

**Meeting Of the Cabinet - 17th June 2009**

**Joint Report of the Chief Executive and Interim 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, and the authorisation of bids for external funding.

**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>2009/10</b>	<b>2010/11</b>	<b>2011/12</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Public Sector Housing	33,803	26,324	23,234
Other Adult, Community & Housing	10,186	6,799	2,915
Urban Environment	27,313	19,812	9,170
Children's Services	42,138	26,092	67
Finance, ICT & Procurement	1,901	329	0
Law & Property	695	718	924
Chief Executive's	598	170	191
<b>TOTAL</b>	<b>116,634</b>	<b>80,244</b>	<b>36,501</b>

4. In accordance with the requirements of the Council's Financial Regulations, details of progress with the 2008/09 Programme are given in Appendix A. It is proposed that the current position be noted.

## **Adult, Community and Housing**

### Disabled Facilities and Housing Assistance Grants

5. The Council has been notified of its Disabled Facilities Grant funding allocation for 2009/10 amounting to £2.012m - the same as for 2008/09. Taking into account other resources, the total available for Disabled Facilities Grant expenditure in 2009/10 will be £3.171m. It is proposed that the grant allocation be noted, and the Capital Programme be amended accordingly.

The Council has also been notified of its capital grant allocation from the Regional Housing Pot of £810,000 for 2009/10, to be targeted towards Housing Renewal and Regeneration in the borough. It is proposed that this allocation be utilised to fund the Housing Assistance Grants programme, which taking into account other resources would therefore have a total budget for 2009/10 of £1.415m.

### Kickstart Funding

6. The Kickstart programme provides assistance to improve housing conditions in the private sector through equity loans. The current delivery arrangements for housing assistance schemes involve both DMBC and partner Home Improvement Agency, Black Country Housing Group (BCHG). A funding allocation has been received for 2009/10 of £0.228m for Innovation Funding to be used in support of the Kickstart programme.

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

### Library Modernisation

7. Work commenced in 2008/09 on introducing Radio Frequency Identification equipment (RFID) in the Libraries and Library Links that had undergone modernisation during the year. Additional investment at an estimated cost of £100,000 which can be funded from Directorate Reserves, would continue that implementation across the main libraries within the Borough, together with some minor improvements in libraries not included in the original modernisation scheme. The investment in RFID will enable the Library service to issue, receive and monitor books more effectively than it does presently and is a key feature that will assist in the delivery of efficiency gains planned from the service in 2011/12.

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

## **Urban Environment**

### Stourbridge Town Centre Northern Gateway

8. This project involves the first phase of environmental and public realm improvements to a key pedestrian access point in Lower High Street, Stourbridge, and builds on a successful and supportive public consultation exercise. The work will provide improvements to lighting and existing cycleways, and new public art. The cost of £58,000 can be funded from available Section 106 receipts.

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

### Highway Improvements - Halesowen

9. It is proposed to distribute Section 106 funding from the Lidl development at 78 Hagley Road, Halesowen as follows:

- £16,000 for the A456 Grange roundabout improvement - to supplement the contribution of £750,000 from the Highways Agency and £250,000 from the Council's Integrated Transport Block allocation;
- £15,000 to complete the remaining physical elements resulting from the "Halesowen Town Centre Access Study", to facilitate the introduction of a 20mph order and associated works and the provision of a permanent build out supporting the one way section of High Street, adjacent to Church Lane, Halesowen;

and that the Capital Programme be amended accordingly.

### Foster Street East, Stourbridge

10. No. 18 Foster Street East, Stourbridge is a semi-detached property owned by Tesco. with the adjoining property at No. 20 being owned by the Council. Both properties are affected by an approved Highway Improvement Line and are currently in a derelict condition.

Tesco has offered to sell their property to the Council through negotiation although, as owners of a property affected by an approved Improvement Line, they could serve Notice on the Highway Authority to acquire their blighted property and also recover their associated costs.

