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**CAPITAL PROGRAMME MONITORING & CAPITAL PROGRAMME 2005/06**


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**1.0 Purpose**

- 1.1. To report progress with the implementation of the Capital Programme.
- 1.2. To propose the allocation of available capital resources for 2005/06, and certain other amendments to the Council's Capital Programme.
- 1.3. To propose the "Prudential Indicators" as required to be determined by the CIPFA Prudential Code for Capital Finance in Local Authorities and the Local Government Act 2003.

**2.0 Background**

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

<b>Service</b>	<b>2004/05</b>	<b>2005/06</b>	<b>2006/07</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Housing	27201	22977	22641
Urban Environment	24102	28234	27934
Social Services	1242	60	0
Education & Lifelong Learning	16828	26593	32
Finance, ICT & Procurement	3434	1739	583
Law & Property	3432	0	0
Chief Executive's	2943	667	14
<b>TOTAL</b>	<b>79182</b>	<b>80270</b>	<b>51204</b>

Note that certain 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. This report will address in particular the allocation of currently available resources for 2005/06.

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.

## 2.2. Available Resources for 2005/06

- 2.2.1 The Local Government Act 2003 introduced a new system of “prudential borrowing” from 1<sup>st</sup> April 2004 which allows councils to set their own borrowing limits subject to criteria of prudence, affordability, and sustainability.
- 2.2.2 The Government continues to support capital expenditure by authorities in the form of direct capital grants and “Supported Capital Expenditure” (SCE) approvals which generate support for the majority of the ensuing debt charges via the Revenue Support Grant (RSG) system. There is no support for any extra borrowing made possible by the “prudential” system.
- 2.2.3 For 2005/06, the majority of SCE approvals have been allocated as part of the Single Capital Pot (SCP) mechanism. The Council's Single Capital Pot SCE for 2005/06 has been calculated as follows.

	£'000
Transport	5815
Housing	3212
Education	3150
Social Services	212
<b>Total Single Capital Pot SCE</b>	<b>12389</b>

## 2.3 Overall Allocation of Resources

- 2.3.1 In theory, it would be possible to treat the overall SCE as a corporate resource in the true spirit of the Single Capital Pot, and devise a methodology for prioritising all capital "bids" against the resources available. In reality however, this would pose major problems, not least the difficulty in devising a prioritisation methodology which could fairly compare and score bids for schemes of all magnitudes and degrees of complexity across the whole range of Council services. In addition, it would probably be seen as unacceptable, both internally and from the viewpoint of Government departments, not to spend capital resources for the purposes they were notionally allocated.
- 2.3.2 Therefore, it is proposed that each service SCE be earmarked to the relevant service, but with a particular emphasis on demonstrating appropriate prioritisation *within* service programmes, and *within* spend headings. As stated in the Financial Management Regime, it is the responsibility of the relevant Directors to make sure that such prioritisation is robust and stands up to scrutiny. Prioritisation should include formal scoring mechanisms or other objective methods wherever possible and appropriate.
- 2.3.3 It is also proposed that, as in the past, Housing capital receipts should be earmarked to be spent on Housing capital schemes.

## **2.4 Transport**

- 2.4.1 The Transport SCE of £5.815m comprises £2.215m for Structural Maintenance of Roads and Bridges and £3.600m for Integrated Transport schemes.
- 2.4.2 Resources for Integrated Transport will, as in previous years, be pooled on a countywide basis and reallocated by the West Midlands Districts Joint Committee to each Borough on the basis of agreed priorities. The resources for Structural Maintenance of Roads and Bridges will be allocated to the Council's own priority schemes.
- 2.4.3 Proposals for the detailed allocation of the above resources are being reported elsewhere on this agenda.

## **2.5 Housing**

- 2.5.1 In addition to the Housing SCE, further capital resources will be available to Housing, including the Major Repairs Allowance (MRA), and Disabled Facilities Grant support, together with the usable proportion of any capital receipts generated. Proposals for the Public Sector Housing Investment Programme for 2005/06 are set out in a report on issues relating to the management of the HRA in general, elsewhere on this agenda.
- 2.5.2 As far as the Private Sector Housing Investment Programme is concerned, the current Capital Programme already provides for an injection of an extra £3.3 million over the three years 2004/05 -2006/07 (compared to previous budgets) to enable waiting times for Disabled Facilities Grants to be substantially reduced.

It is proposed that the following budgets for 2005/06 be confirmed:

- £2.066m for Disabled Facilities Grants (DFGs), funding around 170 grants depending on the nature and cost of the works involved.
- £1.1m for Renovation Grants in line with previous years' budgets, enabling further progress to be made in dealing with unfitness in the private sector, funding around 140 grants depending on the nature and cost of the works involved.

## **2.6 Education**

- 2.6.1 The Education Single Capital Pot SCE of £3.150m provisionally announced last year has been confirmed, and comprises:
- £2.113m as a "Basic Need" allocation for new pupil places. This will be allocated to specific projects following appropriate consultation and evaluation of options.
  - £0.446m to fund commitments arising from previous Basic Need allocations.
  - £0.591m for Schools Access Initiative schemes. This funding will be used to meet the needs of individual pupils as they are identified during the year.

2.6.2 The following grant funding will also be available for Education capital investment in 2005/06.

	<b>£000</b>
Devolved Capital	3966
Modernisation Funding - All Schools	1474
Modernisation Funding - Primary Schools	1132
<b>Total</b>	<b>6572</b>

In addition, £1.693m has been provided over the three years 2004/05-2006/07 in the form of "Targeted Capital Funding" for a new Science & Music Block at Ridgewood High School.

2.6.3 It is anticipated that subject to provision to the DfES of satisfactory Suitability data by the end of March, a further £2m of Modernisation Funding will also be available (as reported to the July meeting of the Executive). The Modernisation allocations will be allocated to specific projects on the basis of Asset Management Plan (AMP) priorities; Schools will be expected to identify match-funding from their Devolved allocations where appropriate

2.6.4 Provisional indications of support in 2006/07 and 2007/08 have also been announced as follows.

	<b>2006/07</b>	<b>2007/08</b>
	<b>£000</b>	<b>£000</b>
Devolved Capital	4973	5229
Modernisation Funding - Secondary Schools	1271	1311
Modernisation Funding - Primary Schools	1374	1374
Basic Need - New Pupil Places	1078	1095
Access Initiative	585	585
<b>Total</b>	<b>9281</b>	<b>9594</b>

2.6.5 It is proposed that the above resources, and related schemes be included in the Capital Programme as appropriate.

## **2.7 Social Services**

2.7.1 Proposals for the allocation of the available SCE of £212,000 as part of a prioritised three-year Capital Programme will be reported in due course.

## **2.8 Other Services**

2.8.1 As in the current year, the only resources available for capital investment in Other Services - other than specific grants or specific SCE approvals - will be those generated from disposal of surplus assets.

2.8.2 Proposals for the allocation of available resources will be reported in due course.

## **2.9 Prudential Borrowing**

2.9.1 As explained in the Revenue Budget report elsewhere on this agenda, in the context of the medium term position, a review has been undertaken of the opportunity to maximise the flexibilities now available under the “prudential borrowing” regime. Historically the Council has funded approximately £5m of structural improvements to roads and buildings, directly from revenue. In order to free-up revenue resources to fund priorities and increased legislative demands, it is being proposed that £2.5m of that spend should now be financed by borrowing.

