

**Meeting of the Cabinet – 26<sup>th</sup> October 2017**

**Joint Report of the Chief Executive and Chief Officer Finance and Legal Services**

**Capital Programme Monitoring**

**Purpose**

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

**Recommendations**

3. That Council be recommended:
  - That current progress with the most significant capital schemes, as set out in Appendix A be noted.
  - That the Urgent Amendment(s) to the Capital Programme, as set out in paragraphs 6-7, be noted.

**Background**

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

	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Public Sector Housing	44,445	36,497	36,361
Private Sector Housing	6,781	6,850	2,550
Environment	3,093	12,523	5,256
Transport	15,604	5,573	3,073
Regeneration & Cultural	7,900	636	636
Schools	24,588	10,122	244
Social Care, Health & Well Being	1,567	0	0
Chief Executive's	2,339	1,140	340
<b>Total spend</b>	<b>106,317</b>	<b>73,341</b>	<b>48,460</b>
Revenue	11,559	6,626	3,767
Major Repairs Reserve (Housing)	23,030	23,107	23,451
Capital receipts	21,600	14,251	18,979
Grants and contributions	29,245	11,975	1,155
Capital Financing Requirement	20,883	17,382	1,108
<b>Total funding</b>	<b>106,317</b>	<b>73,341</b>	<b>48,460</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.

5. Monitoring of progress with the 2017/18 Programme indicates that forecast spend is in line with budget. An update on progress with the Council's most significant capital schemes is shown in Appendix A. Proposed changes to the Public Sector Housing capital programme are considered in a separate report on this agenda.

### **Urgent Amendment(s) to the Capital Programme**

6. Very Light Rail (VLR)

As originally reported to Cabinet in June 2015 and updated in June 2016 this project proposes that a world class research, development and educational centre focussed on the creation of innovative VLR vehicles is built on land at Castle Hill. Working in partnership with Warwick Manufacturing Group (Warwick University), other higher education bodies, transport suppliers and other neighbouring local authorities, the centre will lead on the development of the vehicles, associated infrastructure and training for the next generation of public transport solutions.

Substantial design and advanced works have already been carried out, supported by funding from the Black Country Local Enterprise Partnership (BCLEP), which has led to grant funding bids being produced for Phase 1 of the project, comprising the National Innovation Centre (NIC) building, specialist fit out and associated external works as well as full test track works. The current estimated cost of these works is £23,594,000 with funding being sourced from the BCLEP Black Country Growth Programme (£18,494,000), European Regional Development Fund (£5,000,000) and £100,000 from Dudley MBC. The Dudley MBC contribution relates to the purchase of land in the ownership of Network Rail.

It was agreed by Cabinet in June 2017 that subject to the success of the funding bids detailed above Phase 1 of the scheme be included in the Capital Programme.

It was subsequently anticipated that to avoid delaying the project timetable and putting the project at risk expenditure of £257,000 to cover professional design fees against the BCLEP funding of £18,494,000 would need to be incurred prior to final sign off by the Joint Executive in November 2017. The risk was deemed to be low.

In order to facilitate progress with the scheme, a decision (ref. PLA/39/2017) was made by the Leader of the Council in consultation with the Chief Officer, Finance and Legal Services on 6<sup>th</sup> October 2017 to approve expenditure of £257,000 on the VLR design fees in advance of the BCLEP funding application being agreed.

7. VLR / Metro Retaining Wall

The juxtaposition of the VLR and Metro requires the design and construction of a 250m contiguous reinforced concrete piled "shared retaining wall" to support the delivery of the Metro which would be routed across the western edge of the proposed Very Light Rail site, adjacent to Tipton Road and through to Station Drive. This needs to be progressed now in order to support delivery of the VLR project described in the previous paragraph and facilitate the Metro in due course; it is not practicable to wait for final approval of the Metro before proceeding.

When reported to Cabinet in June 2017, professional design fees for the shared retaining wall were estimated at £195,000 to be included in the Strategic Outline Business Case submitted for West Midlands Combined Authority (WMCA) funding; the estimated cost of the construction of the wall was £3,800,000 for which funding would subsequently be sought from the WMCA via a Full Business Case.

