

Meeting of the Cabinet – 12th March 2014

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.

	2013/14	2014/15	2015/16
	£'000	£'000	£'000
Public Sector Housing	38,753	43,095	41,155
Other Adult, Community & Housing	8,395	5,258	550
Urban Environment	26,893	26,524	10,302
Children's Services	10,022	25,950	170
Corporate Resources	2,611	1,963	1,428
Total spend	86,674	102,790	53,605
Revenue	17,043	16,134	12,929
Major Repairs Reserve (Housing)	22,199	22,279	22,558
Capital receipts	5,185	20,439	13,150
Grants and contributions (inc. Lottery)	19,165	27,195	2,053
Capital Financing Requirement*	23,082	16,743	2,915
Total funding	86,674	102,790	53,605

*This will be funded internally from the Council's cashflow resources as far as possible, rather than from external debt.

Note that the capital programme for future years is in particular subject to government grant allocations, some of which have not yet been announced.

4. In accordance with the requirements of the Council's Financial Regulations, details of progress with the 2013/14 Programme are given in Appendix A. It is proposed that the current position be noted, and that budgets be amended to reflect the reported variances. An update on progress with the Council's most significant capital schemes is shown in Appendix B.

Adult, Community and Housing

Mortgage Rescue Scheme

5. The Council joined the Government funded Mortgage Rescue scheme as one of its original pathfinder authorities in 2009 and has completed 54 rescues to date of homeowners referred by its Homelessness Team. The scheme is a “product of last resort” for homeowners at risk of homelessness through mortgage repossession, and who cannot be helped to avoid homelessness through any other measures such as mortgage rescheduling, benefit support, lender forbearance, voluntary sales, equity release, etc. At present the Government provides a grant so that the properties can be purchased by a housing association and rented back to the previous owner. The Council now has the opportunity to become a syndicate member of the scheme which allows us to take ownership of properties that are rescued. In doing so the Council would benefit from a Homes and Communities Agency (HCA) grant of 47% toward the purchase price and a further 47% of the costs of any improvements needed to be made to the property to bring it up to the Decent Homes Standard (up to a maximum cost of £20,000). The Council would not be obliged to purchase any property offered to it and an evaluation would be carried out on each property before it is purchased to ensure that the purchase cost plus any costs incurred in bringing the property up to a Decent Homes Standard (and any future projected maintenance costs) represent a sound investment and good value for money. The properties would be managed as part of the Housing Revenue Account (HRA) stock, and the Council’s share of the acquisition, improvement and ongoing costs would be funded from existing HRA resources.

It is proposed that expenditure of £500,000 plus the value of any associated HCA Grant be added to the public sector housing capital programme over 5 years, and that the Director of Corporate Resources be authorised to acquire properties suitable for Mortgage Rescue on behalf of the Council.

Children’s Services

Schools Energy Efficiency

6. It is proposed to replace existing lighting with high efficiency lighting (either fluorescent or LED) and install insulation to heating, pipework and valves at 10 pilot schools, with the intention of reducing energy costs and carbon dioxide emissions. It is anticipated that this work could be funded by an interest free loan from Salix (an independent, publicly funded company, dedicated to providing the public sector with loans for energy efficiency projects) to be repaid over a period up to 8 years from the savings generated. Any savings thereafter will be retained by the schools. The initial estimated cost of the works is £430,000, although the costs (and savings) will be clarified further before submitting any application.

It is proposed that the Interim Director of Children’s Services be authorised to submit an application for funding to Salix, and that subject to the application for funding being successful the project be approved and included in the Capital Programme.

Post Completion Review of Capital Projects

7. The Post Completion Reviews required by Contract standing orders have now been undertaken for the following schemes, with copies of the proformas summarising the reviews attached at Appendix C.

Urban Environment

A459 Halesowen Road, Netherton - Resurfacing

A4036 Dudley Road, Pedmore Road and Lye Cross - Resurfacing

Saltwells Road, Netherton - Resurfacing

Children's Services

Northfield Road Primary School – Re-roofing

It is proposed that these be noted.