2.9.2 Also, one of the specific growth proposals within the Revenue Budget strategy is to provide £0.140m to meet the annual debt charges on borrowing to fund capital expenditure of £1.4m on the replacement of dangerous Street Lighting Columns. Necessary work consists of complete replacement of the lighting column or, in the case of most concrete street lights, removal of the element that gives rise to the most concern (the bracket and top of shaft) and its replacement with a steel unit that will greatly extend its life. This is the first stage of the overall programme of work that will be required to eliminate the problem, installing new units that will have a design life of more than forty years and will also greatly improve the light output of the installation by using up-to-date equipment. This will also have benefits in reducing crime and anti-social behaviour as has been demonstrated in previous smaller replacement schemes.

2.9.3 It is proposed that subject to this element of the Revenue Budget Strategy being agreed, the expenditure on Street Lighting Columns be included in the Capital Programme.

2.9.4 Proposals to use Prudential Borrowing within the Public Sector Housing Investment Programme for 2005/06 are set out in the aforementioned report, elsewhere on this agenda.

## **2.10 Asset Management Plan (AMP)**

2.10.1 The allocations proposed above do not directly address issues arising from the Corporate AMP, and Condition Survey. However, the allocation of Structural Repair and Maintenance resources within the Capital Programme (funded from Law & Property revenue budgets) will reflect the priorities arising from the Survey.

## **2.11 Other Capital Programme Amendments**

### **Urban Environment**

#### **2.11.1 Seven Sisters Mine Infilling**

The current phase of works at Seven Sisters is substantially complete. However, this project has proved to be particularly difficult to manage especially when considering the need to carry out essential public safety works whilst protecting a nationally unique environmental and heritage site.

Outturn costs are estimated to be £4.265m. This is £255,000 in excess of the current funding approval (£4.01m) from English Partnerships and represents a 6% increase in costs. Of the additional cost, £179,000 relates to additional time needed to complete various phases of the works. The remaining £76,000 relates to consultants fees and officers costs incurred in preparing essential reports and surveys to support future funding opportunities for the Wrens Nest & Castle Hill area.

Discussions are ongoing with English Partnerships to recover the additional costs. At this stage it is unclear whether the £76,000 covering consultants / officers costs will be eligible for English Partnership funding. However, efforts are continuing to investigate other external funding opportunities for the next phase, i.e. full stabilisation of the Seven Sisters Upper Gallery as part of a much wider tourism / regeneration scheme for the Wrens Nest / Castle Hill area. The £76,000 could then be recovered from the design fee element of such funding; otherwise it will need to be funded from the Directorate's own resources.

It is proposed that the Capital Programme be amended accordingly.

#### 2.11.2 Ryemarket Car Park Cladding

The Ryemarket multi-storey car park was originally clad with rectangular and hexagonal glass reinforced cement (GRC) panels. A problem with the failure of the hexagonal panels led to them being removed in 1999.

Recent inspections have identified continued deterioration of the remaining rectangular panels such that it is now considered prudent to remove them all at an estimated cost of £95,000. This can be funded from resources earmarked for Car Park Improvements.

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

### **Law & Property**

#### 2.11.3 Priory Hall Security

The Hall has been subjected to repeated and escalating acts of vandalism, criminal damage, theft and arson over the years - leading to the Council's insurers now stipulating that unless security measures are implemented by August 2005 they will not be able to continue cover, or will be imposing onerous terms.

It is therefore necessary to erect acceptable fencing, in keeping with the architectural design of the building, together with tasteful complimentary security lighting to establish a secure and defensible zone around the hall to address these security issues which are currently threatening its existence.

There has been considerable expenditure over the last 3 years - amounting to £455,000 - in reaction to episodes of vandalism and arson. By erecting a secure and defensible zone around the Hall it is hoped that this will decrease or hopefully stop the

attacks and subsequently reduce or eliminate the need for additional revenue or capital expenditure on an annual basis.

Estimated costs are in the region of £210,000, of which £50,000 can be found from the Council's Risk Management resources. It is proposed that the balance of £160,000 be made a first call on resources generated by the disposal of surplus assets in 2005/06, and that the scheme be included in the Capital Programme.

## **Education & Lifelong Learning**

### **2.11.4 Redhill School - All Weather Football Pitch & Changing Rooms**

The school is currently developing a project to create an all weather football pitch & changing rooms facility. As well as being utilised for school sport and PE, the project will in particular help create better sports opportunities for ethnic minority communities & girls'/women's football teams, and will enhance links with local and professional clubs.

The estimated cost of the project is £1,129,000 of which £330,000 can be found from Delegated Capital and Asset Management Plan (AMP) allocations. Discussions are under way with the Football Association (FA) with a view to making a bid to the Football Foundation for a grant for the balance of £799,000.

It is proposed that the making of such a bid be authorised, and that subject to the bid being successful, the project be approved and included in the Capital Programme.

### **2.11.5 The Coseley School - All Weather Football Pitch**

The school is currently developing a project to create an all weather football pitch at an estimated cost of £700,000. The pitch will be suitable for football and rugby. It will in particular create new opportunities for girls'/women's football as well as being a centre for education in football, and an inclusive sports and football facility for the benefit of the whole community.

The majority of funding is anticipated to be forthcoming from a bid to the Football Foundation, with the balance to be found from the School's own resources, and if necessary a contribution from AMP allocations.

It is proposed that the making of such a bid be authorised, and that subject to the bid being successful and resources being available to meet the total cost, the project be approved and included in the Capital Programme.

## **Finance, ICT and Procurement**

### **2.11.6 Integrated Services Digital Network (ISDN)**

The existing ISDN data network which provides a service to Council offices has become obsolete and needs to be replaced with a new system based on Broadband technology. The expected cost of replacement is £164,000 which will be funded from ICT Strategy reserves and revenue budgets over the next two years.

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

### 2.11.7 Benefits & Customer Access to Services (CATS) Telephony

The installation of a new telephony system would provide specific Call Centre technology, initially for use within Revenue Services, the Benefits Division and CATS. There would in the future be opportunities to roll out this facility to other Council Services. The expected cost of the system is around £260,000, of which £100,000 has been secured from Government grant funding; the balance of £160,000 will be found from Benefits Division and CATS resources.

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

## 2.12 Urgent Amendments to the Capital Programme

### 2.12.1 Air Quality Management – Purchase of Particulate Monitor

Dudley Council has a duty under the provisions of the Environment Act 1995 to monitor air quality in the Dudley Borough and to declare Air Quality Management Areas (AQMA) where air quality does not achieve objectives specified in government guidance.

Currently the Council has declared an AQMA and has had an Air Quality Action Plan approved by the Department for the Environment, Food & Rural Affairs (DEFRA) for Brierley Hill. It is proposed to declare an AQMA for the centre of Sedgley early in 2005, and further areas may be declared over the next 12-18 months.

Each year in February DEFRA invites bids from Councils to support capital expenditure during the following financial year in relation to their statutory duties in relation to air quality management - including the purchase of air quality monitoring equipment. Preference is given to those Councils that have designated or will be designating AQMA and undertaking further assessments and implementing air quality action plans.

Whilst available resources are normally allocated early in the bidding round, DEFRA has recently informed the Council that there are resources still available in 2004/05. It was therefore proposed to submit an application to DEFRA for £25,000 to purchase a PM10 particulate monitor. The cost of maintenance of the equipment can be met from existing budgets. A condition of the funding would be that it must be fully spent by 31st March 2005.

