
 - Milking Bank - £47,000 to support of the construction of a Multi Use Games Area (MUGA);
 - Grange Park - £5,000 for accessibility improvements;
 - Swanbrook Valley & Turls Hill - £16,000 for access and security improvements;
 - Silver Jubilee Park, Coseley - £12,000 for signage, seating and accessibility improvements;
 - Highfields Park, Halesowen - £17,000 for litter/dog bins, seating, and path improvements;
 - King George VI Park, Kingswinford - £19,000 for additional planting works;
 - Stevens Park, Wollescote - £13,000 for improvements to the terrace;
 - Bumble Hole - £2,000 for habitat improvements and seating;
 - Netherton Park - £3,000 towards lighting of the MUGA and footpaths;
 - Green Park, Kates Hill - £1,000 for planting improvements;
 - Pedmore & Wychbury Open Space, Wollescote - £1,000 for children's play improvements;
 - Cotwall End Valley - £7,000 towards footpath improvements.

In addition, the Council has been awarded funding by West Midlands Police of £7,000 for the construction of a Youth Shelter at Woodside Park. It is proposed that the award be noted, and the project be included in the Capital Programme.

Road Safety Grant - Distribution of West Midlands Allocation

12. The West Midlands Road Safety Partnership Board met on 29th February to agree the allocation to Districts of Road Safety Grant. Dudley's allocation is as follows: Capital £35,000; Revenue £83,000. The Board also agreed £703,000 for area wide joint initiatives, subject to finalising the operational case for schemes with West Midlands Police.

The funding will enable additional road safety measures to be undertaken that deliver the Local Transport Plan objectives of reducing the number of people killed and seriously injured on the highway. As agreed at the February meeting of Cabinet, individual schemes will be approved by the Director of the Urban Environment in consultation with the Cabinet Member for Transportation.

It is proposed that the grant allocation be noted and the Capital Programme be amended accordingly.

Children's Services

Milking Bank Primary Refurbishment

13. As part of the Extended Schools initiative, a scheme has been developed at Milking Bank Primary School which would involve internal remodelling and refurbishment of the existing teaching / community space and toilets to create improved community and school facilities. A wide range of facilities will be able to be provided following the works, including study support, adult and family learning, and sport and music clubs. The cost of £70,000 can be met from a combination of Section 106 funding and the School's Devolved Capital allocation.

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

Computers for Schools

14. The Council has been awarded a further grant of £183,000 under the Government's Computers for Pupils initiative for 2007/08 (to be spent by 31st August 2008). The aim of the funding is to improve the life chances of the most disadvantaged secondary school pupils (and their families) by providing access to ICT at home.

The original grant is providing laptop computer and 3G connectivity for pupils at Castle High, Holly Hall, High Arcal and Hillcrest. It is anticipated that this additional funding will address the needs of disadvantaged pupils across the remaining secondary schools.

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

Expansion of Hillcrest School and Community College

15. It is proposed that the Director of Children's Services be authorised to submit a funding bid to the Department for Children, Schools and Families (DCSF) for Targeted Capital Funding (TCF) to expand the school's facilities in order to increase the number of pupil places. The expansion is part of a planned, phased programme with the subsequent phases anticipated to be funded from Building Schools for the Future (BSF) resources. It would include a new dining refectory, new classrooms, office and administration space and associated car parking and external works. The total estimated project cost including professional fees is £5.4m.

It is also proposed that should the funding bid be successful, the project be included in the Capital Programme.

Chief Executive's

Safer Stronger Communities Capital allocations 2008/9 - 2010/11

16. The Council has been awarded £110,000 under the above initiative for each of the next 3 financial years. Detailed schemes will be agreed through the Crime Reduction Implementation Group (CRIG).

