

**Meeting of the Cabinet – 20<sup>th</sup> June 2012**

**Joint Report of the Chief Executive and Treasurer**

**Capital Programme Monitoring**

**Purpose of Report**

1. To report progress with the implementation of the Capital Programme.
2. To propose amendments to the Capital Programme.

**Background**

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

<b>Service</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Public Sector Housing	32,216	30,662	30,863
Other Adult, Community & Housing	10,351	1,077	0
Urban Environment	23,724	14,988	12,968
Children's Services	22,611	4,092	67
Corporate Resources	3,280	1,568	636
Chief Executive's	687	0	0
<b>TOTAL</b>	<b>92,869</b>	<b>52,387</b>	<b>44,534</b>

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

4. In accordance with the requirements of the Council's Financial Regulations, details of progress with the 2012/13 Programme are given in Appendix A. It is proposed that the current position be noted.

**Adult, Community and Housing**

Disabled Facilities Grants

5. Additional resources of £0.078m have been identified from usable housing capital receipts. It is proposed that these be earmarked for Disabled Facilities Grants, and that the Capital Programme be amended accordingly.

### Oak Lane Improvements

6. The final phases of the programme are due to commence shortly to replace the existing sewage treatment plant with a mains drainage system and to provide three additional plots on site. Estimated total costs have increased due to a number of factors including clearance of contaminated land prior to works commencing and additional design work required to meet permissible discharge rates to the main sewer.

As a result it is proposed to increase the project budget by £105,000 which can be funded from existing Directorate resources, and that the Capital Programme be amended accordingly.

## **Urban Environment**

### MOT Testing Facility

7. The Transport section based at Lister Road Depot currently carry out several hundred taxi inspections per year on behalf of the Licensing section within the Directorate of Corporate Resources. For some time now the taxi trade has lobbied for a MOT Testing Service to be offered in conjunction with the routine taxi inspection, effectively creating a Taxi "One Stop Shop" in an attempt to minimise the amount of time taxis are off the road. Separate premises at the Enterprise Trading Estate, Brierley Hill, which has better access have now been identified to undertake this service, making the project feasible as Lister Road is unsuitable.

A financial modelling exercise has been carried out to ensure the viability of the project. This includes the capital set up costs for the necessary approved testing equipment, plus premises adaptation costs. Upgrading the premises and providing specialist testing equipment is estimated to cost £165,000 and can be funded from Directorate revenue resources.

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

## **Chief Executive's**

### Area Committee Allocations

8. From 2012/13, the annual Area Committee Capital Allocations (totalling £240,000) are to be met from revenue resources and no longer restricted to funding capital projects alone. This gives additional flexibility in respect of the schemes that could be funded, and also enables groups to bid for funding that have previously been excluded because their activities are primarily of a revenue nature. It is proposed that Area Committee Capital Allocations unspent from previous years and rolled forward into 2012/13 (totalling £413,000) are also no longer restricted to funding capital projects. This can be financed by reallocating revenue resources currently earmarked to fund other capital expenditure.

## **Urgent Amendments to the Capital Programme**

### Refurbishment of Toilets at Regent House

9. The decision to include the refurbishment of Regent House in the Capital Programme was reflected in decision sheet DCR/03/2012. Following an initial survey of the building, the refurbishment of toilets was not included as they were not deemed a high enough priority when compared to other areas of work. However, further inspection on site has led to a recommendation that these also be upgraded at a cost of £40,000 which can be met from Directorate of Corporate Resources revenue budgets. In order to include the necessary work within the existing contract a decision (ref. DCR/17/2012) was made by the Leader of the Council in consultation with the Treasurer on 21<sup>st</sup> May 2012 that the refurbishment of all toilets at Regent House be included in the Capital Programme.

### Salt Barn and Waste Transfer buildings and related works at Lister Road Depot

10. Cabinet on the 8th February 2012 approved, subject to obtaining Planning permission, the provision of a Salt Barn and Waste Transfer buildings and related works at Lister Road Depot and for the scheme to be included in the Council's Capital Programme at an estimated cost of £1,000,000.

At the time of preparing the budget it was necessary to include certain assumptions, in particular, for the specialist nature of the building and ground stabilisation requirements. During the recent competitive tender bidding process, Contractors and their specialist Sub Contractors identified additional requirements for ground stabilisation works associated with the two large building structures, especially the Salt Barn which will be transmitting heavy loads (Salt Stocks) into the ground. In addition, the very nature of the building sizes, 25m x 35m and 25 x 40 required together with access, operational and clear span requirements has resulted in additional costs.