In order to comply with the necessary timescales an urgent decision (ref. DUE/11/2005) was made by the Leader of the Council in consultation with the Director of Finance on 24<sup>th</sup> January:

- to approve the submission of an application to DEFRA for supported borrowing of £25,000 to purchase a particulate monitor to support the air quality monitoring programme in Dudley;
- to authorise the Director of the Urban Environment to accept any approval for supported borrowing and to include the approval in the Capital Programme.



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

2.13.1 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.

### **Highways:**

Resurfacing of Laurel Road, Dudley  
Resurfacing of Middlepark Road, Dudley  
Resurfacing of Stallings Lane, Kingswinford  
Resurfacing of Kingsway, Wollaston

### **Housing:**

External Insulation Works to Orlit Houses, Sedgley  
Window Replacement at Chapel St., Phase 3  
Installation of Gas fired Central Heating (4 Contracts)  
Cavity Wall Insulation Contract H282A  
External Insulation Works to Wates Houses, Darby End  
Low Rise Window Replacements 2003/04, Stourbridge / Halesowen  
Unity Houses External Envelope / Structural Works, Orchard St.  
Internal Alterations to capstan House & Forge House  
Re-wire of Communal Area at Chapel St. Estate, Brierley Hill  
Hawbush External Envelope Scheme, Phase 3  
External Insulation to Wates Houses, Russells Hall

## **2.14 The CIPFA Prudential Code for Capital Finance in Local Authorities**

2.14.1 As outlined above, the Local Government Act 2003 introduced a new system of “prudential borrowing” from 1<sup>st</sup> April 2004 which allows councils to set their own borrowing limits subject to criteria of prudence, affordability, and sustainability. The CIPFA Prudential Code sets out the indicators that authorities must use, and the factors they must take into account, to demonstrate that they have fulfilled this objective.

2.14.2 Details of the various indicators required, and the proposed figures to be set in relation to each indicator are set out at Appendix C.

## **3.0 Proposals**

3.1. That the Cabinet:

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 to earmark each SCE to the relevant service, but with a particular emphasis on demonstrating appropriate prioritisation *within* service programmes, and *within* spend headings, as set out in paragraph 2.3.2.

3.1.3 Agrees to earmark Housing capital receipts to be spent on Housing capital schemes as set out in paragraph 2.3.3.

- 3.1.4 Approves the Private Sector Housing Investment Programme for 2004/05 as set out in paragraph 2.5.2.
- 3.1.5 Agrees that the Education capital resources and related schemes be included in the Capital Programme as appropriate, as set out in paragraph 2.6.5.
- 3.1.6 Agrees that subject to the relevant element of the Revenue Budget Strategy being agreed, the expenditure on Street Lighting Columns be included in the Capital Programme, as set out in paragraph 2.9.3
- 3.1.7 Agrees that the Capital Programme be amended to reflect the increased costs of the Seven Sisters Mine Infilling, as set out in paragraph 2.11.1.
- 3.1.8 Approves the scheme to remove the remaining GRC Cladding at the Ryemarket Car Park and its inclusion in the Capital Programme, as set out in paragraph 2.11.2.
- 3.1.9 Agrees that the scheme to improve security at Priory Hall be included in the Capital Programme at a cost of £210,000, being funded £50,000 from Risk Management resources, and £160,000 from resources generated by the disposal of surplus assets, as set out in paragraph 2.11.3.
- 3.1.10 Authorises the bid for grant funding for the All Weather Football Pitch and Changing Rooms at Redhill School, and subject to such a bid being successful, approves the scheme and its inclusion in the Capital Programme, as set out in paragraph 2.11.4.
- 3.1.11 Authorises the bid for grant funding for the All Weather Football Pitch at The Coseley School, and subject to such a bid being successful and resources being available to meet the total cost, approves the scheme and its inclusion in the Capital Programme, as set out in paragraph 2.11.5.
- 3.1.12 Approves the ISDN project and its inclusion in the Capital Programme, as set out in paragraph 2.11.6.
- 3.1.13 Approves the Benefits and CATS Telephony project and its inclusion in the Capital Programme, as set out in paragraph 2.11.7.
- 3.1.14 Notes the Urgent Amendment to the Capital Programme, as set out in paragraph 2.12.
- 3.1.15 Notes the results of the Post Completion Reviews of Capital Projects, as set out in paragraph 2.13 and Appendix B.
- 3.1.16 Agrees the Prudential Indicators as required to be determined by the CIPFA Prudential Code for Capital Finance in Local Authorities and the Local Government Act 2003, as set out in paragraph 2.14 and Appendix C.

## **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 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.

**6.0 Equal Opportunities**

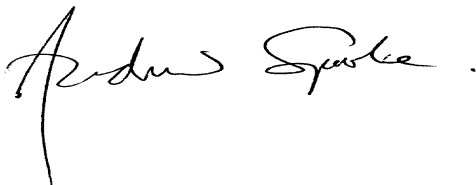
6.1 These proposals comply with the Council's policy on Equal Opportunities.

**7.0 Recommendation**

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

**8.0 Background Papers**

8.1 Various internal e-mails relating to individual schemes and proposals.  
Relevant resource allocation notifications.  
CIPFA Prudential Code for Capital Finance in Local Authorities.  
Treasury Management Strategy 2005/06.



.....  
CHIEF EXECUTIVE



.....  
DIRECTOR OF FINANCE

Contact Officer: John Everson - Ext. 4806

## 2004/05 Capital Programme Progress to Date

<b>Service</b>	<b>Budget £'000</b>	<b>Spend to 31st December £'000</b>	<b>Forecast £'000</b>	<b>Variance £'000</b>	<b>Reasons for Variance</b>
Housing	27201	17495	27201		
Urban Environment	24102	13287	24372	+270	See note
Social Services	1242	108	1242		
Education & Lifelong Learning	16828	11622	16828		
Finance, ICT & Procurement	3434	2158	3434		
Law & Property	3432	1291	3432		
Chief Executive's	2943	1088	2943		
<b>TOTAL</b>	<b>79182</b>	<b>47049</b>	<b>79452</b>	<b>+270</b>	

Note: Mainly relates to extra cost of Seven Sisters Mine Infilling - see paragraph 2.11.1.

