

CITY OF WOLVERHAMPTON COUNCIL	Joint Cabinet and Cabinet (Resources) Panel 10 July 2024
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Report title	Capital Budget Outturn 2023-2024 including Quarter One Capital Budget Monitoring 2024-2025	
Decision designation	RED	
Cabinet member with lead responsibility	Councillor Louise Miles Resources	
Key decision	Yes	
In forward plan	Yes	
Wards affected	All Wards	
Accountable Director	Tim Johnson, Chief Executive	
Originating service	Strategic Finance	
Accountable employee	James Howse Tel Email	Interim Director of Finance 01902 550475 James.howse@wolverhampton.gov.uk
Report to be/has been considered by	Strategic Executive Board Council	25 June 2024 17 July 2024

Recommendations for decision:

The Cabinet recommend that Council approve:

1. The revised, medium term General Fund capital programme of £383.1 million, an increase of £7.9 million from the previously approved programme, and the change in associated resources.
2. The revised, medium term Housing Revenue Account (HRA) capital programme of £643.2 million, a decrease of £212,000 from the previously approved programme, and the change in associated resources.

The Cabinet is recommended to:

1. Approve the virements for the General Fund capital programme detailed at Appendix 4 to the report for:
 - i. Existing projects totalling £7.0 million;
 - ii. New projects totalling £42,000.

2. Approve the virements for the HRA capital programme detailed in Appendix 4 to the report for:
 - i. Existing projects totalling £15.8 million.
3. Continue to delegate authority to the Deputy Director of Assets to approve virements from the provision for future projects budget held within the Corporate Asset Management capital programme to individual schemes in order that corporate priorities can be addressed in an agile and timely manner.

Recommendation for noting:

The Cabinet is asked to note:

1. That there are five new projects being created through virements which are subject to separate detailed project reports also on today's agenda to Cabinet meeting. The inclusion of these projects into capital programme is on the assumption that the approval for the virements is given. If the projects are not approved, the capital programme will be amended accordingly. The reports are:
 - i. Expansion of Special Educational Needs Provision;
 - ii. Secondary School Expansion Programme 2025.

1.0 Purpose

- 1.1 To provide Cabinet with an update on the outturn position for 2023-2024 and update on the 2024-2025 financial performance of the General Fund and Housing Revenue Account (HRA) capital programmes whilst also providing a revised forecast for 2024-2025 to 2028-2029, as at quarter one 2024-2025.
- 1.2 To recommend revisions to the current approved capital programmes covering the period 2024-2025 to 2028-2029.

2.0 Background

- 2.1 On 28 February 2024, Council approved a General Fund capital programme totalling £373.7 million for the period 2023-2024 to 2028-2029. Since reporting to Council on 28 February 2024, further reports have been approved increasing the General Fund capital programme by £1.5 million to £375.2 million, funded by external resources.
- 2.2 The capital programme underpins the refreshed Our City: Our Plan, which was approved by Council on 28 February 2024. To ensure that the Council's resources continue to be aligned to the needs and priorities of local people, the plan has been refreshed and developed alongside the Medium Term Financial Strategy (MTFS).
- 2.3 Our City: Our Plan sets out how the Council will continue to work alongside its local, regional, and national partners to improve outcomes for local people and is our strategic framework for levelling up.
- 2.4 The plan continues to identify an overarching ambition that 'Wulfrunians will live longer, healthier lives' delivered through six Council Plan priorities:
 - Strong families where children grow up well and achieve their full potential
 - Fulfilled lives with quality care for those that need it
 - Healthy, inclusive communities
 - Good homes in well connected neighbourhoods
 - More local people into good jobs and training
 - Thriving economy in all parts of the city
- 2.5 These priorities together with the associated key outcomes, objectives and activity form a framework to improve outcomes for local people and deliver our levelling up ambitions.
- 2.6 Supporting the six overarching priorities are four cross cutting principles:
 - Climate Action
 - Driven by Digital
 - Fair and Equal
 - Wolverhampton Pound

- 2.7 The capital programme includes significant investment programmes that endeavour to create an environment where new and existing business thrive, people can develop the skills they need to secure jobs and create neighbourhoods in which people are proud to live.
- 2.8 The capital programme also reflects the priorities of the Strategic Asset Management Plan. Individual capital project delivery milestones are set and financial analysis is undertaken over the lifecycle of each project, by project managers in conjunction with Strategic Finance, and is captured in the Council's project management system. Regular project delivery updates are provided through the relevant governance structures (including Project Assurance Group where appropriate) enabling robust governance and challenge.
- 2.9 Despite inflation now on a downwards trend, there remains considerable uncertainty and risk of inflationary pressures across the capital programme, with increases in the cost of materials already being realised, which have resulted in budget increases on a number of projects across the capital programme. The Council will continue to monitor and report on the ongoing impact of these projected cost pressures.
- 2.10 In addition to inflation risks, there are also supply chain delays, which could impact completion dates on projects and result in further cost pressures. The Council continues to assess the potential implications on its wider capital programme in terms of delivery timescales and increases in costs. Project contingency budgets are viewed in light of these pressures in order to mitigate against such cost increases, however these are unprecedented market conditions and the ongoing risk should be noted.
- 2.11 In light of ongoing financial challenges, the Council will continue to ensure that all projects brought forward for inclusion in the capital programme are subject to rigorous challenge and review. This includes projects funded from the Corporate Provision and Contingency for Future Programmes.
- 2.12 The capital programme makes a significant contribution to the shaping of the City and on the economy of the City and therefore will contribute to the Council's plans for Our City: Our Plan.

