

Meeting of the Cabinet – 20th March 2013

Joint Report of the Chief Executive and Treasurer

Capital Programme Monitoring and External Funding

Purpose of Report

1. To report progress with implementation of the Capital Programme.
2. To propose amendments to the Capital Programme, and consideration of external funding issues.

Background

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

Service	2012/13	2013/14	2014/15
	£'000	£'000	£'000
Public Sector Housing	35,517	36,814	31,629
Other Adult, Community & Housing	8,605	5,687	1,407
Urban Environment	13,596	31,671	13,541
Children's Services	11,652	17,168	67
Corporate Resources	3,339	1,755	920
TOTAL	72,709	93,095	47,564

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, and that budgets be amended to reflect the reported variances.

Adult, Community and Housing

Redistribution of Kickstart Funding

5. The Kickstart programme provided assistance to improve housing conditions in the private sector through equity and repayment loans. This was administered through a consortium with seventeen other local authorities known as West Midlands Kickstart Partnership, with funding from the Government's Regional Housing Pot. When the Kickstart programme ended, unused funds were redistributed to partner Authorities and as a result the Council has received £252,000. It is proposed to reinvest these funds through our current Housing Assistance schemes to continue to improve the condition of properties occupied by vulnerable households in the private sector, and that this expenditure be included in the Capital Programme.

Children's Services

Schools Grant Allocations 2013/14

6. The following grant funding has been allocated to the Council for schools capital investment.

	£m
Devolved Capital	0.820
This will be allocated to projects by schools on the basis of their own priorities.	
Capital Maintenance	3.847
This will be allocated on the basis of priorities with regard to health and safety issues, building condition surveys and access needs.	
Basic Need – New Pupil Places (2013/14 & 2014/15)	3.119
This will be allocated to specific projects following appropriate consultation and evaluation of options.	
Total	7.786

It is proposed that the allocations be noted, and the associated spend included in the Capital Programme.

Chief Executive's

Big Lottery Fund - Fulfilling Lives: A Better Start

7. This funding stream aims to deliver a step change in the use of preventative approaches for babies and children from pregnancy to three years of age, and is looking for outcomes in three main areas of child development: language development, social and emotional development and nutrition. The total funding available for the programme is £165m over 8 - 10 years, to be awarded to 3 - 5 areas with a total population of 30,000 - 70,000 where there is evidence of deprivation and high levels of need amongst children.

The awards will fund work that is additional to statutory requirements. Therefore in order to provide a holistic approach it is expected that total project costs would be greater than the award with funding for statutory provision being secured elsewhere.

Expressions of Interest (Eols) can be submitted only by local authorities, but a voluntary and community sector organisation will be the lead applicant if the area is invited to submit an application form, and will subsequently lead a partnership within the area across health agencies, the local authority and the community to implement the project. The Big Lottery expects to take a decision on stage one applications in summer 2013, when a shortlist of between 10 - 15 areas will be invited to submit a stage two application and offered development grants and support to help them prepare their final proposal. The 3 - 5 areas for final awards will be selected by March 2014.

An Eol has been submitted covering St. Thomas's, Netherton Woodside and St. Andrew's, Cradley and Wollescote, and Lye and Stourbridge North wards, which have been selected using a combination of indicators, local knowledge and partnership consensus. The selection has received the backing of partners in health, social care and the community and voluntary sector. Dudley Council for Voluntary Services has been proposed as lead applicant. Funding for statutory provision within the overall project will be met from within existing partner resources.

It is proposed that the Eol be noted and that Cabinet be updated on progress in due course.

Urgent Amendments to the Capital Programme

Council Housing New Build (Care and Support Specialised Housing)

8. The Homes and Communities Agency (HCA) announced at the end of October 2012 capital grants worth up to £300m to support development and stimulate the specialised housing market over the next five years. Specifically, £160m is being made available to support the development of affordable specialist housing for older people and adults with disabilities outside London.

Evidence shows that investment in specialised housing for older people and adults with disabilities or mental health problems is cost-effective and has a positive impact on health and social care spend.

It is proposed to explore opportunities for development of specialised council housing utilising Housing Revenue Account (HRA) sites that have been identified for disposal but have no sale pending. Two sites / schemes are planned:

- The Walk, Sedgley – 6 supported apartments plus (funded from HRA) 3 general needs houses.
- Norfolk Road, Wollaston – 8 supported apartments.

The proposed bid follows the Council's successful construction of 72 new council homes supported by the HCA, including 18 supported apartments. There remains considerable demand for appropriate homes where people with learning disabilities can live independently with support. The bid will provide additional affordable housing, particularly in areas where there is a shortage of appropriate dwellings. It will also contribute towards regeneration and the use of infill land which is currently vacant.

