

Meeting of the Council – 28th November, 2011

Report of the Cabinet

Capital Programme Monitoring and Other Budget Issues

Purpose of Report

1. To consider the recommendations of the Cabinet on proposed amendments to the Capital Programme and other budget issues.

Background

2. Reports were submitted to the special meeting of the Cabinet on 13th October, 2011 concerning the following matters: (a) the Revenue Budget Strategy for 2012/13 and Medium Term Financial Strategy 2012/13 to 2014/15. The recommendations arising, which require Council approval, are set out in paragraphs 5 and 14; and (b) Staffing Issues emanating from the Year One Budget Savings Summary, the recommendations regarding which are set out in paragraphs 6 and 15.
3. At its meeting on 26th October, 2011, the Cabinet also considered a report on Capital Programme Monitoring and made recommendations to the Council, which are contained in this report. A report on Castle Hill Regeneration seeking approval to the inclusion of the scheme in the Capital Programme and associated matters was considered separately at that meeting. The decisions of the Cabinet on the project are set out in paragraph 8 and the resultant recommendation to Council in paragraph 17.
4. Other recommendations contained in the respective reports to the Cabinet meetings were determined under delegated powers. All reports referred to are available from the Democratic Services Section (telephone 01384 815236) or by e-mail to richard.sanders@dudley.gov.uk; or on the Council's website (follow the links to Meetings and Decisions).
5. **Revenue Budget Strategy 2012/13**

On consideration of the report on this matter, the Cabinet, at its special meeting on 13th October, 2011 was advised that latest budget monitoring indicated favourable Treasury variances of £2 million resulting from better than expected cash flows. The Cabinet was also advised that earmarked reserves have been reviewed to identify any no longer required for their original purposes, which can be returned to General Balances, and that currently £0.5 million has been identified. The Cabinet resolved to recommend the Council that budgets be amended to reflect these variances.

6. **Staffing Issues – Year One Budget Savings Summary**

On consideration of the report referred to in paragraph 2 above, the Cabinet, at its special meeting held on 13th October, 2011 resolved to recommend the Council as follows:

- That the contents of the report and the learning outcomes be noted.
- That the draft outline timetable for year two savings, be noted.
- That the Council seek expressions of interest in a voluntary redundancy process for year two savings to further support a reduction in compulsory redundancies and that the category of posts excluded at this stage be noted.
- That the Director of Corporate Resources, in consultation with the Cabinet Member for Human Resources, Law and Governance, be authorised to determine all applications for voluntary redundancy including those where there are pension implications, up to a maximum of £2.5 million for direct redundancy costs and £1.5 million for the capitalised cost of pension strain.
- That the Council be recommended to endorse the recommendations on staffing issues associated with the budget strategy for 2012/13 as appropriate.

Urban Environment

7. Grange Road Subway, Halesowen

The subway under the Queensway, Halesowen is an important pedestrian access into the town centre but is situated alongside the River Stour, which in 2007 and 2008 burst its banks causing severe flooding, particularly to Grange Crescent.

The recent flood studies report produced by the Environment Agency (EA) identified one area requiring additional flood protection at the town-side entrance/ exit ramp where it links with Great Cornbow.

There has also been a longstanding concern over the blind spot in this ramp as the existing footpath meets the box section subway and plans have been prepared to alter the footpath arrangement to improve visibility and encourage use of the subway by partially removing pedestrian concerns.

It has been agreed with the EA that it would be in our best interests to combine these schemes and work in partnership thus enabling works on the flood protection scheme to be carried out to fit in with other works and enable savings by the Council to be made due to reduced preliminary items and combined working.

A further advantage for the Council is that the EA is prepared to contribute towards the cost of the Council's work based on the cost of work that they would have to carry out on the Council owned retaining wall.

This will mean that the net cost to the Council will be in the region of £50,000 including fees, provided that all of the works can be completed by the EA deadline of the end of March 2012. This can be funded from the Bridges revenue budget.

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

8. Castle Hill Regeneration

The Council and the arms length regeneration company New Heritage Regeneration Ltd (NHRL) are preparing ambitious proposals for the Castle Hill site. The proposals, which are being drawn up with the strategic engagement of Dudley Zoo, the Black Country Living Museum and the Dudley Canal Trust, aim to effectively integrate the site with Dudley Town Centre and;

- raise visitor numbers from the present 600,000 per annum to 1 million per annum
- create a new primary access to the site (for which planning permission was granted on the 2nd February, 2010) from Tipton Road
- prepare land for new and complementary tourism/leisure development
- secure further capital investment in the Zoo
- where appropriate, acquire further land required for development, for which compulsory purchase powers were secured in November 2009.