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

<b>Title of Scheme: Resurfacing of Laurel Road, Dudley</b>	
<b>Date of Executive / Cabinet approval (As part of Highways Structural Maintenance Programme): 19 March 2003</b> (i.e. inclusion in Capital Programme)	
<b>Original Budget</b>	<b>£110,248</b>
<b>Planned Completion date: 5 March 2004</b>	
<b>Outturn Cost (please indicate if still provisional):</b> .....	<b>£113,168</b>
<b>Actual completion date: 3 March 2004</b>	
<b>Variation from Original Budget: ..... Increase of £2,920</b> <b>Delay: None</b>	
<b>Reason for Cost Variation and / or Delay in Completion (please indicate if any variation has previously been reported to Executive / Cabinet):</b>  A variation order for £5,638 was issued to extend the area of resurfacing by 350m <sup>2</sup> , giving a total budget of £115,886. The final account was then within 2.5% of this revised budget.  The works were completed ahead of programme.	
<b>Original Objectives of Scheme (please indicate when and to whom these were reported):</b>  Resurface Laurel Road to a depth of 100mm to overcome the deterioration in the pavement structure.	
<b>Have these Objectives been met? (If "No" please provide explanation):</b>  Yes	

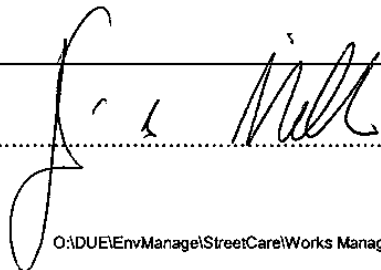
Signed by:  (Director)

Date: 21.1.05

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

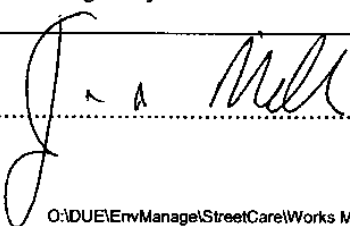
<b>Title of Scheme: Resurfacing of Middlepark Road, Dudley</b>	
<b>Date of Executive / Cabinet approval (As part of Highways Structural Maintenance Programme): 17 March 2004</b> (i.e. inclusion in Capital Programme)	
<b>Original Budget</b>	<b>£110,000</b>
<b>Planned Completion date: 14 May 2004</b>	
<b>Outturn Cost (please indicate if still provisional):</b> .....	<b>£111,172</b>
<b>Actual completion date: 13 May 2004</b>	
<b>Variation from Original Budget: ..... Increase of £1,172</b>	
<b>Delay: None</b>	
<b>Reason for Cost Variation and / or Delay in Completion (please indicate if any variation has previously been reported to Executive / Cabinet):</b>	
<p>A variation order for £2,225 was issued for the construction of new manholes and gullies, giving a total budget of £112,225. The final account was then within 1% of this revised budget.</p> <p>The works were completed ahead of programme.</p>	
<b>Original Objectives of Scheme (please indicate when and to whom these were reported):</b>	
Resurface Middlepark Road to a depth of 100mm to overcome the deterioration in the pavement structure.	
<b>Have these Objectives been met? (If "No" please provide explanation):</b>	
Yes	

Signed by:  (Director) Date: 21.1.05

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

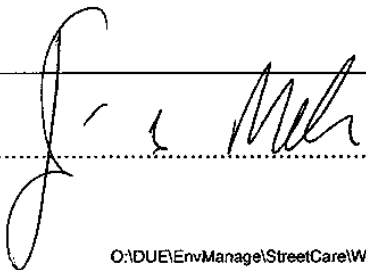
<b>Title of Scheme: Resurfacing of Stallings Lane, Kingswinford</b>	
<b>Date of Executive / Cabinet approval (As part of Highways Structural Maintenance Programme): 17 March 2004</b> (i.e. inclusion in Capital Programme)	
<b>Original Budget</b>	<b>£163,200</b>
<b>Planned Completion date: 7 May 2004</b>	
<b>Outturn Cost (please indicate if still provisional):.....£155,524</b>	
<b>Actual completion date: 7 May 2004</b>	
<b>Variation from Original Budget: ..... Reduction of £7,476</b>	
<b>Delay: None</b>	
<b>Reason for Cost Variation and / or Delay in Completion (please indicate if any variation has previously been reported to Executive / Cabinet):</b>	
The final cost was within 5% of (lower than) the original budget estimate. The works were completed on programme.	
<b>Original Objectives of Scheme (please indicate when and to whom these were reported):</b>	
Resurface Stallings Lane to a depth of 150mm to overcome the deterioration in the pavement structure. The scheme also included the provision of a layer of Glas Grid (a fabric reinforcement) to overcome problems with cracking of the carriageway, caused by expansion and heave of the underlying shales.	
<b>Have these Objectives been met? (If "No" please provide explanation):</b>	
Yes. However it could be several years before it is confirmed that the Glas Grid has overcome the cracking of the carriageway.	

Signed by:  (Director) Date: 21.1.05

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

<b>Title of Scheme: Resurfacing of Kingsway, Wollaston</b>	
<b>Date of Executive / Cabinet approval (As part of Highways Structural Maintenance Programme): 19 March 2003</b> (i.e. inclusion in Capital Programme)	
<b>Original Budget</b>	<b>£184,598</b>
<b>Planned Completion date: 16 March 2004</b>	
<b>Outturn Cost (please indicate if still provisional):</b>	<b>£158,519</b>
<b>Actual completion date: 16 March 2004</b>	
<b>Variation from Original Budget: ..... Reduction of £26,029</b> <b>Delay: None</b>	
<b>Reason for Cost Variation and / or Delay in Completion (please indicate if any variation has previously been reported to Executive / Cabinet):</b>  A variation order for -£7,251 was issued to take account of a reduction in the area of the carriageway to be treated, giving a total budget of £177,347. The final account was some 10% below this revised budget, due to lower quantities of planing, channel excavation, regulating and binder course, but the area of the surface course was unchanged.  The works were completed on programme.	
<b>Original Objectives of Scheme (please indicate when and to whom these were reported):</b>  Resurface the Kingsway to a depth of 100mm to overcome the deterioration in the pavement structure.	
<b>Have these Objectives been met? (If "No" please provide explanation):</b>  Yes	

Signed by:  (Director) Date: 21.1.05

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**Post Completion Review of Capital Schemes**  
**- Details required for reporting to Cabinet**

<b>Title of Scheme:</b> H326 – External Insulation Works to Orlit Houses, Sedgley	
<b>Date of Executive/Cabinet approval:</b> <u>18/02/2002</u> (i.e. inclusion in Capital Programme)	
<b>Original Budget</b>	.....£ <u>454,952</u>
<b>Planned Completion date:</b> <u>09/04/2004</u>	
<b>Outturn Cost (please indicate if still provisional):</b> £ <u>465,000</u>	
<b>Actual completion date:</b> <u>28/06/2004</u>	
<b>Variation from Original Budget:...</b> £ <u>10,000</u>	
<b>Delay:</b> <u>10 weeks</u>	
<b>Reason for Cost Variation and / or Delay in Completion (please indicate if any variation has previously been reported to Executive/Cabinet):</b>	
The increased costs are attributable to miscellaneous minor variations associated with carrying out works to tenanted dwellings, mainly unforeseen structural repairs. The reasons for the delay in completion was due to inclement weather and the contractor's over-commitment of sub-contract resources.	
<b>Original Objectives of Scheme (please indicate when and to whom these were reported):</b>	
The repair and improvement works comprised concrete repairs to the non-traditionally constructed dwellings together with window replacement, chimney works, guttering and replacement of fascias. The energy efficiency of the dwellings was also improved through an aesthetic and innovative insulated render and brick-slip cladding solution which was designed in consultation with tenants.	
<b>Have these Objectives been met? (If "No" please provide explanation):</b>	
Yes	

Signed by John for (Director of Housing) Date 27/1/05

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## Post Completion Review of Capital Schemes - Details required for reporting to Cabinet

<b>Title of Scheme: H200 – Window Replacement at Chapel St. Phase 3</b>	
<b>Date of Executive/Cabinet approval:</b> <u>01/02/2000</u> (i.e. inclusion in Capital Programme)	
<b>Original Budget</b> .....	<b>£ 899,085.00</b>
<b>Planned Completion date:</b> <u>18/01/2002</u>	
<b>Outturn Cost (please indicate if still provisional):</b> ..... <b>£ 958,885.00</b>	
<b>Actual completion date:</b> <u>28/03/2002</u>	
<b>Variation from Original Budget:</b> ..... <b>£ 59,800.00</b>	
<b>Delay:</b> <u>10 weeks</u>	
<b>Reason for Cost Variation and / or Delay in Completion (please indicate if any variation has previously been reported to Executive/Cabinet):</b>	
The reason for the delay in completion and cost variation was due to additional concrete repairs and re-pointing works carried out whilst scaffolding was erected.	
<b>Original Objectives of Scheme (please indicate when and to whom these were reported):</b>	
Completion of the programme of double glazed window replacement to low and medium rise blocks of flats at the Chapel Street estate Brierley Hill	
<b>Have these Objectives been met? (If "No" please provide explanation):</b>	
Yes.	