It is expected that the outcome of the bidding process will be known in May 2013. In the event of this bid not being successful, a report will be brought to a future Cabinet meeting regarding the prioritisation of the New Build capital budget.

Resources totalling £2,100,000 over the two financial years 2013-14 and 2014-15 have been identified for this scheme within the Council's Capital Programme. This budget will also support the construction of 3 general needs council homes, funded by the Council. The bid requests HCA grant support at a rate of £27,500 per unit, or £385,000 in total. The balance of the costs will be met from existing HRA resources, Section 106 development funds to support affordable housing, and capital receipts from Right to Buy sales.

To comply with bid timescales, a decision (ref. DCR/05/2013) was made by the Leader of the Council in consultation with the Cabinet Member for Housing, Libraries and Adult Learning, Director of Adult, Community and Housing Services, and the Treasurer on 5th February 2013 to submit a bid for HCA Care and Support Specialised Housing Fund grant for the construction of 14 supported apartments for people with learning disabilities and that the project be included in the Capital Programme.

Directorate of Adult, Community and Housing Services (DACHS) - Accommodation

9. A review of current DACHS accommodation outside Dudley town centre has been undertaken, with a view to rationalising operational accommodation, delivering further savings in line with the Transforming our Workplace agenda and DACHS future accommodation strategy.

Harbour Buildings at the Waterfront, Brierley Hill, has been identified as the most suitable building to accommodate around 400 staff relocating from 6 buildings. Initially around 120 staff will relocate from Capstan House, Waterfront, 60 staff from the central Dudley campus and 50 staff from Falcon House, Dudley. In addition, 90 staff will move from Solus House and 60 staff from Forge House in 2014-15, when the leases on these buildings come to an end. The proposal will deliver annual revenue savings for rent and service charges rising to £150,000 per year once all moves are completed.

Refurbishment work is currently being undertaken by the landlord, to bring the building back to its original condition. £250,000 is required to fit the building out so that it meets our specific requirements, including cabling, fittings and partitioning. These costs can be funded from HRA resources.

The Landlord's contractor is already on site and the Council's fit-out can be delivered more economically if undertaken at the same time as the landlord's refurbishment. To fit in with these timescales, a decision (ref. DCR/07/2013) was made by the Leader of the Council in consultation with the Treasurer on 15th February 2013 that the project to refurbish Harbour Buildings at the Waterfront to meet the Council's specific requirements to accommodate DACHS be included in the Capital Programme.

Post Completion Review of Capital Projects

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

Children's Services

Peters Hill Primary School – Re-roofing project

Newfield Park Primary School – Boiler Replacement Scheme

Gig Mill Primary School - Replacement of windows

The Dormston School – Boiler and Pipework Replacement Scheme

It is proposed that these be noted.

Finance

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

Law

12. 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

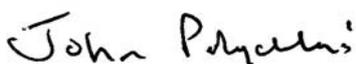
13. These proposals comply with the Council's policy on Equality and Diversity.
14. With regard to Children and Young People:
- The Capital Programme for Children's Services will be spent wholly on improving services for children and young people. Other elements of the Capital Programme will also have 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

15. That the Expression of Interest to the Big Lottery for Fulfilling Lives: A Better Start funding be noted, and that Cabinet be updated on progress in due course, as set out in paragraph 7.
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 and that budgets be amended to reflect the reported variances.
- That the Council's redistributed Kickstart funding of £252,000 be reinvested through current Housing Assistance Grants schemes, and that this expenditure be included in the Capital Programme, as set out in paragraph 5.
- That the Schools Grant allocations It is proposed that the allocations be noted, and the associated spend included in the Capital Programme, as set out in paragraph 6.
- That the Urgent Amendments to the Capital Programme, as set out in paragraphs 8-9, be noted.



John Polychronakis
Chief Executive



Iain Newman
Treasurer

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

List of Background Papers

Relevant resource allocation notifications.

2012/13 Capital Programme Progress to Date

Service	Budget £'000	Spend to 31 st January £'000	Forecast £'000	Variance £'000	Comments
Public Sector Housing	35,517	20,423	35,517	-	
Other Adult, Community & Housing	8,605	5,685	8,605	-	
Urban Environment	13,596	8,821	13,643	+47	See note 1
Children's Services	11,652	8,776	11,652	-	
Corporate Resources	3,339	1,826	3,339	-	
TOTAL	72,709	45,531	72,756	+47	

Note 1: Overspend of £47,000 on the New Salt Barn and Green Waste Facility - as a result of unavoidable building materials contractor change due to availability / quality issues. To be funded from revenue budgets.