As a result of the above, and following the receipt of tenders, the estimated project cost is now £1,100,000. The increase in cost can be met from the forecast annual operational savings.

In order to enable the project to proceed as planned, a decision (ref. DUE/20/2012) was made by the Leader of the Council in consultation with the Treasurer on 11<sup>th</sup> June 2012 to increase the project budget and amend the Capital Programme to reflect the latest estimated costs.

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

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

### **Children's Services**

Queen Victoria Primary School – Replacement of Windows

Cotwallend Primary School – Re-roofing

Gig Mill Primary School – Re-roofing

Ridgewood High School – Boiler and Heating

Quarry Bank Primary School Replacement

It is proposed that these be noted.

## **Finance**

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

## **Law**

13. 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**

14. These proposals comply with the Council's policy on Equality and Diversity.
15. 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**

16. That the results of the Post Completion Review of capital projects, as set out in Appendix B be noted.
17. That the Council be recommended:
  - That current progress with the 2012/13 Capital Programme, as set out in Appendix A be noted.
  - That the additional resources of £0.078m identified from usable housing capital receipts be earmarked for Disabled Facilities Grants, and that the Capital Programme be amended accordingly, as set out in paragraph 5.
  - That the Oak Lane Improvements budget be increased by £105,000, and the Capital Programme amended accordingly, as set out in paragraph 6
  - That the MOT Testing Facility project be approved and included in the Capital Programme, as set out in paragraph 7.

- That Area Committee Capital Allocations unspent from previous years and rolled forward into 2012/13 are no longer restricted to funding capital projects, as set out in paragraph 8.
- That the Urgent Amendments to the Capital Programme, as set out in paragraphs 9-10 be noted.



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



**Iain Newman**  
**Treasurer**

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#### **List of Background Papers**

Relevant resource allocation notifications.

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## 2012/13 Capital Programme Progress to Date

<b>Service</b>	<b>Budget £'000</b>	<b>Spend to 30th April £'000</b>	<b>Forecast £'000</b>	<b>Variance £'000</b>
Public Sector Housing	32,216	85	32,216	-
Other Adult, Community & Housing	10,351	266	10,351	-
Urban Environment	23,724	404	23,724	-
Children's Services	22,611	165	22,611	-
Corporate Resources	3,280	284	3,280	-
Chief Executive's	687	15	687	-
<b>TOTAL</b>	<b>92,869</b>	<b>1,219</b>	<b>92,869</b>	<b>-</b>

## Post Completion Review of Capital Schemes

<b>Title of Scheme: Queen Victoria Primary School - Replacement of windows.</b>
<b>Date of Executive / Cabinet approval:</b> 09/02/2011 <b>(i.e. inclusion in Capital Programme)</b> This project was funded from the Capital Maintenance Grant and approved by cabinet on the above date.
<b>Original Budget:</b> £240,000. <b>Planned Completion date:</b> 25/11/2011
<b>Outturn Cost (still provisional):</b> £228,000. <b>Actual completion date:</b> 23/11/2011
<b>Variation from Budget:</b> - £12,000. <b>Delay:</b> Not Applicable.
<b>Reason for Cost Variation and / or Delay in Completion (please indicate if any variation has previously been reported to Executive / Cabinet):</b> Competitive tenders were invited in accordance with Council Standing Orders. This project ran to plan and to budget. There were no significant variations therefore contingencies did not need to be used. The unspent balance will be released back to the Capital Maintenance Grant budget. Cost variations were reported at regular intervals through PIT (Project Implementation Team).
<b>Original Objectives of Scheme (please indicate when and to whom these were reported):</b> The project was prioritised through the Council's AMP (Asset Management Plan) Scoring Matrix mechanism that targets capital resources where they will have the greatest impact on raising educational Standards and improving the overall quality of school buildings. Also, the School's Governing body and Senior Management Team highlighted the project as a priority in the School's Building Development Plan. Following a meeting of the AMP Consultation Group held on 16 <sup>th</sup> February 2011 the unanimous decision by the group was to recommend that the Directorate proceeded with the Window Replacement Scheme at Queen Victoria Primary School. The Director of Children's Services agreed to the programme at Capital Board that also took place on 16 <sup>th</sup> February 2011. The new windows have reduced the overall condition backlog of the school, improved the thermal performance and overall security of the buildings. The new windows have also helped provide a stimulating learning environment for pupils, staff and the wider community.
<b>Have these Objectives been met? (If "No" please provide explanation):</b> Yes.

