
CAPITAL PROGRAMME MONITORING

1.0 Purpose

- 1.1. To report progress with the implementation of the Capital Programme, and propose certain amendments.

2.0 Background

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

Service	2004/05	2005/06	2006/07
	£'000	£'000	£'000
Housing	27366	22877	22641
Urban Environment	26504	27879	27634
Social Services	1202	0	0
Education & Lifelong Learning	16549	26571	32
Finance, ICT & Procurement	3737	1810	598
Law & Property	3432	0	0
Chief Executive's	3207	498	14
TOTAL	81997	79635	50919

Note that some services have not yet had a capital programme agreed for 2005/06 and 2006/07, largely due to uncertainty with regard to likely resource levels. Hence the "zeros" and other relatively small figures appearing in the above table for those years.

In accordance with the requirements of the Financial Management Regime (FMR), details of progress with the 2004/05 Programme are given in Appendix A. It is proposed that the current position be noted.

Proposals to update the Programme are set out below.

2.2 Urban Environment

2.2.1 Tipton Road Bridge

Tipton Road Rail Bridge, constructed in the 1930s, carries the two lane dual carriageway A4037 at an angle over a disused twin track railway line that is programmed to be reopened for freight.

A structural assessment indicates that the bridge is incapable of carrying the traffic loads imposed upon it, so to protect the structural integrity of the bridge the highway is currently restricted to one lane in each direction. An options study has been carried out which highlighted the need to replace the bridge decking; the Capital Programme includes a sum of £100,000 for design work in the current year.

The programme for the proposed Wednesbury to Brierley Hill Metro line includes a crossing of Tipton Road adjacent to the bridge, with works commencing around 2006/7. Reconstruction of the bridge is necessary prior to the work on the Metro crossing, as reconstruction post-Metro would cause considerable operational difficulties.

Against this background a bid was made to the Government Office for the West Midlands (GOWM) for re-allocation of Supplementary Credit Approvals returned by other Councils to fund reconstruction of the bridge, and support in the sum of £1.2m has now been confirmed. This will fully cover the estimated costs, including fees.

Bridge reconstruction will be undertaken by Network Rail and there will be a need to agree design details and programming, and for a Works Agreement to be entered into in line with national conditions. Work would be anticipated to start in the 2005/6 financial year.

It is proposed that the above scheme be approved and included in the Capital Programme, and that an agreement with Network Rail for the reconstruction work be entered into.

2.2.2 Incinerator Equipment

The Waste to Energy Incinerator at Lister Road has been fitted with analysing equipment for ammonia and volatile organic compounds, in order to comply with Environment Agency requirements. As this is a legislative requirement, the terms of the contract require the capital cost of £220,000 to be met by the Council. This can be funded by contributions from Waste Management revenue budgets over the next five years.

It is proposed that the above expenditure be included in the Capital Programme.

2.2.3 Summer Lane Retaining Wall

The old stone/slag retaining wall that supports the highway adjacent to Summer Lane, Lower Gornal, is in a poor structural condition. It had been intended that work of a maintenance nature be undertaken. However detailed investigation has shown that the wall is too deteriorated for this to be an economic option, and requires reconstruction at a cost of £55,000. Such works can be funded from the highway structures revenue budget.

It is proposed that the scheme to reconstruct the wall be approved and included in the current year's Capital Programme.

2.2.4 Lister Road Garage Lighting & Heating

Replacement of the Lister Road Garage lighting and heating system has been a priority for a number of years, due to its age and reliability. Unfortunately, both systems are no longer sustainable and a recent fault has rendered certain parts of the installation inoperative.

It is estimated that the total cost of a new heating and electrical installation will be in the region of £130,000 which can be funded from reserves earmarked for depot maintenance and current trading income.

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

2.2.5 Extension of PRN Partnering Contract

At its meeting on 18th March 2002 the Policy Committee agreed that the Principal Road Network (PRN) reconstruction programme be carried out under a partnering contract extendable subject to meeting performance criteria for a total period of up to 5 years.

The partnering arrangement for the PRN is in line with current Government thinking and the savings that accrue are part of the Government's drive to improve efficiency in public service delivery. The contract is now entering its third year of operation and a mid term review has demonstrated benefits including reduced costs associated with procurement, supervision and mobilisation, reduced potential for disputes, and facilitation of recycling opportunities. A recent audit highlights the need to establish sufficient workload to sustain the partnership to deliver value for money and is supportive of the arrangement.