3.0 Capital programme – Summary

General Fund

- 3.1 On 28 February 2024, Council approved a General Fund capital programme totalling £373.7 million for the period 2023-2024 to 2028-2029. Since then, further reports have been approved increasing the General Fund capital programme by £1.5 million to £375.2 million, funded by external resources. Full details can be found in Appendix 1 to the report and are summarised below:

- £1.2 million for the establishment and spend of supplementary capital budgets in line with the funding agreement for the UK Shared Prosperity Fund 2024-2025 allocations;
- £290,000 for the 5G Innovation project within Digital Innovation Services, funded from the 5G Innovation Region funding allocation.

3.2 In addition to this, reallocation of resources totalling £841,000 from the Corporate Provision and Contingency for Future Programmes budget to various individual projects has been approved, details of which can be found in Appendix 2 to the report and are summarised below:

- £541,000 for the Corporate Asset Management Fund to undertake priority projects to ensure that the Council's properties are fit for purpose, are in line with the statutory requirements and meet current and future service needs;
- £300,000 for the Energy from Waste (EFW) plant to fund urgent essential works on the plant to enhance generation capacity, and to further ensure its ongoing operability and statutory compliance.

3.3 This report reflects all known approvals to 28 June 2024. However, the Council continues to operate as usual, and reports subject to delegated authority may still progress during the period of preparing the report and it being considered by the Cabinet and Full Council. Where this situation arises, an update will be provided at the relevant meeting on any material changes to the information being presented.

3.4 This report considers further specific changes to budgets. A full list of the proposed capital programme can be found in Appendix 1 to the report.

3.5 Table 1 shows the approved General Fund capital programme budget compared with that proposed, along with the resources identified to finance the proposed change.

Table 1: Summary of the General Fund capital programme

General Fund capital programme	2023 - 2024	2024 - 2025	2025 - 2026	2026 - 2027	2027 - 2028	2028 - 2029	Total
	£000	£000	£000	£000	£000	£000	£000
Budget							
Approved	85,708	156,978	98,655	27,843	6,000	-	375,184
Variations							
New projects	-	42	-	-	-	-	42
Existing projects	(16,187)	13,473	(9,675)	9,289	11,000	-	7,900
	(16,187)	13,515	(9,675)	9,289	11,000	-	7,942
Projected	69,521	170,493	88,980	37,132	17,000	-	383,126
Financing							
Approved							
Internal resources	36,649	58,434	58,807	15,102	6,000	-	174,992
External resources	49,059	98,544	39,848	12,741	-	-	200,192
	85,708	156,978	98,655	27,843	6,000	-	375,184
Variations							
Internal resources	(7,183)	186	(11,000)	9,000	11,000	-	2,003
External resources	(9,004)	13,329	1,325	289	-	-	5,939
	(16,187)	13,515	(9,675)	9,289	11,000	-	7,942
Projected							
Internal resources	29,466	58,620	47,807	24,102	17,000	-	176,995
External resources	40,055	111,873	41,173	13,030	-	-	206,131
Projected	69,521	170,493	88,980	37,132	17,000	-	383,126

- 3.6 The profiling of the general fund capital programme reflects only approved budgets, which explains the weighting towards the current financial year, and reducing in later years. The budget figures in later years is likely to increase as the Council progresses through the MTFs as projects are developed and are brought forwards for approval. Projects are only included once the funding strategy has been confirmed, which may be dependent on the outcome of bids for external funding or confirmation of government grants which are announced on an annual basis.
- 3.7 This report recommends variations to the approved capital programme totalling an increase of £7.9 million, funded from additional grant allocations and contributions from schools, which brings the total revised programme to £383.1 million.
- 3.8 Details of all projects that have contributed to the overall increase of £7.9 million in the General Fund capital programme can be found in Appendices 1 and 2 to the report, however, the key projects are as follows:
- An increase of £5.8 million relating to Education capital programme due to grant allocations from the Department for Education (DfE) to High Needs Capital Fund (£3.1 million) and Schools Capital Maintenance (£2.7 million) capital programmes;
 - Further to this, there is an increase totalling £1.8 million relating to the Schools Devolved Formula Capital projects within the Education capital programme, funded by a mixture of internal and external resources. Revenue contributions to capital outlay (RCCO) from individual schools amounted to £1.6 million whilst Schools Devolved Formula grant allocation from the DfE totalled £233,000;

- An increase of £652,000 relating to the Children’s Residential Homes project within the Children and Young People in Care Services capital programme due to grant allocation from the DfE;
- Finally, an increase of £350,000 relating to Transportation capital programme due to grant allocation from the Department for Transport (DfT) via West Midlands Combined Authority (WMCA) to the A4123 Cycle / Walk and Bus Priority Measures capital project.
- The increases above have been offset by a reduction of £1.0 million relating to the Home Upgrade Grant capital project within the City Housing capital programme, in line with the grant allocation from the Department for Energy Security and Net Zero.