Finance

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

Law

9. 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

10. These proposals comply with the Council's policy on Equality and Diversity.
11. 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

12. That the results of the Post Completion Reviews of relevant capital projects, as set out in Appendix C be noted.
13. That the Interim Director of Children's Services be authorised to submit an application for funding to Salix for the Schools Energy Efficiency project, as set out in paragraph 6.
14. That the Council be recommended:
 - That current progress with the 2013/14 Capital Programme, as set out in Appendix A be noted, and that budgets be amended to reflect the reported variance.
 - That in respect of the Mortgage Rescue Scheme, expenditure of £500,000 plus the value of any associated HCA Grant be added to the public sector housing capital programme over 5 years, and that the Director of Corporate Resources be authorised to acquire properties suitable for Mortgage Rescue on behalf of the Council, as set out in paragraph 5.
 - That subject to the application for funding being successful the Schools Energy Efficiency project be approved and included in the Capital Programme, as set out in paragraph 6.



John Polychronakis
Chief Executive



Iain Newman
Treasurer

Contact Officer: John Everson
Telephone: 01384 814806
Email: john.everson@dudley.gov.uk

List of Background Papers

Relevant resource allocation notifications.

2013/14 Capital Programme Progress to Date

Service	Budget £'000	Spend to 31st January £'000	Forecast £'000	Variance £'000	Reasons for Variance
Public Sector Housing	38,753	27,947	38,753		
Other Adult, Community & Housing	8,395	5,670	8,395		
Urban Environment	26,893	18,445	26,869	-24	See note 1
Children's Services	10,022	5,156	10,022		
Corporate Resources	2,611	1,878	2,611		
TOTAL	86,674	59,096	86,650	-24	

1. Minor underspend in respect of Healthy Towns project; grant funding freed up will be used for associated revenue expenditure.

Progress with Major Capital Schemes

Adult, Community and Housing

New Council Housing

The Council has been successful in securing match funding from the Homes and Communities Agency (HCA) from the Care and Specialised Support Housing Fund and work has commenced on design and planning for the 14 two bedroom apartments for people with learning disabilities and who are on the autistic spectrum at the former depots at Norfolk Road, Wollaston and The Walk, Sedgley, and 3 two bedroom three person houses also at The Walk. Work is continuing on feasibility studies for other potential new build across the borough although no firm proposals have been developed yet. Spend this year is planned to be only design and planning fees, with construction on site planned to commence later in 2014. Schemes are expected to be delivered within budget.

Dementia Gateways

Work has been successfully completed on the dementia gateway at Brettell Lane, Brierley Hill and works have now also commenced on the second dementia gateway at Brett Young in Halesowen with completion in August 2014. Schemes are expected to be delivered within budget.

Tiled House Lane Residential Home Modernisation

Refurbishment works to carry out improvements to Tiled House Lane Residential Home have commenced and are expected to be completed, within budget, in May 2014.

Urban Environment

Street Lighting

Street lighting improvement works are in progress and the Street Lighting Central Management System (CMS) is now fully commissioned and operational. 8,700 of the Council's 32,000 street lights can now be controlled via the CMS system remotely to help save energy; 4,200 of these can be dimmed. Spend is forecast to be within budget.

Better Bus Area

A planning application has been prepared and submitted for the proposals which involve the construction of a new signal controlled pedestrian crossing on the A4036 Pedmore Road, and the creation of additional road space and signal controls to facilitate bus priority measures at the junction of the Boulevard with Mill St, Brierley Hill. The planning application will be considered by the Council's Development Control Committee in March and subject to gaining planning permission works will be programmed to start on site in Summer 2014.

Recycling

The grant funded recycling vehicles are now operational and approximately two thirds of the boxes and bags have been deployed to households in line with Phases 1 and 2 of the rollout. Phase 3 rollout is expected to complete the recycling capital expenditure Spend is forecast to be within budget.

Wheeled Bins

Phases 1 and 2 wheeled bin deliveries have now been rolled out with Phase 3 bins expected to be delivered by February 2014. Spend is forecast to be within budget.

Priory Park Improvements

Awaiting some final snagging issues to be resolved by the main contractor, but capital project is virtually complete. Claims for capital funding from Heritage Lottery are almost complete. Revenue spend is progressing well with a large number of new volunteers involved in the improvements. Spend is forecast to be within budget.

Mary Stevens Park

Heritage Lottery Fund has given permission to start project. All conditions have been met. The Project Manager started work in December, and is due to start the process of regular project meetings to monitor progress. The design team will be recruited by March, and the procurement process has begun. Spend is forecast to be within budget.