Signed by: Jane Porter ..... (Acting Director)

Date: 16<sup>th</sup> May 2012

**Title of Scheme: Cotwall End Primary School – Re-roofing project.**

**Date of Executive / Cabinet approval:** 09/02/2011

**(i.e. inclusion in Capital Programme)** This project was funded from the Capital Maintenance Grant and approved by cabinet on the above date.

**Original Budget:** £241,000.

**Planned Completion date:** 25/11/2011

**Outturn Cost (still provisional):** £241,000.

**Actual completion date:** 25/11/2011

**Variation from Budget:** £0

**Delay:** Not Applicable.

**Reason for Cost Variation and / or Delay in Completion (please indicate if any variation has previously been reported to Executive / Cabinet):**

Competitive tenders were invited in accordance with Council Standing Orders. This project ran to plan and to budget. There were no significant variations. Cost variations were reported at regular intervals through PIT (Project Implementation Team).

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

The project was prioritised through the Council's AMP (Asset Management Plan) Scoring Matrix mechanism that targets capital resources where they will have the greatest impact on raising educational Standards and improving the overall quality of school buildings. Also, the School's Governing body and Senior Management Team highlighted the project as a priority in the School's Building Development Plan. Following a meeting of the AMP Consultation Group held on 16<sup>th</sup> February 2011 the unanimous decision by the group was to recommend that the Directorate proceed with the Re-roofing Scheme at Cotwall End Primary School. The Director of Children's Services agreed to the programme at Capital Board that also took place on 16<sup>th</sup> February 2011. The chosen solution was an insulated three ply mineral felt system (20 yr guarantee). The high level windows to the hall were also replaced with commercial grade aluminium double glazed units and operated on a Teleflex system that have enabled the windows to be operated with ease. The completed project has provided a permanent solution to the flat roof failure and a school environment that is equipped for 21st century teaching and learning.

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

Yes.

Signed by: Jane Porter ..... (Acting Director)

Date: 16<sup>th</sup> May 2012

<b>Title of Scheme: Gig Mill Primary School – Re-roofing project.</b>
<b>Date of Executive / Cabinet approval:</b> 09/02/2011 <b>(i.e. inclusion in Capital Programme)</b> This project was funded from the Capital Maintenance Grant and approved by cabinet on the above date.
<b>Original Budget :</b> £270,000. <b>Planned Completion date:</b> 02/12/2011
<b>Outturn Cost (still provisional):</b> £317,000. <b>Actual completion date:</b> 21/12/2011
<b>Variation from Budget:</b> £47,000. <b>Delay:</b> 13 working days.
<b>Reason for Cost Variation and / or Delay in Completion (please indicate if any variation has previously been reported to Executive / Cabinet):</b> Competitive tenders were invited in accordance with Council Standing Orders. The variation of the budget was due to an additional area of roof that was added to the project, as further investigation showed that it was in very poor condition and was in need of replacement. The additional roof works are also the reason for the extended completion date. Cost variations were reported at regular intervals through PIT (Project Implementation Team).
<b>Original Objectives of Scheme (please indicate when and to whom these were reported):</b> The project was prioritised through the Council's AMP (Asset Management Plan) Scoring Matrix mechanism that targets capital resources where they will have the greatest impact on raising educational Standards and improving the overall quality of school buildings. Also, the School's Governing body and Senior Management Team highlighted the project as a priority in the School's Building Development Plan. Following a meeting of the AMP Consultation Group held on 16 <sup>th</sup> February 2011 the unanimous decision by the group was to recommend that the Directorate proceed with the Re-roofing Scheme at Gig Mill Primary School. The Director of Children's Services agreed to the programme at Capital Board that also took place on 16 <sup>th</sup> February 2011. The chosen solution was an insulated single ply membrane system (20 yr guarantee). The high level windows to specified areas were also replaced with commercial grade aluminium double glazed units. The completed project has provided a permanent solution to the flat roof failure and a school environment that is equipped for 21st century teaching and learning.
<b>Have these Objectives been met? (If "No" please provide explanation):</b> Yes.