Acquisition of the property would enable the Council to demolish both Nos. 18 and 20 which, together with other adjoining Council owned land at the former No.22 Foster Street East (already demolished) would potentially release a redevelopment opportunity if the Highway Improvement Line were to be revoked. The value of this larger developable site should cover the acquisition and demolition costs.

It is proposed that the acquisition of No. 18 and the demolition of Nos. 18 and 20 be approved, and included in the Capital Programme; that in the event that the Highway Improvement Line be revoked, the overall site be disposed of; and that the Director for Law and Property, in consultation with the Director for the Urban Environment, be authorised to proceed accordingly.

### Healthy Towns

11. As previously reported, the Council and Dudley PCT have been successful in obtaining funding from the Department of Health "Healthier Communities Challenge Fund", with £4.5m being awarded to the Dudley Borough programme. Following confirmation of the award a significant amount of work has been done to finalise the details of the project and, in particular, the costings of each element.

Dudley's programme, entitled 'Let's Go Outside' aims to encourage families to make the most of outdoor areas by transforming parks, play areas, and nature reserves into 'family health hubs'. Safe, active travel connections will also be created to join people's homes to the health hubs.

The project has both capital and revenue elements, the estimated cost of the capital elements being £3,545,000. It is proposed that the project be approved and the capital elements included in the Capital Programme.

## **Children's Services**

### High Arcal Specialist School

12. High Arcal School has successfully applied to be redesignated as a Specialist School in Science. As a result, the school has been allocated £25,000 of capital grant funding, which when matched by sponsorship will provide £50,000 for the renewal of facilities and equipment. It is proposed that the grant allocation be noted, and that the related expenditure be included in the Capital Programme.

### Children's Homes

13. Commitments to refurbish existing properties in 2009/10 will require funding of £40,000 in addition to existing capital budgets. This is available from revenue resources. It is proposed that this expenditure be agreed, and the Capital Programme be amended accordingly.

### Play Pathfinder

14. A contribution of £10,000 has been secured from Dudley PCT to enhance the Play Pathfinder programme. It is proposed that the funding be noted and the Capital Programme be amended accordingly.

## **Law and Property, and Chief Executive's**

15. Asset Management Plan and Area Committee Allocations

It is estimated that sufficient resources from the disposal of surplus assets will be available in 2009/10 to fund the Asset Management Plan AMP team (£136,000), and Area Committee Capital spend on the basis of £10,000 per Ward (£240,000). In the current economic climate, no further resources are anticipated at this stage, but should further resources become available during the year, proposals for their allocation will be brought to Cabinet in a future report.

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

## **Urgent Amendment to the Capital Programme**

### Falcon House - Fitting Out of Office Space

16. As part of the Accommodation Plan for the Directorate of Adult, Community and Housing Services, issues relating to Netherton District Office and Ellenvale House (part of Arcal Lodge site) were identified as high priority - the Netherton Office, because of its suitability being based in a mobile building, and Ellenvale House because it is joined to Arcal Lodge which is now closed, as this could delay any future sale of this property. A medium term solution was found at Falcon House, involving a 4 year lease for the West Wing on the 7th floor of the building, to be used for office accommodation for up to 63 staff.

The project involves the fitting out of 4900 sq ft of space including the fittings of a kitchen and partitions, removals of some equipment from existing office accommodation and new furniture to maximise the use of the available space together with electrical work, IT networking and the relocation costs of moving 63 PC's.

This interim move will take forward the Directorate and Council Plan initiatives to link the Dudley and Netherton locality offices prior to moving permanently into the proposed Primary Care Trust development in the centre of Dudley.

The capital cost of the project is expected to be around £152,000, with on-going annual costs of around £51,000 - all of which can be found from existing Directorate revenue budgets.

To ensure that works could commence on the site quickly, an urgent decision (ref. DACHS/013/2009) was made by the Leader of the Council in consultation with the Director of Finance on 17<sup>th</sup> March 2009 that the project be approved and included in the Capital Programme

#### Security Works at Stourbridge and Gornal Wood Crematoria

17. Against a background of incidents of theft, vandalism and antisocial behaviour within the cemeteries over the years, and concerns over the effect of possible vandalism within the chapel and damage to the incinerators, a package of security works at each site was developed, at an estimated cost of £34,000.

