

Meeting of the Council – 15th July, 2013

Report of the Cabinet

Capital Programme Monitoring and Other Budget Issues

Purpose of Report

1. To report progress with implementation of the Capital Programme.
2. To propose amendments to the Capital Programme and recommendations from the Cabinet on other budget issues.

Background

3. At its meetings held on 25th April and 20th June, 2013, the Cabinet made various recommendations to the Council concerning the capital programme as contained in this report.
4. In addition, at the meeting on 20th June, the Cabinet considered a report on the Revenue and Capital Outturn 2012/13, concerning the provisional financial results for the year ended 31st March, 2013. The full report to the Cabinet is available on the Internet via the Committee Management Information System or on request from Democratic Services (Tel: 01384 815235). On consideration of the report, the Cabinet made recommendations to the Council on the budget issues referred to in paragraphs 5 to 7 below.

Council Tax Support Transitional Grant

5. As indicated to Council in March, it has been possible to meet the cost of redundancies in respect of budget savings largely from the £1m contingency budget not required. The net favourable variance in the Directorate of Corporate Resources of £1.337m is the result of:
 - Uncommitted New Homes Bonus resources of £0.749m.
 - Treasury activities, the freeing-up of earmarked reserves previously set aside to cover potential residual Municipal Mutual Insurance (MMI) liabilities, and other net variances totalling £1.099mOffset by:
 - Transitional grant (in respect of localised Council Tax Support) of £0.511m not now receivable until 2013/14. The 2013/14 budget will need to be adjusted accordingly.

Central Support Services in respect of Public Health Functions

6. The costs of providing central support services in respect of the Public Health functions transferred to the Council on 1st April 2013 have largely been met from existing budgets. As a result of these economies of scale, there will be a net saving to the Council's General Fund of around £0.170m per annum after taking into account the Housing Revenue Account's share. It is proposed that the 2013/14 budget be amended to reflect this positive variance.

Empty Homes Premium

7. The Local Government Finance Act 2012 gave Councils the power to increase the council tax payable on properties that have been unoccupied for more than two years, in the form of the Empty Homes Premium. It was agreed by Full Council on the 26th November 2012 that such properties would be subject to an Empty Homes Premium of 50% from the 1st April 2013, resulting in a 150% council tax charge being payable in these circumstances.

This decision was made on the basis that the relevant secondary legislation would be enacted as the Government originally intended. However, the Government subsequently advised that further guidance would be issued on how this power should be implemented and it was therefore considered prudent to defer implementation until this was received. The promised guidance was finally issued on the 7th May 2013. It confirms that authorities are free to make their own decisions when administering the premium, but does state that it was not the Government's intention to penalise owners of property that is genuinely on the housing market for sale or rent. However, it would be exceedingly difficult to administer a policy that attempts to differentiate between property, which is genuinely being marketed, and that which is not. The other West Midlands metropolitan authorities have implemented the Empty Homes Premium without making any such distinction.

It is therefore proposed that, to bring us in line with our neighbours, the 50% premium be applied with effect from 1st April 2014 to properties that have been unoccupied for more than two years as originally intended. This approach would result in a 150% council tax charge for such properties and incentivise the bringing back into use of some of the borough's housing stock.

It should also be noted that some long-term unoccupied properties will not be affected by this proposal, including those where:

- a) probate has yet to be granted following the death of the occupier; or
- b) the previous occupier is now receiving care in a hospital or care home.

Capital Programme Progress

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

Service	2013/14	2014/15	2015/16
	£'000	£'000	£'000
Public Sector Housing	38,512	31,629	31,470
Other Adult, Community & Housing	6,683	1,488	550
Urban Environment	32,848	13,341	5,873
Children's Services	25,280	3,353	67
Corporate Resources	2,337	920	698
TOTAL	105,660	50,731	38,658

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

9. In accordance with the requirements of the Council's Financial Regulations, details of progress with the 2013/14 Programme are given in Appendix A. It is proposed that the current position be noted.

Adult, Community and Housing

Disabled Facilities Grants (DFGs)

10. Taking into account recent Government support allocations and the availability of usable housing capital receipts, £3.413m will be available for DFGs in 2013/14, funding around 370 grants depending on the nature and cost of the works involved. It is proposed that a budget for this amount be approved and included in the Capital Programme.