Signed by: Debbie for (Director of Housing) Date: 27/1/05

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

<b>Title of Scheme: H281A (Phases 1 &amp; 2) – Installation of Gas Fired Central Heating Stourbridge Area</b>
<b>Date of Executive/Cabinet:</b> <u>18/02/2002</u> (i.e. inclusion in Capital Programme)
<b>Original Budget:</b> <u>£624,000</u> <b>Planned Completion date:</b> <u>18/01/2003</u>
<b>Outturn Cost (please indicate if still provisional):</b> <u>£ 980,000</u> <b>Actual completion date:</b> <u>26/10/2003</u>
<b>Variation from Original Budget:</b> ..... <u>£356,000</u> <b>Delay:</b> <u>40 weeks</u>
<b>Reason for Cost Variation and / or Delay in Completion (please indicate if any variation has previously been reported to Executive/Cabinet):</b>  The original contract sum (Phase 1) was to install central heating to 233 properties. A further 154 properties were added (Phase 2) following approval by the Executive of 19 <sup>th</sup> February 2003 to negotiate an extension to the contract to deliver part of the central heating installation programme of 2003/4.
<b>Original Objectives of Scheme (please indicate when and to whom these were reported):</b>  To provide central heating installation to unheated homes in line with ensuring that homes meet the requirements of the Decent Homes Standard, whilst also contributing towards improving energy efficiency in domestic dwellings.
<b>Have these Objectives been met? (If "No" please provide explanation):</b>  Yes

Signed by J. Harris for (Director of Housing) Date: 27/1/05

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

<b>Title of Scheme:</b> H281B – (Phases 1 & 2) Installation of gas fired central heating Dudley & Sedgley Area
<b>Date of Executive/Cabinet approval:</b> <u>18/02/2002</u> (i.e. inclusion in Capital Programme)
<b>Original Budget:</b> £ <u>641,000</u> <b>Planned Completion date:</b> <u>07/03/2003</u>
<b>Outturn Cost (please indicate if still provisional):</b> £ <u>1093,000</u> <b>Actual completion date:</b> <u>31/10/2003</u>
<b>Variation from Original Budget:</b> ..... £ <u>452K</u> <b>Delay:</b> <u>31 weeks</u>
<b>Reason for Cost Variation and / or Delay in Completion (please indicate if any variation has previously been reported to Executive/Cabinet):</b> The original contract sum (Phase 1) was to install central heating to 237 properties. A further 153 properties were added (Phase 2) following approval by the Executive of 19 <sup>th</sup> February 2003 to negotiate an extension to the contract to deliver part of the central heating installation programme of 2003/4.
<b>Original Objectives of Scheme (please indicate when and to whom these were reported):</b> To provide central heating installation to unheated homes in line with ensuring that homes meet the requirements of the Decent Homes Standard, whilst also contributing towards improving energy efficiency in domestic dwellings.
<b>Have these Objectives been met? (If "No" please provide explanation):</b>  Yes

Signed by: Matthews for (Director of Housing) Date: 27/1/05

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

<b>Title of Scheme:</b> H281C – (Phases 1 & 2) Installation of gas fired central heating Brierley Hill & Halesowen
<b>Date of Executive/Cabinet approval:</b> <u>18/02/2002</u> (i.e. inclusion in Capital Programme)
<b>Original Budget:</b> £ <u>935,000</u> <b>Planned Completion date:</b> <u>18/04/2003</u>
<b>Outturn Cost (please indicate if still provisional):</b> £ <u>1,009,000</u> <b>Actual completion date:</b> <u>18/12/2003</u>
<b>Variation from Original Budget:</b> ..... £ <u>74,000</u> <b>Delay:</b> <u>35 weeks</u>
<b>Reason for Cost Variation and / or Delay in Completion (please indicate if any variation has previously been reported to Executive/Cabinet):</b> The original contract sum (Phase 1) was to install central heating to 288 properties. A further 113 properties were added (Phase 2) following approval by the Executive of 19 <sup>th</sup> February 2003 to negotiate an extension to the contract to deliver part of the central heating installation programme of 2003/4. Contract was delayed due to supply of materials and additional builders work was necessary.
<b>Original Objectives of Scheme (please indicate when and to whom these were reported):</b> To provide central heating installation to unheated homes in line with ensuring that homes meet the requirements of the Decent Homes Standard, whilst also contributing towards improving energy efficiency in domestic dwellings.
<b>Have these Objectives been met? (If "No" please provide explanation):</b> Yes

Signed by: [Signature] for (Director of Housing) Date: 27/1/05

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

<b>Title of Scheme:</b> H281D – (phases 1 & 2) Installation of gas fired central heating - Russells Hall, Dudley
<b>Date of Executive/Cabinet approval:</b> <u>18/02/2002</u> (i.e. inclusion in Capital Programme)
<b>Original Budget:</b> £ <u>568,000</u> <b>Planned Completion date:</b> <u>24/01/2003</u>
<b>Outturn Cost (please indicate if still provisional):</b> £ <u>1,118,000.00</u> <b>Actual completion date:</b> <u>15/12/2003</u>
<b>Variation from Original Budget:</b> ..... £ <u>550,000</u> <b>Delay:</b> <u>46 weeks</u>
<b>Reason for Cost Variation and / or Delay in Completion (please indicate if any variation has previously been reported to Executive/Cabinet):</b> The original contract sum (Phase 1) were to install central heating to 208 properties. A further 169 properties were added (Phase 2) following approval by the Executive of 19 <sup>th</sup> February 2003 to negotiate an extension to the contract to deliver part of the central heating installation programme of 2003/4.
<b>Original Objectives of Scheme (please indicate when and to whom these were reported):</b> To provide central heating installation to unheated homes in line with ensuring that homes meet the requirements of the Decent Homes Standard, whilst also contributing towards improving energy efficiency in domestic dwellings.
<b>Have these Objectives been met? (If "No" please provide explanation):</b> Yes

Signed by:  ..... for (Director of Housing) Date: 27/1/05 .....