The Cabinet has considered a number of reports on the Castle Hill development, most recently on 16th March, 2011, where approval was given to matters including the reinvestment of surplus from capital receipts and other income to support the delivery of regeneration in and around Dudley town centre and to the extinguishment of existing compulsory purchase powers at the Castle Hill site.

The Council has taken the opportunity to carry out acquisitions of strategic sites to support the delivery of this project, and in late 2010 secured the purchase of the former Gala Bingo and Royal Brierley sites. Proposals are currently being prepared for the former site, and the Council's Archives relocation is now proposed to be located on the latter. The change in proposed location from the Black Country Living Museum car park to the Royal Brierley site has secured a saving of approximately £1m to the Council and provided early and complementary development activity at the Castle Hill site.

A £4.51 million funding application has been submitted under the European Regional Development Fund's (ERDF) Sustainable Urban Development Programme, in respect of which all requests for information from the ERDF appraisal team have been satisfactorily addressed and for which a full funding approval is expected in the very near future. In addition, the Council and NHRL have given support to the successful £1million funding bid submitted by Dudley Zoo to the Heritage Lottery Fund and Dudley Zoological Gardens are investing £1.32million into the regeneration of their own buildings and facilities. In addition, Dudley Zoological Gardens intend to submit further bids totalling £2.1million to the Heritage Lottery Fund.

The total estimated value of this project and the breakdown of proposed funding sources are set out below:

Estimated costs	£M	
Archive Centre	6.0	
Dudley Zoological Gardens enhancements	3.20	
Dudley Zoological Gardens offices	0.12	
Access road from Tipton Road	1.46	
Access roads on site	3.50	
Car parking on site	0.60	
Visitor arrival facilities	0.25	
Total estimated costs	15.13	
		£M
Proposed funding sources		
ERDF		4.51
Archive Centre – Dudley MBC		6.0
Dudley Zoological Gardens - Heritage Lottery Fund		3.10
Dudley Zoological Gardens		1.32
Dudley MBC capital receipts (from disposal of proposed development sites at the Castle Hill site)		0.20
Total proposed funding sources		15.13

On consideration of the above information, and the financial and legal implications as detailed in the report submitted, the Cabinet resolved to recommend the Council to approve the inclusion of the project in the Capital Programme, subject to confirmation of funding. Under delegated powers, the Cabinet also resolved to authorise the Director of the Urban Environment, in consultation with the Director of Corporate Resources and the Treasurer, to negotiate a funding agreement with Dudley and West Midlands Zoological Society Limited to pass on ERDF contractual obligations including grant clawback in order to mitigate risk to the Council.

Urgent Amendments to the Capital Programme

9. Installation of the replica of the Titanic anchor

Last year the Council acquired the replica of the Titanic Anchor as part of a project involving Twenty Twenty Productions which culminated in an event in Netherton on 15th August, 2010. Following the event the anchor was put on display at the Black Country Living Museum pending its return and permanent installation in Netherton. The requisite permissions were obtained for its installation in Netherton and an event was held on 17th September, 2011 to mark its return.

The total cost associated with the installation of the anchor including landscape, planning and transportation is £22,000. The capital cost relating to the actual installation and securing of the anchor is £15,000, which can be funded by a £5,000 capital allocation from the Central Dudley Area Committee and from savings elsewhere in the Directorate of the Urban Environment's Capital Programme. The revenue cost of £7,000 can be met from funding from Dudley Community Partnership, local fundraising and Directorate revenue budgets.

In order to facilitate the installation, a decision (ref. DUE/36/2011) was made by the Leader of the Council in consultation with the Treasurer on 14th September, 2011 to include the project in the Capital Programme.

Finance

10. This report is financial in nature and information about the individual proposals is contained within the body of the report. The financial implications in relation to the issues of the Castle Hill Regeneration, Revenue Budget Strategy for 2012/13 and Staffing Issues emanating from the Year 1 Budget Savings Summary are set out in the respective reports submitted to the meetings of the Cabinet on those issues.

Law

11. 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

12. These proposals comply with the Council's policy on Equality and Diversity.
13. 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

14. That revenue budgets be amended to reflect the variances referred to in paragraph 5.
15. That the recommendations of the Cabinet on staffing issues associated with the budget strategy for 2012/13, as set out in paragraph 6, be endorsed.
16. That the works to the Grange Road Subway, Halesowen be approved and included in the Capital Programme, as set out in paragraph 7.
17. That the Castle Hill Regeneration Project, be included in the Capital Programme, subject to confirmation of funding, as referred to in paragraph 8.
18. That the urgent amendment to the Capital Programme, as set out in paragraph 9, be noted.



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Leader of the Council