Cabinet agreed that:

- subject to the success of the Strategic Outline Business Case, the professional design fees related to the retaining wall be included in the Capital Programme;
- subject to the success of the Full Business Case the full construction cost of the scheme be included in the Capital Programme.

The estimated cost of this design work is now £294,000. The increase in costs results from the Metro realignment under the Tipton Road increasing the scope of the Metro design interface works, including VLR redesign elements. The professional design work on the retaining wall needed to happen as soon as possible to minimise project slippage; £100,000 was expected to be spent prior to the WMCA Board date in late October. This spend would therefore be incurred at risk by DMBC. The risk level was deemed to be low.

Following a review with the Midland Metro Alliance the estimated construction costs and professional fee input into the scheme has increased to £4,330,000.

In order to facilitate progress with the scheme, a decision (ref. PLA/38/2017) was made by the Leader of the Council in consultation with the Chief Officer, Finance and Legal Services on 6<sup>th</sup> October 2017 to:

- approve up to £294,000 expenditure on the VLR / Metro Retaining Wall in advance of a WMCA funding application being agreed;
- increase the capital budget from £3,800,000m to £4,330,000, subject to approval of the Full Business Case by the WMCA.

It is anticipated that the full business case will be approved in January/February 2018.

## **Finance**

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

## **Law**

9. 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**

10. The proposals in this report comply with the Council's policy on Equality and Diversity.
11. With regard to Children and Young People:
- The Capital Programme for Schools 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.

## **Human Resources / Transformation**

12. The proposals in this report do not have any direct Human Resources / Transformation implications.



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## **List of Background Papers**

Relevant resource allocation notifications.

## Progress with Major Capital Schemes

### Public Sector Housing

#### New Council Housing

10 new homes at Lea Bank Road Saltwells completed September 2017

Works are onsite for :

- 20 new homes at Ketley Hill Road with completion due December 2017.
- 4 bungalows at Moat Drive, Halesowen, with completion due by March 2017

Work commenced in November 2015 for the development of 157 homes at the former Dudley Guest site, with the Council taking 39 of the homes. The Council's 39 dwellings will be completed in phases. 28 homes are currently completed with the remainder due by March 2018. Overall scheme completion in 2019. Works are progressing well.

Works commenced on site March 2017, completing in phases by 2019/20 for 130 new homes in a mixed tenure development of at Middlepark Road, Russells Hall of which 42 will be new Council homes.

Work is due to commence on 2 sites in October, with demotion of 2 existing buildings followed by construction works commencing:

- 16 apartments at Beech Road, Kingswinford
- 12 apartments at Wolverhampton St Dudley

Feasibility work is ongoing for other infill sites across the borough and discussions are ongoing with Planning and Highways.

### Private Sector Housing

#### Starter Homes

Planning approval received for 79 new homes for development by the Council by 2019, of which 62 are new starter homes. The first scheme will commence on site later in 2017/18.

### Environment

#### Lister Road Redevelopment

The outline designs for the redevelopment of Lister Road Depot have been completed and a full planning application has been submitted for consultation and approval. An outcome of the application is expected before the end of the calendar year. Works are planned to commence on site by Spring 2018.

#### Household Waste Recycling Centre

Consideration of a range of possible sites across the borough is in progress. A preferred site is expected to be determined by the end of the calendar year. Further consultation will then be undertaken, with any necessary planning applications being submitted by April 2018.

### Dell 3G Pitch

Mining/drainage works are now complete and the main scheme was anticipated to commence on site on 9<sup>th</sup> October and should be completed before the end of the calendar year. The scheme is still forecast to be delivered within budget.

### Homer Hill Park

Plans for the new changing facility are almost complete. A programme has been produced which outlines that we will go out to tender in mid September, with contractors on site in November. Project is due for completion in spring 2018.

## **Transport**

### A4101 High Street, Pensnett Highway Improvement

Work commenced on site in early May 2017 and is expected to take approximately 12 months to complete. Spend is forecast to be within budget.