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

<b>Title of Scheme: H282A – Cavity Wall Insulation Contract Boroughwide</b>	
<b>Date of Executive/Cabinet approval:</b> <u>18/02/2002</u> (i.e. inclusion in Capital Programme)	
<b>Original Budget</b>	<b>£ 216,567</b>
<b>Planned Completion date:</b> <u>25/04/2003</u>	
<b>Outturn Cost (please indicate if still provisional):</b> <b>Provisional £187,000</b>	
<b>Actual completion date:</b> <u>27/07/2003</u>	
<b>Variation from Original Budget:</b> ..... <b>£ -29,567</b>	
<b>Delay:</b> <u>13 weeks</u>	
<b>Reason for Cost Variation and / or Delay in Completion (please indicate if any variation has previously been reported to Executive/Cabinet):</b>	
<p>The reasons for the delay in completion were due to difficulties encountered obtaining access to homes to carry out the works, which also included carrying out leaseholder consultation where required. The programme has been established for many years and the contract saving was attributable to reduced property numbers where upon survey it was established that properties were already insulated through the EAGA scheme.</p>	
<b>Original Objectives of Scheme (please indicate when and to whom these were reported):</b>	
<p>To provide cavity wall insulation to occupied dwellings borough-wide to contribute towards achieving Government HECA (Home Energy Conservation Act) targets and reducing fuel poverty.</p>	
<b>Have these Objectives been met? (If "No" please provide explanation):</b>	
Yes	

Signed by: [Signature] for (Director of Housing) Date: 27/1/05

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

<b>Title of Scheme: H287 – External Insulation Works to Wates Houses, Darby End</b>	
<b>Date of Executive/Cabinet approval:</b> <u>18/02/2002</u> (i.e. inclusion in Capital Programme)	
<b>Original Budget</b>	..... <b>£ 1,088,214</b>
<b>Planned Completion date:</b> <u>27/07/03</u>	
<b>Outturn Cost (please indicate if still provisional):</b> <u>Provisional £1,275,000</u>	
<b>Actual completion date:</b> <u>24/10/2003</u>	
<b>Variation from Original Budget:</b> ..... <b>£ 187,000</b>	
<b>Delay:</b> <u>13 weeks</u>	
<b>Reason for Cost Variation and / or Delay in Completion (please indicate if any variation has previously been reported to Executive/Cabinet):</b>	
<p>The 15th October 2003 Executive approved additional expenditure on the contract of £145,000 as a result of additional costs attributable to reinstatement of external pavings, additional structural repairs, plastering and redecoration after works. The additional works increased to £187,000 which, together with inclement weather during the contract, contributed to the delays.</p>	
<b>Original Objectives of Scheme (please indicate when and to whom these were reported):</b>	
<p>The repair and improvement works comprised concrete repairs to the non-traditionally constructed dwellings together with window replacement, chimney works, guttering and replacement of fascias. The energy efficiency of the dwellings was also improved through an aesthetic and innovative insulated render and brick-slip cladding solution which was designed in consultation with tenants.</p>	
<b>Have these Objectives been met? (If "No" please provide explanation):</b>	
Yes	

Signed by  for (Director of Housing) Date: 27/11/05

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

<b>Title of Scheme: H288B – Low Rise Window Replacements 2003/04 Stourbridge/Halesowen</b>	
<b>Date of Executive/Cabinet approval:</b> <u>18/02/2002</u> (i.e. inclusion in Capital Programme)	
<b>Original Budget</b> .....	<b>£ 967,463</b>
<b>Planned Completion date:</b> <u>11/04/2003</u>	
<b>Outturn Cost (please indicate if still provisional):</b> <u>Provisional £1,090,000</u> <b>Actual completion date:</b> <u>20/06/2003</u>	
<b>Variation from Original Budget:</b> ..... <b>£ 122,537</b> <b>Delay:</b> <u>10 weeks</u>	
<b>Reason for Cost Variation and / or Delay in Completion (please indicate if any variation has previously been reported to Executive/Cabinet):</b>  The additional costs were attributable to installing more windows than originally envisaged. The initial contract was to install 3,300 windows but around 3,800 windows were actually installed. This assisted in reducing the back-log of windows awaiting replacement as part of the repairs process at that time. This was also the reason for the delay in completion.	
<b>Original Objectives of Scheme (please indicate when and to whom these were reported):</b>  The planned replacement of original metal and timber windows with PVCU double glazed units and the grouping together of cyclical windows identified as being in need of replacement through the repairs process.	
<b>Have these Objectives been met? (If "No" please provide explanation):</b>  Yes	

Signed by: J. Harris for (Director of Housing) Date: 27/1/05

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

<b>Title of Scheme: H300 – Unity Houses External Envelope/Structural Works at Orchard Street</b>	
<b>Date of Executive/Cabinet approval:</b> <u>19/02/2003</u> (i.e. inclusion in Capital Programme)	
<b>Original Budget</b>	.....£ <u>677,772.00</u>
<b>Planned Completion date:</b> <u>13/02/2004</u>	
<b>Outturn Cost (please indicate if still provisional):</b> Provisional <u>£750,000</u> <b>Actual completion date:</b> <u>22/04/2004</u>	
<b>Variation from Original Budget:</b> ..... £ <u>72,228</u> <b>Delay:</b> <u>10 weeks</u>	
<b>Reason for Cost Variation and / or Delay in Completion (please indicate if any variation has previously been reported to Executive/Cabinet):</b>  The reasons for the delay in completion and cost variation were due to the unforeseen discovery of asbestos in the dwellings resulting in necessary renewal of first floor ceilings, the rebuilding of crumbling internal partitions and additional structural works together with associated plastering works.	
<b>Original Objectives of Scheme (please indicate when and to whom these were reported):</b>  The external repair and improvement works comprised major structural repairs to the non-traditionally constructed dwellings together with window replacement. The energy efficiency of the dwellings was also improved through an aesthetic and innovative insulated render and brick-slip cladding solution which was designed in consultation with tenants.	
<b>Have these Objectives been met? (If "No" please provide explanation):</b>  Yes	

Signed by: D. Harris for (Director of Housing) Date: 27/1/05

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## Post Completion Review of Capital Schemes - Details required for reporting to Cabinet

Title of Scheme: H307 – Internal Alterations to Capstan House and Forge House	
Date of Executive/Cabinet approval: <u>30/10/2002</u> (i.e. inclusion in Capital Programme)	
Original Budget	£ <u>460,000</u>
Planned Completion date: <u>01/08/2003</u>	
Outturn Cost (please indicate if still provisional): £ <u>457,000</u>	
Actual completion date: <u>01/08/2003</u>	
Variation from Original Budget: ..... £ <u>-3,000</u>	
Delay: <u>0 weeks</u>	
Reason for Cost Variation and / or Delay in Completion (please indicate if any variation has previously been reported to Executive/Cabinet):	
Original Objectives of Scheme (please indicate when and to whom these were reported): Alterations to office accommodation at Capstan House and Forge House as part of the Housing for the 21 <sup>st</sup> Century modernisation agenda.	
Have these Objectives been met? (If "No" please provide explanation):	
Yes	

Signed by: Ilhami for (Director of Housing)