Castle Hill

New Access Road: Phase 1a was completed during October 2012. Phase 1b (link road and roundabout) was completed April 2013.

Phase 2 onwards: This comprises the secondary route, recreational route, car parking and Visitor Hub. Planning permission was granted on 12th March 2013. The design team are currently working on detailed designs on a phased basis. Works commenced onsite for the initial phase of the secondary route on 23rd September 2013. Works commenced on the lower level car parks on 4th December 2013, with anticipated completion due early March 2014. Further works to commence early 2014, with final completion currently projected for December 2014.

Spend is forecast to be within budget.

Dudley Marketplace and Town Centre

The Dudley Marketplace project is currently underway and the first construction phase in Castle Street commenced on 20th January 2014. The Market Place phase will follow in the next financial year. Spend is forecast to be within budget.

Children's Services

DGfL3

Dudley Grid for Learning 3 includes a programme of ICT equipment upgrade and renewal across financial years 2013/14 & 2014/15. Consultation with schools to ascertain their priorities for the 'refresh' programme is underway and options have been presented to schools. Initial equipment procurement has commenced in response to schools and service needs. The programme and associated expenditure is therefore on schedule to bring improvement to schools ICT as planned.

Corbyn Road - base for joint Children's Safeguarding Unit and frontline social work teams

Tenders have now been returned, and work started on 20th January 2014 with a planned completion date of 27th June 2014. Expected outturn cost is within budget.

Pens Meadow Special School – Additional Places

A costed feasibility study has been produced and the next stage is for more detailed surveys to be undertaken to ascertain more up to date costs for refurbishment. Corporate Estates have been commissioned by the Directorate of Children's Services to negotiate a lease of the building on behalf of the Council. Construction & Design have been commissioned to provide full design services for the project.

Corporate Resources

Transforming our Workplace (ToW)

The project is now less than 6 months to completion. There has been some overspend on the refurbishment of core offices but this has been offset by underspend on other ToW budget lines such as fewer staff moves. Additionally, Non-Domestic Rate credits have been received for vacant offices during refurbishment periods. Work to offices at 3/5 St James's Road was originally due to complete before Christmas but has been delayed; predominantly due to slow work on site over November and December. However, furniture and ICT has been installed and the programme remains on target to relocate staff in early February. Alterations to offices at Mary Stevens Park Stourbridge are in progress ahead of the relocation of around 250 Children's Services staff commencing at the end of March. Work to the Council House complex and 8 Parsons Street is scheduled to commence in February 2014. The release of 12 surplus office sites has commenced with Castle Court, 5-7 The Broadway now on the market. The other 11 sites will be vacated in 2014. The whole programme of work is currently running to budget and is scheduled to complete accordingly to plan in July 2014.

Post Completion Review of Capital Schemes

Title of Scheme: A459 Halesowen Road, Netherton Resurfacing
Date of Cabinet approval (As part of Highways Structural Maintenance Programme): 27 May 2011 (i.e. inclusion in Capital Programme)
Original Budget (as first reported to Cabinet):..... £194,000 Planned Completion date: 31 May 2013
Outturn Cost £195,000 Actual completion date: 23 June 2013
Variation from Original Budget: Increase of £1,000 Delay: 3 weeks
Reason for Cost Variation and / or Delay in Completion (please indicate if any variation has previously been reported to Cabinet): There were some minor cost variations but overall the cost of the scheme was on target. About 50% of the resurfacing was carried out on Sundays to reduce traffic disruption through Netherton. The weekday work was completed on time. Two Sundays were lost because of the Bank Holiday weekends in May and the Sunday working was increased to allow for the resurfacing adjacent to some industrial premises when the businesses were closed.
Original Objectives of Scheme (please indicate when and to whom these were reported): Resurface the carriageway of Halesowen Road, Netherton to overcome the deterioration of the pavement layers.
Have these Objectives been met? (If "No" please provide explanation): Yes.

Signed by: **John Millar** (Director).....