### A459 Dudley Road / Coombs Road, Halesowen – Junction Improvement

Work commenced on site in January 2017 and phase 1 which involved civil engineering works to the main junction is complete. Phase 2 which involves alterations to statutory undertakers' apparatus prior to completion of the remaining civil engineering works commenced in June with completion expected September/October 2017. Spend is forecast to be within budget.

### Street Lighting (Invest to Save)

Procurement of lanterns for the major roads lighting replacement programme is now complete and orders placed. We are still working towards a start on site scheduled for October 2017, the programme taking approximately 30 months to complete.

## **Regeneration and Cultural**

### Dudley Townscape Heritage Initiative 2

Following the appointment of the project manager the Townscape Heritage (TH) scheme formally commenced in early February. The first year's Action Plan has been agreed with the Heritage Lottery Fund and the TH project is being progressed and monitored in line with the plan. Discussions are now being held with owners of target buildings to develop the individual building projects, and the complementary activities which form an integral part of the programme are also being progressed.

### One Public Estate

The final draft of the Estate Strategy has been completed and following submission to Corporate Board, it will be submitted to Cabinet at the earliest opportunity. Issues meriting specific reference include the completion of the acquisition of the former Health Centre in Bayer Street, Coseley which will enable Children's Services to develop their Early Help strategy for the north of the borough through a Family Centre supporting children and young people aged 0-18, (up to 25 years for those who have a learning difficulty/disability).

Minor alteration work has been completed at 3-5 St James's Road and staff have relocated from Westox House to 3-5 St James's bringing together staff from the People Directorate working in an agile environment. A similar project is at planning stage for Ednam Road that will see officers from Place Directorate being brought together to work in an agile environment.

Work has commenced at 8 Parsons Street with officers from West Midlands Police currently based at Dudley Police Station due to take occupation in October.

In relation to assets considered surplus to operational requirements, work continues to dispose of them by the most beneficial method including on the open market and via Community Asset Transfer. Where necessary to increase value or to make a sale more viable, some site remediation is being considered prior to future disposal.

### Low Carbon Place Strategy

The Council has bid for £2.5m of European Regional Development Funding for the installation of a number of energy efficiency improvements, including 'A' rated gas boilers in some council homes, LED lighting in communal areas of council housing and various measures to improve the efficiency of targeted corporate buildings. Match funding of £2.5m can be met from existing HRA budgets.

The Department for Communities and Local Government (DCLG) has sought additional clarification regarding the project and discussions are on-going. A final decision is now expected early in the New Year.

## **Schools**

### Schools Basic Need Projects

The second phase of projects funded from Basic Need capital grant is progressing well. Numbers for both primary and secondary school places are being closely monitored and processes are in place to recommend the next wave of capital projects for 2018 onwards to address projected growth mainly at Secondary School level across the school estate.

### Priority Schools Building Programme Phase 2

The capital budget for the rebuild of Key Stage 1 at Huntingtree Primary School project remains to be confirmed following the successful submission of a capital bid. The Local Authority is awaiting feedback from the Education Skills Funding Agency (ESFA) on actual budget allocation and timescale following a number of meetings with representatives and further work to develop the brief for the project.

### Two Year Old Early Learning – "Time For Twos"

Projects are progressing well, with the majority having now being completed to conclude the Time for Twos grant expenditure. Major projects have included Woodside, Wordsley and Netherton Park Pre-schools. Current forecast to spend to budget.

### Hillcrest 3G Pitch

The Football Foundation has confirmed funding of £757,000 towards the latest estimated project cost of £917,000. The balance of £160,000 will be met by the school. Work programme is yet to be confirmed as planning approvals are awaited. A revised planning application for the project is due to be submitted imminently.

## **Transformation**

### Social Care ICT

The project is on track for delivery by March 2019. The tender was published and went live on 9th August and deadline for receipt of responses was 22nd September. Bids have now been received. Software demonstrations and interviews are scheduled from mid October - end of October 2017. Cabinet to consider preferred provider option in December 2017. Award of contract anticipated January 2018. Design and build from January 2018 onwards.