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

Minimum Revenue Provision (MRP) Policy Statement

17. As reported to the previous meeting of the Cabinet, the Government was proposing to abolish the detailed legislation setting out the calculation of Minimum Revenue Provision (MRP) to be made for borrowing incurred for non-HRA related capital expenditure - in favour of statutory guidance to which authorities must have regard when determining the appropriate revenue charge.
18. The necessary regulations have now been enacted, and the final guidance issued. As anticipated, the guidance 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.
19. In anticipation of the proposed changes being implemented, Cabinet recommended that the Council agreed the following MRP Policy for 2008/09:
- 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".
20. As the new arrangements will apply retrospectively to 2007/08 it is also necessary for the Council to agree a policy for that year - and to clarify that (as allowed by the guidance) the Regulatory Method will continue to be used for all capital expenditure incurred before 1st April 2008.
21. The final guidance also allows a further variation of the "Asset Life" method on the basis of an annuity charge rather than equal instalments, which may be more appropriate in some circumstances.

22. It is therefore proposed that the Council agree the following MRP Policy for 2007/08 and 2008/09:
- For unsupported borrowing to fund capital expenditure incurred from 1st April 2008 onwards, MRP be calculated on the basis of equal instalments or annuity as appropriate over the initial estimated life of the assets - the "Asset Life" method;
 - For all supported borrowing, and unsupported borrowing to fund capital expenditure incurred before 1st April 2008, MRP be calculated on the basis of the existing regulations - the "Regulatory Method".

Finance

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

Law

24. 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.

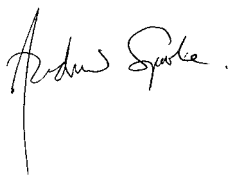
Equality Impact

25. These proposals comply with the Council's policy on Equality and Diversity.
26. 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

27. That current progress with the 2007/08 Capital Programme, as set out in Appendix A be noted.
28. That the Director of Children's Services be authorised to submit a funding bid to DCSF for the expansion of Hillcrest School and Community College, as set out in paragraph 15.
29. That the Council be recommended:
- That the Breakthrough funding allocation be noted and the associated expenditure be included in the Capital Programme, as set out in paragraph 5.

- That subject to the anticipated Kick Start allocation being forthcoming, the associated expenditure be included in the Capital Programme, as set out in paragraph 6.
- That £76,000 of Section 106 funding be used to support Affordable Housing at Queens Road / Bath Road, Stourbridge, and that this expenditure be included in the Capital Programme, as set out in paragraph 7.
- That the further security measures at the Council House, Mary Stevens Park, Stourbridge, be approved and included in the Capital Programme, as set out in paragraph 8.
- That the works to the track at the Dell Stadium be approved and included in the Capital Programme, as set out in paragraph 9.
- That the stability assessment relating to the Sedgley Hall Park watercourse erosion be approved and included in the Capital Programme, as set out in paragraph 10.
- That the enhancements to the Liveability programme be approved, and that the award of funding for a Youth Shelter at Woodside Park be noted, and the project be included in the Capital Programme, as set out in paragraph 11.
- That the allocation of Road Safety Grant be noted and the Capital Programme amended accordingly, as set out in paragraph 12.
- That the Extended Schools project at Milking Bank Primary School be approved and included in the Capital Programme, as set out in paragraph 13.
- That the Computers for Schools grant allocation be noted, and the associated expenditure be included in the Capital Programme, as set out in paragraph 14.
- That subject to the funding bid to DCSF being successful, the project to expand Hillcrest School and Community College be included in the Capital Programme, as set out in paragraph 15.
- That the Safer Stronger Communities allocation be noted, and the associated expenditure be included in the Capital Programme, as set out in paragraph 16.
- That the Minimum Revenue Provision (MRP) Policy for 2007/08 and 2008/09 be as set out in paragraph 22.



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List of Background Papers

Relevant resource allocation notifications.

2007/08 Capital Programme Progress to Date

Service	Budget £'000	Spend to 31 st January £'000	Forecast £'000	Variance £'000	
Public Sector Housing	27831	23081	27831		
Other Adult, Community & Housing	6413	4391	6413		
Urban Environment	29038	20472	29042	+4	As previously reported
Children's Services	17402	12098	17482	+80	See Note 1
Finance, ICT & Procurement	729	580	729		
Law & Property	1475	1275	1475		
Chief Executive's	926	406	945	+19	As previously reported
TOTAL	83814	62303	83917	+103	

Note 1: As previously reported, plus an overspend of £44,000 on the Netherton Neighbourhood Centre, the reasons, and potential sources of funding for which, are currently being investigated.