Date: 31/01/2014

<p>Title of Scheme: A4036 Dudley Road, Pedmore Road and Lye Cross Resurfacing</p>
<p>Date of Cabinet approval (As part of Highways Structural Maintenance Programme): 27 May 2011 (i.e. inclusion in Capital Programme)</p>
<p>Original Budget (as first reported to Cabinet):.....£205,000 Planned Completion date: 25 August 2013</p>
<p>Outturn Cost £200,000 Actual completion date: 15 September 2013</p>
<p>Variation from Original Budget:.....Reduction of £5,000 Delay: 3 weeks</p>
<p>Reason for Cost Variation and / or Delay in Completion (please indicate if any variation has previously been reported to Cabinet):</p> <p>Budget savings were achieved through a reduction in the amount of binder course material used.</p> <p>The majority of the resurfacing was carried out on Sundays to reduce traffic disruption. The layout of the junction required the work to be undertaken in multiple phases. This was more complex than originally envisaged and required three additional Sundays to complete the scheme.</p>
<p>Original Objectives of Scheme (please indicate when and to whom these were reported):</p> <p>Resurface the carriageway of the A4036 Dudley Road, Pedmore Road and Lye Cross to overcome the deterioration of the pavement layers.</p>
<p>Have these Objectives been met? (If "No" please provide explanation):</p> <p>Yes.</p>

Signed by: **John Millar** (Director).....

Date: 31/01/2014

Title of Scheme: Saltwells Road, Netherton Resurfacing
Date of Cabinet approval (As part of Highways Structural Maintenance Programme): 27 May 2011 (i.e. inclusion in Capital Programme)
Original Budget (as first reported to Cabinet):..... £204,000 Planned Completion date: 4 October 2013
Outturn Cost£202,000 Actual completion date: 6 October 2013
Variation from Original Budget: Reduction of £2,000 Delay: 2 days
Reason for Cost Variation and / or Delay in Completion (please indicate if any variation has previously been reported to Cabinet): There were some minor cost variations but overall the cost of the scheme was on target. About 25% of the resurfacing was carried out on Sundays to reduce traffic disruption at the junction with Cradley Road. The Sunday work started later than planned as the surfacing gang was delayed at the Lye Cross scheme, resulting in the works being completed 2 days late.
Original Objectives of Scheme (please indicate when and to whom these were reported): Resurface the carriageway of Saltwells Road, Netherton to overcome the deterioration of the pavement layers.
Have these Objectives been met? (If "No" please provide explanation): Yes.

Signed by: **John Millar** (Director).....

Date: 31/01/2014

<p>Title of Scheme: Northfield Road Primary School – Re-roofing project.</p>
<p>Date of Cabinet approval: <i>08/02/2012</i> (i.e. inclusion in Capital Programme) This project was funded from the Capital Maintenance Grant approved for inclusion in the Capital Programme by Cabinet on the above date</p>
<p>Original Budget : <i>£398,000.</i> Planned Completion date: <i>30/08/2013</i></p>
<p>Outturn Cost (still provisional): <i>£402,000.</i> Actual completion date: <i>13/09/2013</i></p>
<p>Variation from Budget: <i>£4,000.</i> Delay: 10 working days.</p>
<p>Reason for Cost Variation and / or Delay in Completion (please indicate if any variation has previously been reported to Cabinet):</p> <p>Competitive tenders were invited in accordance with Council Standing Orders.</p> <p>Due to the age and nature of the pitched roof, there were a number of unknowns that needed further investigation when the contract was on site. The delay on the project completion date was due to some of the detailing and stonework repair being more time-consuming than originally thought.</p> <p>The overspend on the budget was due to additional works carried out, which included a working clock on the clock tower, these works were funded by the school, therefore no additional funding needed to be taken from the Capital Maintenance Grant budget.</p> <p>Cost variations were reported at regular intervals through PIT (Project Implementation Team).</p>
<p>Original Objectives of Scheme (please indicate when and to whom these were reported):</p> <p>The project was prioritised through the Council's AMP (Asset Management Plan) 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.</p> <p>Following a meeting of the AMP Consultation Group held on 18th January 2012 the unanimous decision by the group was to recommend that the Directorate proceeded with the Re-roofing Scheme at Northfield Road Primary School. The Director of Children's Services agreed to the programme at Capital Board that also took place on 8th February 2012.</p>

The completed project has provided a permanent solution to the pitched and flat roof failures 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: Pauline Sharratt..... (Interim Director)

Date:7th February 2014