The contract currently allows for reactive delivery to funding opportunities that arise from centrally held budgets within the West Midlands Local Transport Plan (LTP). Work on new access roads at Gornal Cemetery and local safety schemes have been successfully undertaken as a trial for an extended remit of the contract.

Against this background of successfully undertaking a wider range of activities it was proposed to extend the remit of the contract to include Bus Showcase schemes funded from central LTP budgets, schemes of a Local Safety nature included in the Integrated Transport block of the annual Government Capital allocation, and structural repair works.

A decision was therefore made by the Lead Member for Transportation in consultation with the Director of the Urban Environment on 26th November 2004 (Decision Sheet ref. DUE/85/2004):

- that the remit of the Principal Road Network Partnership held with Wrekin Construction be extended to include Bus Showcase, schemes of a Local Safety nature and structural repair works;
- that the actions of the Director in undertaking Local Safety schemes and work at Gornal Cemetery using the PRN contract be approved.

It is proposed that this decision (which is now being reported to the Executive to comply with Standing Orders) be noted.

2.2.6 Halesowen Leisure Centre - Improvements to Health and Fitness Facilities

In accordance with the Council's strategy for future Leisure Centre provision it is intended to further develop the health and fitness facilities at Halesowen Leisure Centre. This will involve an enlargement of the existing health and fitness room to increase the number of items of equipment therein. The associated building works are estimated to cost £55,000 which can be financed from reserves held by the Directorate of the Urban Environment.

The project will also involve the replacement of the ageing fitness equipment with new hi-tech facilities, the cost of which will be funded through an operational lease with a private sector partner, and met within existing budgets.

It is proposed that the scheme be approved, and the capital works element be included in the Capital Programme.

2.3 Finance, ICT & Procurement

2.3.1 ICT Strategy

The overall ICT Strategy Capital budget for the current year amounts to £749,000. Within this total, the following specific projects have been agreed by the e-dudley Steering Group:

- expenditure of £30,000 on members' broadband set-up costs and £50,000 enhanced spending on membernet;
- an additional £120,000 to be spent on network enhancements including ISDN replacements and town centre core network extensions (this being expected to generate future revenue savings);
- improving the Council's anti-virus software at a cost of £25,000 per annum for the next 3 years;
- e-mail archiving at a cost of approximately £70,000 (from within the existing office system implementation plan element of the overall budget).

It is proposed that these amendments be noted.

2.4 Housing

2.4.1 Lye Homelessness Centre

In the recent Audit Commission Inspection reports on the Housing Service, one area that prevented the granting of a two star rating to the Directorate was the condition of the facilities at the Lye Homelessness Centre. A subsequent review concluded that the best way of meeting the concerns of the Audit Commission is to undertake a package of improvements at the Centre, in particular ensuring that a range of private facilities are provided, and a package of remedial work is carried out.

The estimated cost of this work including fees is £160,000 which could be funded as follows: £85,000 from reserves earmarked specifically to respond to homelessness

issues identified in Audit Commission inspections; £75,000 from the resources set aside within the Capital Programme for emerging priorities.

The running costs of the upgraded Centre will be wholly funded from rental income and Supporting People grant.

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

2.5 Education & Lifelong Learning

2.5.1 Dudley Wood Primary - enhancement of Basic Need Project

A sum of £20,000 has been identified from Directorate reserves (Catering kitchen equipment fund) which could be used towards the funding of the new kitchen facilities being provided as part of the major Basic Need capital project currently being undertaken at Dudley Wood Primary School. The project also comprises the replacement of mobile classrooms with purpose built accommodation, provision of new classrooms and dining room facilities.

It is proposed that this contribution be approved, and the Capital Programme amended accordingly.

2.6 Urgent Amendments to the Capital Programme

2.6.1 Reinforcement of Himley Road Embankment

Following subsidence of a section of footpath that runs along the northern side of Himley Road, investigations revealed that the earth embankment at this location had failed and required reinforcement at an estimated cost of £100,000. For this work to be undertaken there was a need to close this section of the Himley Road.

Given that Staffordshire County Council were due to close the Himley Road on the 8th November for a period of three weeks and reduce to single way traffic thereafter for a further 10 weeks to enable replacement of a bridge, it was considered prudent to undertake the footpath reinforcement work at the same time.

It was proposed that the work be undertaken by Wrekin Construction - the Council's partnership contractor for Principal Road maintenance work, Wrekin also being the contractor undertaking work on the bridge for Staffordshire.

The road at this location is also crossed by a brick culvert that is thought to be in poor condition and, as the reinforcement work will necessitate construction of a headwall to the culvert, opportunity could be taken to investigate the culvert and if necessary replace any defective sections. The estimated cost of replacing the culvert was £50,000.