These costs associated can be met from contributions of £15,000 from Risk Management resources, £10,000 from existing Bereavement Services revenue budgets and £9,000 from the council's capital resources earmarked for urgent priorities should it not be possible to identify further Directorate resources.

In order to secure the sites as soon as possible, an urgent decision (ref. DUE/24/2009) was made by the Leader of the Council in consultation with the Interim Director of Finance on 8<sup>th</sup> April 2009 that security works at Stourbridge and Gornal Wood Crematoria at an estimated cost of £34,000 be approved and included in the Capital Programme.

#### Burnt Tree Junction Improvement

18. The Department for Transport (DfT) Minister has agreed to award full approval to the Burnt Tree scheme, with grant funding up to a maximum of £11.786m. The total outturn cost of the scheme inclusive of inflation and contingencies is estimated at £12.280m comprising. The balance of £494,000, representing 25% of the cost increase since programme entry stage, is to be shared equally by Sandwell and Dudley Councils. Dudley's share of £247,000 is to be found from the Local Transport Plan Integrated Transport Block allocation over two years from 2009/10. Any further increases in the cost of the scheme will be jointly found from Local Transport Plan Integrated Block Allocations, capital receipts from surplus highway land, and Section 106 contributions.

In addition, Dudley and Sandwell Councils have invested £784,000 in preparing the scheme, part of which may be claimed back from the Government. The Councils have accordingly indicated to the Government the intention to make a claim and this will be dealt with separately. Dudley Council's costs were secured from local resources.

In order to enable timescales associated with the scheme to be complied with, an urgent decision (ref. DUE/27/2009) was made by the Leader of the Council in consultation with the Interim Assistant Director of Finance on 22<sup>nd</sup> May 2009:

- That the funding offer received from the DfT Minister for the Burnt Tree improvement scheme in the sum of £11.786m be accepted.
- That the scheme be included in the Capital Programme.

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

19. The Post Completion Review required by Contract standing orders has now been undertaken for the following schemes, with a copy of the proforma summarising the review attached at Appendix B.

### **Urban Environment**

Dudley Southern Bypass Resurfacing

A491 Hagley Road and A451 Norton Road, Stourbridge

It is proposed that these be noted.

### **Finance**

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

### **Law**

21. 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**

22. These proposals comply with the Council's policy on Equality and Diversity.
23. 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**

24. That current progress with the 2009/10 Capital Programme, as set out in Appendix A be noted.
25. That the results of the Post Completion Review of capital projects, as set out in Appendix B be noted.
26. That the Council be recommended:
- That the Disabled Facilities Grant and Regional Housing Pot allocations be noted, and the Capital Programme for Disabled Facilities Grants and Housing Assistance Grants be amended accordingly, as set out in paragraph 5.
  - That the Kickstart allocation be noted, and the associated expenditure be approved and included in the Capital Programme, as set out in paragraph 6.

- That the addition of £100,000 to the Library Modernisation programme be approved, as set out in paragraph 7
- That the Stourbridge Town Centre Northern Gateway project be approved and included in the Capital Programme, as set out in paragraph 8.
- That Section 106 funding from the Lidl development at 78 Hagley Road, Halesowen be allocated, and the Capital Programme be amended accordingly, as set out in paragraph 9.
- That the acquisition of No. 18 Foster Street East, and the demolition of Nos. 18 and 20 be approved, and included in the Capital Programme; that in the event that the Highway Improvement Line be revoked, the overall site be disposed of; and that the Director for Law and Property, in consultation with the Director for the Urban Environment, be authorised to proceed accordingly, as set out in paragraph 10.
- That the Healthy Towns project be approved, and the capital elements included in the capital Programme, as set out in paragraph 11.
- That the High Arcal Specialist School grant allocation be noted, and the related expenditure be included in the Capital Programme, as set out in paragraph 12.
- That a further £40,000 expenditure on the refurbishment of Children's Homes be agreed and included in the Capital Programme, as set out in paragraph 13.
- That the PCT contribution to the Play Pathfinder project be noted, and the Capital Programme be amended accordingly, as set out in paragraph 14.
- That the Asset Management Plan and Area Committee allocations be approved and included in the Capital Programme, as set out in paragraph 15.
- That the urgent amendments to the Capital Programme, as set out in paragraphs 16-18, be noted.