Date: 27/1/05

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

<b>Title of Scheme: H316 – High Rise Re-wire of Communal Areas at Chapel Street Estate, Brierley Hill</b>	
<b>Date of Executive/Cabinet approval:</b> <u>19/02/2003</u> (i.e. inclusion in Capital Programme)	
<b>Original Budget</b>	£ <u>362,214</u>
<b>Planned Completion date:</b> <u>14/03/2003</u>	
<b>Outturn Cost (please indicate if still provisional):</b> £ <u>465,857</u>	
<b>Actual completion date:</b> <u>06/08/2004</u>	
<b>Variation from Original Budget:</b> ..... £ <u>103,643</u>	
<b>Delay:</b> <u>20 weeks</u>	
<b>Reason for Cost Variation and / or Delay in Completion (please indicate if any variation has previously been reported to Executive/Cabinet):</b>	
<p>The reasons for the increase in costs and delay in completion were due to changes in the scope of works to undertake the additional necessary carpentry works and associated redecorations, and also to provide digital TV aerial upgrades in flats (where access could be obtained to carry out the works). The delays were also caused by problems gaining access to tenants' homes to carry out final connections and digital installation works.</p>	
<b>Original Objectives of Scheme (please indicate when and to whom these were reported):</b>	
<p>The electrical rewiring of communal areas of the flatted developments at Booth, Bodmin, St John's, Burnham and Plant Courts) with provision made for future digital TV upgrade.</p>	
<b>Have these Objectives been met? (If "No" please provide explanation):</b>	
Yes	

Signed by J. Martin for (Director of Housing) Date: 27/1/05

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## Post Completion Review of Capital Schemes - Details required for reporting to Cabinet

Title of Scheme: H321 – Hawbush External Envelope Scheme Ph. 3	
Date of Executive/Cabinet approval: <u>18/02/2002</u> (i.e. inclusion in Capital Programme)	
Original Budget	£ <u>1,876,241</u>
Planned Completion date: <u>02/04/2004</u>	
Outturn Cost (please indicate if still provisional): Provisional <u>£2,600,000</u> Actual completion date: <u>28/07/2004</u>	
Variation from Original Budget:..... £ <u>723,759</u> Delay: <u>17 weeks</u>	
<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 reasons for the delay in completion and increased costs were due additional roofing, chimney and groundworks. The additional works had the effect of prolonging the duration of the contract, which was also hindered by poor weather and problems and gaining access to adjacent homes to comply with the statutory requirements of the Party Wall Act.</p>	
<p><b>Original Objectives of Scheme (please indicate when and to whom these were reported):</b></p> <p>The complete external insulation and rendering works, together with sundry repairs &amp; improvements, to all pre-war houses on the Hawbush estate, Brierley Hill.</p>	
<p><b>Have these Objectives been met? (If "No" please provide explanation):</b></p> <p>Yes</p>	

Signed by *D. Harris* for ..... (Director of Housing) Date: 27/1/05

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

<b>Title of Scheme: H322/2 – External Insulation to Wates Houses, Russells Hall</b>	
<b>Date of Executive/Cabinet approval:</b> <u>18/02/2002</u> (i.e. inclusion in Capital Programme)	
<b>Original Budget -</b>	..... <b>£ 997,392</b>
<b>Planned Completion date:</b> <u>30/04/2004</u>	
<b>Outturn Cost (please indicate if still provisional):</b> <b>Provisional £1,047,000</b>	
<b>Actual completion date:</b> <u>07/07/2004</u>	
<b>Variation from Original Budget:</b> ..... <b>£ 49,608</b>	
<b>Delay:</b> <u>10 weeks</u>	
<b>Reason for Cost Variation and / or Delay in Completion (please indicate if any variation has previously been reported to Executive/Cabinet):</b>	
<p>The additional costs were attributable to additional ground-works and fencing as a result of reducing ground levels below what was envisaged on a slightly sloping site, variations to roofing details and unforeseen diversion of gas service pipes to accommodate the works. The reasons for the delay in completion were these additional works, inclement weather during the contract and the contractor's over-commitment of sub-contractor resources.</p>	
<b>Original Objectives of Scheme (please indicate when and to whom these were reported):</b>	
<p>The repair and improvement works comprised concrete repairs to the non-traditionally constructed dwellings together with window replacement, chimney works, guttering and replacement of fascias. The energy efficiency of the dwellings was also improved through an aesthetic and innovative insulated render and brick-slip cladding solution which was designed in consultation with tenants.</p>	
<b>Have these Objectives been met? (If "No" please provide explanation):</b>	
Yes	

Signed by *John For* for (Director of Housing) Date: 27/1/05

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## CIPFA Prudential Indicators

The indicators set out below are specified in the CIPFA *Prudential Code for Capital Finance in Local Authorities* ("the Code"), which is required to be complied with as "proper practice" by Regulations issued consequent to the Local Government Act 2003. They are required to be set and revised through the process established for the setting and revising of the budget, i.e. by full Council following recommendation by the Cabinet. Indicators for the forthcoming and following years must be set before the beginning of the forthcoming year, but may be revised at any time following due process.

The first group of indicators (1-5) are essentially concerned with the prudence and affordability of the Council's capital expenditure and borrowing plans in the light of resource constraints.

The remaining indicators (6-10) are primarily concerned with day-to-day borrowing and treasury management activity. These also form part of the council's Treasury Management Strategy for 2005/06 being considered by the Audit Committee on 10<sup>th</sup> February.

The proposed figures for each indicator have been developed in the light of the Council's overall resource position and medium term financial strategy and have regard to the following matters as required by the Code:

- Affordability;
- Prudence and Sustainability;
- Value for Money;
- Stewardship of Assets;
- Service Objectives;
- Practicality.

Affordability and prudence are specifically addressed by the indicators set out below. The other matters listed form a fundamental part of the Council's budget setting, management and monitoring procedures - as summarised in the Financial Management Regime (FMR) which forms part of the Constitution - and with particular relevance to capital expenditure, set out in more detail in the Council's Capital Strategy and Asset Management Plan.

Appropriate procedures have been established for proper management, monitoring and reporting in respect of all the indicators, and the risks associated therewith.

Indicators set for 2004/05, 2005/06 and 2006/07 this time last year have been reviewed and where necessary are proposed to be updated to reflect latest forecasts.

### 1. Estimated and Actual Capital Expenditure

This indicator forms the background to all the other indicators, given that the overall rationale of the prudential system is to provide flexibility for borrowing to fund capital investment. Estimated capital expenditure is required to be calculated for the next 3 financial years, and actual expenditure stated for the previous financial year, with totals split between HRA and non-HRA capital expenditure.

Subject to the other proposals in this report being agreed (together with those relating to public sector housing capital expenditure contained in the relevant report elsewhere on the agenda) the proposed indicators are as follows.

	<b>2003/04</b> £m <b>Actual</b>	<b>2004/05</b> £m <b>Revised Estimate</b>	<b>2005/06</b> £m <b>Revised Estimate</b>	<b>2006/07</b> £m <b>Revised Estimate</b>	<b>2007/08</b> £m <b>Estimate</b>
Non - HRA	39.0	56.2	62.3	36.7	30.7
HRA	25.4	24.1	23.2	21.9	24.7
<b>Total</b>	<b>64.4</b>	<b>80.3</b>	<b>85.5</b>	<b>58.6</b>	<b>55.4</b>

## 2. Estimated and Actual Capital Financing Requirement (CFR)

The Capital Financing Requirement is a measure of the Council's underlying need to borrow to fund its capital expenditure once other sources of funding - grants, capital receipts and revenue - have been taken into account. The CFR increases when expenditure is incurred, and reduces when provision is made to repay debt.

The proposed indicators consistent with the level of capital expenditure set out above are as follows.