The work can be funded from existing resources within the Transport Capital Programme, being accommodated by slippage of expenditure on other schemes.

In order to comply with the necessary timescales, an urgent decision (ref. DUE/74/2004) was made by the Leader of the Council in consultation with the Senior Assistant Director of Finance on 27th October that the scheme to reinforce the

embankment supporting Himley Road and associated work be approved and included in the Capital Programme, and that the work be undertaken by Wrekin Construction.

2.6.2 Dudley Town Centre – Priory Street Acquisitions

Advantage West Midlands are currently funding the cost of producing the Area Development Framework for Dudley Town Centre. This Framework presents a vision for the town centre which focuses on serving the needs of local people and seeks to ensure it remains a centre for civic life, shopping, working and education. It also anticipates that the area will change to become a place with a much richer mix of shops, cafes, restaurants, small businesses and creative enterprises.

The draft Area Development Framework has been the subject of wide consultation and is currently being finalised with a view to it becoming Supplementary Planning Guidance in 2005.

The Area Development Framework identifies nine Opportunity Areas. Some of these areas are already the subject of development pressure or are deemed to be a priority for action. One of these Opportunity Areas is Priory Street which is a valuable asset within the Civic Quarter conservation area of the town centre.

An opportunity arose for the Council to submit an application through the Arc of Opportunity Regeneration Zone to Advantage West Midlands for resources for land acquisitions.

Priory Street has been identified as the highest priority for land and property assembly in Dudley Town Centre in the current financial year. It is regarded as the key to “kick start” the regeneration of the town centre and is seen as the second phase of the Stone Street Square development. This proposal would enable the Council, which currently owns around a third of the site, to assemble enough of the Opportunity Area in order to make redevelopment attractive and economically viable for potential developers. New uses are likely to include a mix of specialist retailers, bars, cafes and residential conversions on upper floors. This will result in a new evening economy with a much richer mix of shops, restaurants and small businesses which will benefit the town as a whole and generate increased demand for development of the other Opportunity Areas.

The funding for the project will be met from Advantage West Midlands. A small amount of Council match funding will be included in the outline bid. This comprises primarily contributions in kind through officers’ time spent on the project.

In order to comply with the necessary timescales an urgent decision (ref. DUE/88/2004) was made by the Leader of the Council in consultation with the Director of Finance on 29th November:

- to approve the submission of a bid to Advantage West Midlands for funding to acquire premises in the Priory Street Opportunity Area of Dudley Town Centre;
- to authorise the Director of the Urban Environment to accept any grant funding arising, and include the scheme in the Capital Programme;

- to authorise the Director of Law and Property to enter into negotiations to acquire one or more premises on terms to be negotiated and agreed by him up to the limit of the funding approved.

2.7 Post Completion Review of Capital Projects

- 2.7.1 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.
- Fairhaven Replacement
 - Stone Street Square
 - Office System Replacement (Phase 1)

3.0 Proposals

3.1. That the Executive:

- 3.1.1. Notes current progress with the 2004/05 Capital Programme, as set out in paragraph 2.1 and Appendix A.
- 3.1.2. Agrees that the scheme to reconstruct the Tipton Road Bridge be approved and included in the Capital Programme, and that an agreement with Network Rail for the reconstruction work be entered into, as set out in paragraph 2.2.1.
- 3.1.3. Agrees that the expenditure on Incinerator Equipment be included in the Capital Programme, as set out in paragraph 2.2.2.
- 3.1.4. Approves the scheme to reconstruct the retaining wall at Summer Lane, and its inclusion in the Capital Programme, as set out in paragraph 2.2.3.
- 3.1.5. Agrees that the Lighting and Heating system at Lister Road Garage be replaced, and the expenditure included in the Capital Programme, as set out in paragraph 2.2.4.
- 3.1.6. Notes the decision made by the Lead Member for Transportation in consultation with the Director of the Urban Environment that the remit of the Principal Road Network Partnership held with Wrekin Construction be extended to include Bus Showcase, schemes of a Local Safety nature and structural repair works; and that the actions of the Director in undertaking Local Safety schemes and work at Gornal Cemetery using the PRN contract be approved, as set out in paragraph 2.2.5.
- 3.1.7. Approves the project for improvements to the Health & Fitness facilities at Halesowen Leisure Centre and the inclusion of the capital works element in the Capital Programme as set out in paragraph 2.2.6.
- 3.1.8. Notes the amendments to the ICT Strategy, as set out in paragraph 2.3.1.