Cradley Extra Care Housing

11. It was agreed by the Cabinet in September 2007 that capital receipts from previous earmarked housing land disposals should be used to assist with future Extra Care developments. It is proposed that up to £370,000 (subject to final negotiations on land value) of these resources be allocated to support the Cradley Extra Care Housing development and that this expenditure be included in the Capital Programme.

Urban Environment

Extra Integrated Transport Resources

12. The Integrated Transport Authority (ITA) has redistributed a total of £1m of capital funding to the seven West Midlands Local Authorities, of which Dudley's proportion is £116,000.

It is proposed that this additional funding be used to increase the Integrated Transport programme to be allocated in due course, and that the Capital Programme be amended accordingly.

Gornal Wood Cemetery Lodge - Use of Capital Receipt

13. A capital receipt of around £200,000 is anticipated from the disposal of the above property, which is surplus to service requirements and is therefore likely to be sold on the open market. It is proposed that this be used to fund the following capital schemes below (total value £188,000).

- **Wollescote Park Pathways and Car Park:** £90,000 contribution towards the £60,000 cost of resurfacing the pathways and £50,000 cost of resurfacing the car park - to be supplemented by £20,000 of Section 106 funding subject to formal approval.
- **Saltwells Nature Reserve Visitors' Car Park:** £28,000 to resurface the problematic shale car park with tarmac, and associated kerbing, following concerns raised by users and the friends group.
- **Netherton Public Toilet:** £7,000 to fund capital cost of re-commissioning the toilet block to enable re-opening following a review of usage.
- **Moden Hill, Upper Gornal:** £30,000 to fund significant structural repairs to walls and banks without which the road may need to be closed - to be avoided given its important linkages.
- **Swimming Pool Covers at Halesowen Leisure Centre (invest to save):** £18,000. It is estimated that Halesowen Leisure Centre loses approximately 30% of its heating overnight through heat loss from the swimming pools. The covers will prevent this loss of heat delivering an estimated £16,000 saving per year at current gas prices
- **Lower Gornal Village CCTV Installation:** £15,000 to help combat anti-social behaviour in the village by linking CCTV cameras to the main control centre in Sedgley.

Changing Rooms at Homer Hill Park, Cradley

14. It is proposed to construct new permanent changing rooms on the park at an estimated cost of £250,000, to replace the temporary buildings currently attracting hire charges, and to include this project in the Capital Programme. This can be met from the anticipated sale proceeds from the adjoining Cradley High site.

Dudley Market Place Public Realm Project

15. On 25th April, 2013, the Cabinet approved a report on matters associated with the delivery of the Dudley Market Place Public Realm Project. The full report is available on the Internet via the Committee Management Information System or on request from Democratic Services (Tel: 01384 815235). On consideration of the report, the Cabinet noted the positive support arising from the consultation exercises undertaken for the Dudley Market Place proposals and recommended the Council to include the expenditure of £6.7m on the Dudley Market Place project in the Capital Programme, subject to approval of European Regional Development Fund (ERDF) grant.

Children's Services

Former school site at Corbyn Road, Dudley

16. The former school site located at Corbyn Road, Dudley is now vacant. In February 2009, the Cabinet agreed that £945,000 of the capital receipts forecast to be achievable from the disposal proceeds from the site be earmarked to fund the new Old Park building project, which is now complete.

It is now proposed that the vacant building at Corbyn Road is used to provide a base for a joint Children's Safeguarding Unit and frontline social work teams, who receive and respond to all referrals for the north of the borough where a social care service is required. The site offers a central, accessible location for service users and a building which is conducive to working with families to assess their needs and to provide ongoing support and intervention to ensure children are safeguarded and to provide a case management service to children who are looked after by the local authority. The building provides the opportunity for co-location of partners working together on safeguarding which will facilitate improved collaboration and effectiveness in responding to child protection matters and developing joint initiatives to promote positive social and educational outcomes for children and their families. The proposal will allow for the facility to be used to support outcomes for children and young people in the Borough now and in the future.