	<b>2003/04</b> £m <b>Actual</b>	<b>2004/05</b> £m <b>Revised Estimate</b>	<b>2005/06</b> £m <b>Revised Estimate</b>	<b>2006/07</b> £m <b>Revised Estimate</b>	<b>2007/08</b> £m <b>Estimate</b>
Non - HRA	187.2	198.0	207.8	219.8	229.0
HRA	42.0	45.2	48.4	50.9	53.3
<b>Total</b>	<b>229.2</b>	<b>243.2</b>	<b>256.2</b>	<b>270.7</b>	<b>282.3</b>

## 3. Net Borrowing and the Capital Financing Requirement.

In order to ensure that in the medium term, borrowing can be undertaken only for capital purposes, this indicator requires that net external borrowing does not (except in the short term) exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for the current and next two financial years.

It is anticipated that this requirement will be met for the years 2004/5 to 2007/8.

## 4. Estimate of the Incremental Impact of Capital Investment Decisions on Council Tax and Housing Rents

This indicator is intended to demonstrate the affordability of capital investment decisions in terms of their impact on levels of Council Tax and Housing Rents.



The current proposals to undertake unsupported “prudential borrowing” to fund capital investment are set out in section 2.9 of the report. In particular, the use of such borrowing to fund expenditure on structural improvements to roads and buildings (otherwise funded directly from revenue) will free-up revenue resources to fund priorities and increased legislative demands - including investment in the replacement of Street Lighting Columns.

The overall estimated incremental impact of the capital investment decisions set out earlier in this report on Council Tax is therefore effectively zero. The forecast debt charges resulting from anticipated borrowing are fully reflected in the figures set out in the budget strategy report elsewhere on this agenda.

The estimated incremental impact of Housing capital investment proposals (set out in the relevant report elsewhere on this agenda) on Housing Rents is also zero. This is based on the fact that rents are determined by government rent restructuring guidance and assumes that the Council will continue to comply with this guidance. Borrowing forecasts have been set at levels which will not necessitate a rent increase above guidelines. The Housing Capital Programme being proposed includes in particular “prudential borrowing” to finance necessary investment in Garages across the Borough at a cost of £1.272m. This borrowing will be repaid from the extra income generated by above-inflation Garage rent increases.

## 5. Estimated and Actual Ratio of Capital Financing Costs to Net Revenue Stream

This indicator is intended to demonstrate the affordability of capital investment decisions in terms of the ratio of capital financing costs to overall resources, expressed as a percentage. The proposed indicators consistent with the level of capital expenditure set out above are as follows.

	<b>2003/04</b>	<b>2004/05</b>	<b>2005/06</b>	<b>2006/07</b>	<b>2007/08</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
	<b>Actual</b>	<b>Revised Estimate</b>	<b>Revised Estimate</b>	<b>Revised Estimate</b>	<b>Estimate</b>
Non - HRA	4.5	4.6	4.9	5.1	5.3
HRA	4.7	4.2	4.4	4.6	4.6

The HRA ratio falls in 2004/5 as a result of a change in HRA accounting rules in that the HRA is no longer required to make provision for the repayment of housing debt. Both indicators are then expected to rise as borrowing (with consequent financing costs) increases faster than overall revenue.

## 6. The Authorised Limit, Operational Boundary, and Actual External Debt

These indicators are intended to ensure that levels of external borrowing are affordable, prudent and sustainable. The Authorised Limit for external debt is a statutory limit (as per section 3 of the Local Government Act 2003) that should not be breached under any circumstances. The proposed limits set out below have been calculated to take account of the Council’s capital expenditure and financing plans and allowing for the possibility of unusual cash movements. If this limit is likely to be breached, it will be necessary for the Council to determine if it is prudent to raise the limit, or to instigate procedures to ensure that such a breach does not occur.

The Operational Boundary for external debt is a management tool for day-to day monitoring, and has also been calculated with regard to the Council's capital expenditure and financing plans allowing for the most likely, prudent, but not worst case scenario for cash flow. Temporary breaches of the operational boundary, due to variations in cash flow, will not be regarded as significant.

Both the Authorised Limit and the Operational Boundary are split between conventional borrowing and "other long term liabilities" such as leases and other capital financing arrangements which would result in the related assets appearing on the Council's Balance Sheet. Such arrangements would include for example finance leases for the procurement of vehicles. Provided that the total Authorised Limit and Operational Boundary are not exceeded, the Director of Finance may authorise movement between the constituent elements within each total so long as such changes are reported to the next appropriate meeting of the Cabinet and Council.

It is not considered necessary to amend the Authorised Limit and Operational Boundary for 2004/05 set this time last year.

	2003/04	2004/05	2005/06	2006/07	2007/08
			Revised	Revised	
	£m	£m	£m	£m	£m
<b>Authorised limit for external debt:</b>					
Borrowing	n/a	515	529	535	538
Other long term liabilities	n/a	3	5	7	8
<b>Total</b>	<b>n/a</b>	<b>518</b>	<b>534</b>	<b>542</b>	<b>546</b>
<b>Operational boundary:</b>					
Borrowing	n/a	459	480	487	497
other long term liabilities	n/a	3	5	7	8
<b>Total</b>	<b>n/a</b>	<b>462</b>	<b>485</b>	<b>494</b>	<b>505</b>
<b>Actual External Debt:</b>					
Borrowing	427.3	n/a	n/a	n/a	n/a
Other long term liabilities	0	n/a	n/a	n/a	n/a
<b>Total</b>	<b>427.3</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>

## **7. Adoption of the CIPFA Code of Practice for Treasury Management in the Public Services**

This indicator is a fundamental requirement of the new system in so far as it relates to treasury management activity. The Council adopted the CIPFA *Code of Practice for Treasury Management in the Public Services* in March 2002.

## 8. Upper Limits on Fixed Interest Rate and Variable Interest Rate Exposures

These indicators relate to the percentage of net borrowing (gross borrowing less investments) held at fixed or variable interest rates, and allow the Council to manage the extent to which it is exposed to changes in interest rates. The proposed upper limit for fixed interest reflects the fact that it is possible to construct a prudent treasury strategy on the basis of using only fixed rate debt and investments, so long as the maturity dates of these debts and investments are reasonably spread. The same does not apply to variable rates where a 100% exposure could lead to significant year on year fluctuations in the cost of debt. The proposed upper limit for variable rate exposure allows for the use of variable rate debt to offset our exposure to changes in short-term rates on our portfolio of investments. This limit reduces over time as our strategy is to gradually reduce our level of investments.

It is not considered necessary to amend the limits for 2004/05 set this time last year.

	2004/05	2005/06	2006/07	2007/08
	%	%	%	%
	Revised		Revised	
Upper limit for fixed interest rate exposure	100	100	100	100
Upper limit for variable rate exposure	30	20	15	15

## 9. Upper and Lower Limits for the Maturity Structure of Borrowing

The indicator for the maturity structure of fixed rate borrowing is designed to protect against excessive exposures to interest rate changes in any one period, in particular in the course of the next ten years. On the basis of prudent treasury management, the following limits are proposed:

Maturity structure of fixed rate borrowing	Upper limit	Lower limit
	%	%
under 12 months	10	0
12 months and within 24 months	10	0
24 months and within 5 years	15	0
5 years and within 10 years	25	0
10 years and above	100	40

## 10. Limits for Principal Sums Invested for Periods Longer than 364 Days

The purpose of the prudential limits for principal sums invested for periods longer than 364 days is to contain the Council's exposure to the possibility of loss that might arise as a result of having to seek early repayment of principal sums invested. On the basis of prudent treasury management the proposed upper limit on principal maturing in any one year for sums invested for over 364 days is (as last year) £15m.