- 3.1.9. Approves the project to improve the Lye Homelessness Centre and its inclusion in the Capital Programme, as set out in paragraph 2.4.1.
- 3.1.10 Agrees the contribution from reserves to enhance the Basic Need project at Dudley Wood Primary School, as set out in paragraph 2.5.1.
- 3.1.11 Notes the Urgent Amendments to the Capital Programme, as set out in paragraph 2.6, and authorises the Director of Law and Property to agree the acquisition of properties in the Priory Street Opportunity Area on terms to be negotiated by him.
- 3.1.12 Notes the results of the Post Completion Reviews of Capital Projects, as set out in paragraph 2.7 and Appendix B.

4.0 Finance

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

5.0 Law

- 5.1 The Council's budgeting process is governed by the Local Government Finance Acts 1988 and 1992, the Local Government and Housing Act 1989, and the Local Government Finance Act 2003.

6.0 Equal Opportunities

- 6.1 These proposals comply with the Council's policy on Equal Opportunities.

7.0 Recommendation

- 7.1. That the proposals set out in Section 3 be approved.

8.0 Background Documents

- 8.1 Various internal e-mails relating to individual schemes and proposals.
Relevant resource allocation notifications.

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CHIEF EXECUTIVE

DIRECTOR OF FINANCE

Contact Officer: John Everson - Ext. 4806

2004/05 Capital Programme Progress to Date

Service	Budget £'000	Spend to 31st Oct £'000	Forecast £'000	Variance £'000	Reasons for Variance
Housing	27366	12355	27366		
Urban Environment	26504	11491	26520	+16	See note
Social Services	1202	37	1202		
Education & Lifelong Learning	16549	8178	16549		
Finance, ICT & Procurement	3737	1604	3737		
Law & Property	3432	1024	3432		
Chief Executive's	3207	699	3206	-1	
TOTAL	81997	35388	82012	+15	

Note: Mainly relates to Hill Street Derelict Land project, as previously reported.

Post Completion Review of Capital Schemes - Details required for reporting to the Executive

Title of Scheme: Fairhaven Replacement
Date of Policy Committee / Executive approval: 15/11/99 (i.e. inclusion in Capital Programme)
Original Budget (as first reported to Policy Cttee / Executive): £ 500,000 Planned Completion date: 07/03/03
Outturn Cost (please indicate if still provisional): £ 859,000 Actual completion date: 2 / 5 / 2003
Variation from Original Budget: £ 359,000
<p>Reason for Cost Variation and / or Delay in Completion (please indicate if any variation has previously been reported to Policy Cttee / Executive):</p> <p>As the original budget was set in 1999, the project was based upon the professional valuation of the Fairhaven site made at that time of £500,000. The final sale price for the site was in excess of £1M, which was double the original valuation from which the original project was funded. The project went out to Tender and the winning tender figures, excluding fees, was £850,000. In view of the original budget identified, a schedule of reductions was agreed with the winning contractors and a reduction to £730,000 was negotiated, excluding fees. The enhanced funding requirements for the capital costs and fees were identified from the capital receipt from the proposed sale of Fairhaven and from additional monies identified by the Directorate.</p> <p>The addition of the fees at 16%, the eventual need to re-route a gas main found on site during the construction and the additional works required resulted in a final figure of £859,000, still less than the £850,000 plus fees winning tender figure.</p>
<p>Original Objectives of Scheme (please indicate when and to whom these were reported):</p> <p>The aim of the project was to build a children's unit to replace the Fairhaven children's unit, which was not fit for purpose and did not comply with the National Care Standards.</p>
<p>Have these Objectives been met? (If "No" please provide explanation):</p> <p>Yes</p>

Signed by



(Director)

Date

19.11.04

Post Completion Review of Capital Schemes - Details required for reporting to the Executive