*John Polychronakis*

*Bill Baker*

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

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**Bill Baker**  
**Interim Director of Finance**

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

## 2009/10 Capital Programme Progress to Date

<b>Service</b>	<b>Budget £'000</b>	<b>Spend to 30<sup>th</sup> April £'000</b>	<b>Forecast £'000</b>	<b>Variance £'000</b>	<b>Reasons for Variance</b>
Public Sector Housing	33,803	2,703	33,803	-	
Other Adult, Community & Housing	10,186	396	10,186	-	
Urban Environment	27,313	2,328	27,313	-	
Children's Services	42,138	262	42,138	-	
Finance, ICT & Procurement	1,901	36	1,901	-	
Law & Property	695	74	695	-	
Chief Executive's	598	15	598	-	
<b>TOTAL</b>	<b>116,634</b>	<b>5,814</b>	<b>116,634</b>	<b>-</b>	



## Post Completion Review of Capital Schemes

<b>Title of Scheme: A461 Dudley Southern Bypass Resurfacing</b>
<b>Date of Executive / Cabinet approval (As part of Highways Structural Maintenance Programme): 11 June 2008</b> (i.e. inclusion in Capital Programme)
<b>Original Budget (as first reported to Executive / Cabinet):.....£1,000,000</b> Planned Completion date:           29 March 2009
<b>Outturn Cost.....£820,000 (provisional)</b> Actual completion date:   22 March 2009
<b>Variation from Original Budget: ..... Reduction of £180,000</b> Delay: None
<b>Reason for Cost Variation and / or Delay in Completion (please indicate if any variation has previously been reported to Executive / Cabinet):</b>  The lower outturn cost was due to very competitive pricing by the tenderers and also the decision not to rebuild the existing gullies as further investigation had established that they were sound.  The works were completed one week early.
<b>Original Objectives of Scheme (please indicate when and to whom these were reported):</b>  Resurface Dudley Southern Bypass to a depth of 40mm to overcome the deterioration of the surface course thus extending the life of the lower pavement layers. The scheme also included the replacement of loose stone in the central reserve with asphalt to prevent weed growth and reduce the accumulation of litter.
<b>Have these Objectives been met? (If "No" please provide explanation):</b>  Yes, although it will be some time before the extended life of the pavement structure is known.

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

Date: 20/05/2009

# Post Completion Review of Capital Schemes

<b>Title of Scheme: A491 Hagley Road and A451 Norton Road, Stourbridge</b>
<b>Date of Executive / Cabinet approval (As part of Highways Structural Maintenance Programme): 3 September 2008</b> (i.e. inclusion in Capital Programme)
<b>Original Budget (as first reported to Executive / Cabinet):.....£659,360</b> Planned Completion date: 20 September 2008
<b>Outturn Cost.....£670,000 (provisional)</b> Actual completion date: 12 October 2008
<b>Variation from Original Budget: ..... Increase of £10,640</b> Delay: Three weeks
<b>Reason for Cost Variation and / or Delay in Completion (please indicate if any variation has previously been reported to Executive / Cabinet):</b>  The works were completed late because parts of the works on Norton Road were restricted to Sundays to minimise disruption to traffic. Hagley Road was completed two days early.  The additional costs resulted from the higher cost of Sunday working.
<b>Original Objectives of Scheme (please indicate when and to whom these were reported):</b>  Resurface Hagley Road carriageway to a depth of 220mm and Norton Road carriageway to a depth of 100mm and Norton Road footways to a depth of 175mm to overcome the deterioration of the pavement layers.
<b>Have these Objectives been met? (If "No" please provide explanation):</b>  Yes, although it will be some time before the extended life of the pavement structure is known.

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

Date: 11/05/2009