Title of Scheme: Peters Hill Primary School – Re-roofing project.
Date of Executive / Cabinet approval: 08/02/2012 <i>(i.e. inclusion in Capital Programme)</i> This project was funded from the Capital Maintenance Grant which was approved by Cabinet on the above date.
Original Budget : £213,000. Planned Completion date: 21/12/2012
Outturn Cost (still provisional): £206,000. Actual completion date: 26/10/2012
Variation from Budget: - £7,000. Delay: Not Applicable.
Reason for Cost Variation and / or Delay in Completion <i>(please indicate if any variation has previously been reported to Executive / Cabinet):</i> Competitive tenders were invited in accordance with Council Standing Orders. This project ran to plan and to budget with the contractor being able to finish the project before the planned completion date. There were no significant variations. 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).
Original Objectives of Scheme <i>(please indicate when and to whom these were reported):</i> 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 18 th January 2012 the unanimous decision by the group was to recommend that the Directorate proceeded with the Re-roofing Scheme at Peters Hill Primary School. The Director of Children's Services agreed to the programme at Capital Board that also took place on 8 th February 2012. The chosen solution was an insulated single ply membrane system (20 yr guarantee). 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? <i>(If "No" please provide explanation):</i> Yes.

Signed by: Jane Porter (Director)

Date: 14th February 2013

Scheme: Newfield Park Primary School – Boiler Replacement Scheme

Date of Executive / Cabinet approval: 08/02/2012

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

Original Budget: £207,000.

Planned Completion date: 20/10/2012

Outturn Cost *(still provisional):* £223,000

Actual completion date: 17/11/2012

Variation from Budget: £16,000

Delay: 20 working days

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.

Asbestos was found above the suspended ceilings in areas where the fan heating ducts needed to be replaced. The removal caused some delay and also incurred additional costs. In addition to the discovery of asbestos, a gas leak was identified in the underground service pipes in the car park area. This repair incurred additional costs and the additional works extended the completion date.

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 18th January 2012 the unanimous decision by the group was to recommend that the Directorate proceeded with the Boiler Replacement Scheme at Newfield Park Primary School. The Director of Children's Services agreed to the programme at Capital Board that also took place on 8th February 2012.

The new boiler plant has reduced the overall condition backlog of the school, improved the quality of heating to the building and allowed individual areas of the school to be heated separately. The new boiler plant has also helped provide a stimulating learning environment for pupils, staff and the wider community.

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

Yes.

Signed by: Jane Porter (Director)

Date: 14th February 2013

Title of Scheme: Gig Mill Primary School - Replacement of windows.

Date of Executive / Cabinet approval: 08/02/2012

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

Original Budget: £170,000.

Planned Completion date: 12/10/2012

Outturn Cost (still provisional): £148,000.

Actual completion date: 12/10/2012

Variation from Budget: - £22,000.

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 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).

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 18th January 2012 the unanimous decision by the group was to recommend that the Directorate proceeded with the Window Replacement Scheme at Gig Mill Primary School. The Director of Children's Services agreed to the programme at Capital Board that also took place on 8th February 2012.

This section of new windows have reduced the overall condition backlog of the school, improved room temperatures and issues with solar gain, and also helped provide a stimulating learning environment for pupils, staff and the wider community.

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

Yes.

Signed by: Jane Porter (Director)

Date: 14th February 2013

Scheme: The Dormston School – Boiler and Pipework Replacement Scheme

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

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

Original Budget: £630,000.

Planned Completion date: 31/10/2012

Outturn Cost (still provisional): £551,000.

Actual completion date: 31/10/2012

Variation from Budget: - £79,000.

Delay: N/A

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. Due to the number of unknown issues with the underground pipework prior to the works starting larger contingencies were identified, but there were no significant variations. 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).

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

The project was prioritised through the Council's AMP 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 16th February 2011 the unanimous decision by the group was to recommend that the Directorate proceeded with the Boiler and Pipework Replacement Scheme at The Dormston School. The Director of Children's Services agreed to the programme at Capital Board that also took place on 16th February 2011.

The new boiler plant and pipework has reduced the overall condition backlog of the school, improved the quality of heating to the building and allowed individual areas of the school to be heated separately. The new boiler plant has also helped provide a stimulating learning environment for pupils, staff and the wider community.

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

Yes.

Signed by: Jane Porter (Director)

Date: 14th February 2013