Title of Scheme: Stone Street Square, Dudley.
Date of Policy Committee / Executive approval: 06/06/02 (i.e. inclusion in Capital Programme)
Original Budget (as first reported to Policy Cttee / Executive): £ 600,000 Planned Completion date: 31/03/04
Outturn Cost (please indicate if still provisional) (provisional).....£ 756,000 Actual completion date: 16/04/04
Variation from Original Budget: (provisional).....£ 156,000 Delay: 16 days
<p>Reason for Cost Variation and / or Delay in Completion (please indicate if any variation has previously been reported to Policy Cttee / Executive):</p> <ul style="list-style-type: none"> • Need to increase budget to £650,000 to fund unanticipated works to cellarage and ground conditions to archaeologically sensitive method of protection and backfill together with compaction to provide adequate foundation design. Reported to & approved by DMBC Executive 09.07.03. • Need to increase budget by £216,000 to afford highest quality specification tendered. Increase required due to higher than anticipated tender cost returned together with unanticipated costs related to ground conditions referred to above. Approval to increase overall budget to £816,000 given by The Leader (Ref. DUE/70/2003). Increase of budget again dependent upon securing additional £216,000 through ERDF via Advantage West Midlands/Government Office West Midlands. • Report taken to Executive 10.09.03 to confirm that the ERDF bid that the Council had been invited to make had failed and to seek an increase in budget from £600,000 to £659,000 using £52,000 DMBC funding with an additional 'in kind' contribution from Centro (£7,000 for the supply of a Bus Shelter & other items associated) to make up the £59,000 shortfall. The start on site had been put back as late as possible to allow the bidding for further funds to be explored through AWM, with AWM's encouragement. A firm decision had to be taken to omit areas of the scheme and go with a slightly reduced specification (but still high quality) in order to finish a scheme by 31.03.04. The ODPM were kept fully briefed of this situation. • AWM continued to encourage the Council to bid for additional funding. With the contract on site, this would enable the areas omitted and some increases in specification to be added back in, if successful. Confirmation that a bid for additional funding of £80,000 had been successful to add areas back into the costed scheme of £652,000 (£659,000 including Centro's 'in-kind' contribution) was received from AWM/GOWM on 01.12.03. This was further supported by a £10,000 ERDF addition via Future Skills Dudley, bringing the available project sum to £749,000 (inclusive of the £7,000 'in-kind' contribution from Centro). A further contribution of £14,000 was added from Section 106 monies towards the

end of the project to assist in funding additional costs. This added up to a provisional outturn cost of £756,000 (or £763,000, inclusive of Centro's £7,000 in-kind' contribution). This put the scheme within the £816,000 for which it had previous approval (see above).

- Delay in completion due to latest possible start 13.10.03 being held out for to allow every possible opportunity for additional monies to be secured from AWM/GOWM. Final securing of additional monies in December 2003 allowed items of work to be added back in to contract. This required further shipping of material from India and China with delay inevitable. ODPM monies were spent in line with the agreement with them however (before 31.03.04) and an extension of time for completion of the project agreed with ODPM overall as a result of the funding adjustment and additional work able to be added back in to increase the quality and coverage of the scheme.

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

1. To renew Stone Street Square;
2. to create a high quality public space capable of multi-activity use;
3. to raise environmental quality of the area;
4. to remove car parking;
5. to calm traffic movement to Stone Street and Priory Street edges and provide a pedestrian friendly environment
6. Implementation of the Council's Revised UDP Policy for the Square.

These objectives were reported to the Executive on 06.06.02.

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

Yes.

The Square has been renewed as a pedestrian friendly space that is fit for purpose and capable of hosting a flexible range of events as an asset to the town.

The Square has put in place the public realm improvements to encourage investment in buildings that adjoin the Square as part of the town centre's rolling regeneration. Work is in progress on a Development Brief to guide the future development of these buildings and there is clear developer interest in their potential to contribute to making Stone Street Square a vital, lively asset that offers the potential for a different quality of experience in Dudley Town Centre.

Signed by:  (Director)

Date: 2/12/09

Post Completion Review of Capital Schemes - Details required for reporting to the Executive

Title of Scheme: OFFICE SYSTEM REPLACEMENT (PHASE I)	
Date of Policy Committee / Executive approval: 8TH / JAN / 2001 (i.e. inclusion in Capital Programme)	
Original Budget (as first reported to Policy Committee / Executive):£ 504,000 Planned Completion date: April 2003	
Outturn Cost (please indicate if still provisional):£ 459,000 Actual completion date: September 2003	
Variation from Original Budget:£ 45,000 Delay: <u>5 MONTHS</u>	
Reason for Cost Variation and / or Delay in Completion (please indicate if any variation has previously been reported to Policy Committee / Executive): Original budget included a contingency sum of £24,400 which was not required and other savings have arisen from lower costs generally. The underspending has been rolled forward into the general ICT Strategy Fund for e-government and ICT Strategy initiatives, which is an ongoing programme.	
Original Objectives of Scheme (please indicate when and to whom these were reported): Reported to Policy Committee :- To replace the Council's previously obsolete Officepower System. The new system would be easy to use, provide a universal system to communicate both internally and externally from the same package and allow easy links with other more modern software packages.	
Have these Objectives been met? (If "No" please provide explanation): Yes for phase I.	

Signed by:  (Director)

Date: 29.11.04