This change of use to office accommodation will mean that the disposal proceeds from Corbyn Road will not now be available and it is therefore proposed to substitute an amount of £945,000 from the proceeds from the disposal of the Cradley High site to contribute to the new Old Park building project. In due course, the development of the Corbyn Road facility will release current accommodation at Church Street for disposal.

The costs of refurbishment at Corbyn Road are estimated to be £1,300,000, which can be met from unallocated unringfenced 14-19/SEN capital grant.

It is therefore proposed that the Corbyn Road site be retained for use as a base for a joint Children's Safeguarding Unit and frontline social work teams; that £945,000 of the forecast sale proceeds from the disposal of the Cradley High site be reallocated to contribute to the new Old Park school capital project; and that the cost of refurbishment of the Corbyn Road site of £1,300,000 (to be funded from 14-19/SEN capital grant) be approved and included in the Capital Programme.

Loft Conversion at Foster Carer's Property

17. It is proposed that a foster carer's property have a loft conversion in order that they can continue with a placement of three siblings. The initial placement was for two weeks only and started on 14th May 2012, but the children have requested that they stay at the property and remain in a placement together. The property is not large enough to house all occupants such that the loft conversion is needed to create two additional bedrooms and a shower room to keep the placement intact. The social worker responsible is in agreement with the proposal.

The foster carer is aware of the long term commitment and a legal document is being drawn up to protect the council's investment if the placement should break down. The cost of £31,000 can be funded from unallocated unringfenced 14-19/SEN capital grant.

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

Finance

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

Law

19. 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

20. These proposals comply with the Council's policy on Equality and Diversity.
21. 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

22. The Council is recommended:
 - That the 2013/14 General Fund revenue budget be amended to reflect:
 - the receipt of £0.511m of Council Tax Support Transitional Grant, as referred to in paragraph 5;
 - the net saving of £0.170m resulting from economies of scale in the provision of support services to Public Health, as set out in paragraph 6.
 - That a 50% Empty Homes Premium be implemented from 1st April, 2014 to properties that have been unoccupied for more than two years, as referred to in paragraph 7.
 - That the current progress with the 2013/14 Capital Programme, as set out in Appendix A, be noted.
 - That the budget for Disabled Facilities Grants be approved and included in the Capital Programme, as set out in paragraph 10.
 - That up to £370,000 (subject to final negotiations on land value) be allocated to support the Cradley Extra Care Housing development and that this expenditure be included in the Capital Programme, as set out in paragraph 11.

- That the additional ITA capital funding be used to increase the Integrated Transport programme, and that the Capital Programme be amended accordingly, as set out in paragraph 12.
- That the capital schemes to be funded from the disposal of the Gornal Wood Cemetery Lodge be approved and included in the Capital Programme, as set out in paragraph 13.
- That the construction of permanent changing rooms at Homer Hill Park, Cradley, be approved and included in the Capital Programme, as set out in paragraph 14.
- That the expenditure of £6.7m on the Dudley Market Place project be included in the Capital Programme, subject to approval of European Regional Development Fund (ERDF) grant, as set out in paragraph 15.
- That the Corbyn Road site be retained for use as a base for a joint Children's Safeguarding Unit and frontline social work teams; that £945,000 of the forecast sale proceeds from the disposal of the Cradley High site be reallocated to contribute to the new Old Park school capital project; and that the cost of refurbishment of the Corbyn Road site of £1,300,000 (to be funded from 14-19/SEN capital grant) be approved and included in the Capital Programme, as set out in paragraph 16.
- That the loft conversion at a foster carer's property be approved and included in the Capital Programme, as set out in paragraph 17.



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Leader of the Council

2013/14 Capital Programme Progress to Date

Service	Budget £'000	Spend to 30th April £'000	Forecast £'000	Variance £'000	Comments
Public Sector Housing	38,512	15	38,512	-	
Other Adult, Community & Housing	6,683	186	6,683	-	
Urban Environment	32,848	257	32,848	-	
Children's Services	25,280	129	25,280	-	
Corporate Resources	2,337	122	2,337	-	
TOTAL	105,660	709	105,660	-	