Signed by: Jane Porter ..... (Acting Director)

Date: 16<sup>th</sup> May 2012

<b>Title of Scheme: Ridgewood High School – Boiler and heating Project.</b>
<b>Date of Executive / Cabinet approval:</b> 09/02/2011 <b>(i.e. inclusion in Capital Programme)</b> This project was funded from the Capital Maintenance Grant was approved by cabinet on the above date.
<b>Original Budget:</b> £462,000.00 <b>Planned Completion date:</b> 02/12/2011
<b>Outturn Cost (still provisional):</b> £470,799.06 <b>Actual completion date:</b> 02/12/2011
<b>Variation from Original Budget:</b> £8,799.06 <b>Delay:</b> Not Applicable.
<b>Reason for Cost Variation and / or Delay in Completion (please indicate if any variation has previously been reported to Executive / Cabinet):</b> The Acting Director of Children’s Services approved the negotiation of a price with Directorate of Urban Environment, Electrical and Mechanical Services. This was deemed an appropriate way to procure this work due to the known difficulties and the number of possible issues with the project, mainly being with the underground pipe work. Directorate of Urban Environment, Electrical and Mechanical Services operatives have a unique and in-depth understanding of the existing services at Ridgewood High School due to their maintenance works on the boiler plant and pipe work to be replaced. The overspend on the original budget is due to a number of issues with the existing underground pipe work, but the main cost came from additional works having to be undertaken to decommission an underground water tank that fed the school which was condemned during the works. Cost variations were reported at regular intervals through PIT (Project Implementation Team).
<b>Original Objectives of Scheme (please indicate when and to whom these were reported):</b> The project was prioritised through the Council’s AMP (Asset Management Plan) Scoring Matrix mechanism that targets capital resources where they will have the greatest impact on raising educational Standards and improving the overall quality of school buildings. Also, the School’s Governing body and Senior Management Team highlighted the project as a priority in the School’s Building Development Plan. Following a meeting of the AMP Consultation Group held on 16 <sup>th</sup> February 2011 the unanimous decision by the group was to recommend that the Directorate proceeded with the Boiler and Heating Replacement Scheme at Ridgewood High School. The Director of Children’s Services agreed to the programme at Capital Board that also took place on 16 <sup>th</sup> February 2011. The new boilers and pipe work have reduced the overall condition backlog of the school, improved the efficiency of the heating system and ensures the distribution on the heating to annex blocks. The new boilers have also helped provide a stimulating learning environment for pupils, staff and the wider community.
<b>Have these Objectives been met? (If "No" please provide explanation):</b> Yes.

Signed by: Jane Porter ..... (Acting Director)

Date: 27<sup>th</sup> February 2012

**Title of Scheme: Replacement of Quarry Bank Primary School**

**Date of Executive / Cabinet approval: February 2008**

(i.e. inclusion in Capital Programme) This project was funded from the Primary Capital Programme Grant and was approved by cabinet on the above date.

**Original Budget : £6,750,000**

Planned Completion date: *November 2011*

**Outturn Cost (still provisional): £6,690,000**

Actual completion date: *November 2011*

**Variation from Budget: - £60,000**

Delay: Not Applicable.

**Reason for Cost Variation and / or Delay in Completion (please indicate if any variation has previously been reported to Executive / Cabinet):**

Competitive tenders were invited in accordance with Council Standing Orders. This project ran to plan and to budget. There were no significant variations. Cost variations were reported at regular intervals through PIT (Project Implementation Team).

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

The project was prioritised through the Council's Strategy for Change as part of the Government's Primary Capital Programme initiative, which aimed to replace or update at least half of all primary schools. Quarry Bank Primary School was prioritised due to the poor condition of the existing building and the ability to rebuild within the existing site whilst pupils were still in the old school, all of which could be achieved within the timescale conditions for the first phase of the grant

The completed project has provided a permanent fit for purpose building for the pupils of Quarry Bank which is on target to obtain a Very Good BREEAM (Building Research Establishment Energy Assessment Method) rating for energy management and a school environment that is equipped for 21st century teaching and learning.

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

Yes.

Signed by: Jane Porter ..... (Acting Director)

Date: 20<sup>th</sup> May 2012