3.9 The outturn expenditure for 2023-2024 for existing General Fund projects totals £69.5 million. This represents 81.1% of the approved budget.

Housing Revenue Account

3.10 On 24 January 2024, Council approved a revised HRA capital programme totalling £643.2 million for the period 2023-2024 to 2028-2029.

3.11 Table 2 shows the approved HRA capital programme budget compared with that proposed, along with the resources identified to finance the proposed change.

Table 2: Summary of the HRA capital programme

Housing Revenue Account capital programme	2023 - 2024	2024 - 2025	2025 - 2026	2026 - 2027	2027 - 2028	2028 - 2029	Total
	£000	£000	£000	£000	£000	£000	£000
Budget							
Approved	118,691	142,060	128,959	103,920	86,273	63,282	643,185
Variations							
Existing projects	(3,714)	1,336	7,999	1,245	(5,821)	(1,257)	(212)
	(3,714)	1,336	7,999	1,245	(5,821)	(1,257)	(212)
Projected	114,977	143,396	136,958	105,165	80,452	62,025	642,973
Financing							
Approved							
Internal resources	115,016	142,060	128,959	103,920	86,273	63,282	639,510
External resources	3,675	-	-	-	-	-	3,675
	118,691	142,060	128,959	103,920	86,273	63,282	643,185
Variations							
Internal resources	(3,431)	(5,047)	7,820	1,245	(5,821)	(1,257)	(6,491)
External resources	(283)	6,383	179	-	-	-	6,279
	(3,714)	1,336	7,999	1,245	(5,821)	(1,257)	(212)
Projected							
Internal resources	111,585	137,013	136,779	105,165	80,452	62,025	633,019
External resources	3,392	6,383	179	-	-	-	9,954
Projected	114,977	143,396	136,958	105,165	80,452	62,025	642,973

3.12 This report recommends variations to the approved HRA capital programme totalling a decrease of £212,000 which brings the total revised programme to £643.0 million.

- 3.13 The outturn expenditure for 2023-2024 for existing HRA projects totals £115.0 million. This represents 96.9% of the approved budget.

4.0 Existing projects

- 4.1 The changes proposed for existing projects within the General Fund capital programme total an increase of £7.9 million as outlined in paragraph 3.6. A more detailed listing of the individual projects can be found in Appendices 1 and 2 to the report.
- 4.2 Requests for budget virements between existing projects within the General Fund capital programme total £7.0 million, a summary of these is available in Appendix 4 to the report.
- 4.3 The following paragraphs provide commentary on updates to key projects.

Interchange

- 4.4 The focus of activity remains on finalising the tram extension works and external public realm / plaza space outside of the station in collaboration with the West Midlands Combined Authority (WMCA) and the Midlands Metro Alliance (MMA), who are delivering the project.
- 4.5 Services calling at the existing tram stop at St. George's remain temporarily suspended to allow works to be undertaken to support the dual operation of services to St. Georges and the two new stops.

City Learning Quarter

- 4.6 City Learning Quarter (CLQ) is one of the Council's top regeneration priorities being fundamental to the levelling up approach for the City. The Council is managing the delivery of the CLQ programme which includes Phase 1, the City of Wolverhampton College Advanced Technology and Automotive Centre (ATAC – formerly CoWTEchC) and Phase 2, which will create a lifelong learning hub in Wolverhampton City Centre comprising a new, refurbished and extended College building, with integrated and improved Library and Adult Education facilities at land around the existing College's Metro One building at Bilston Street.
- 4.7 The CLQ Programme has successfully secured public funding of approximately £69.2 million from multiple sources. Phase 1, ATAC has benefited from Black Country Local Enterprise Partnership (BCLEP) and WMCA grant awards while Phase 2 will be funded by a combination of BCLEP, Council & College Contributions, Towns Fund, Levelling Up Fund and Department for Education Capital Funding.
- 4.8 Works on ATAC are progressing well and to programme, with completion of the new building anticipated in July 2024 to enable the college opening for the new term in September 2024. Construction works have also commenced on the main college site, which will complete in September 2025, for use by the college in the 2025-2026 academic year.

4.9 Following a tender process, the Pre-Construction Services Agreement (PCSA) has been awarded for the works to the Central Library, which will see investment to enable the co-location of Library and Adult Education services within the building. The project will also see essential repairs to the façade of the Grade II* listed building. Investment in the existing Adult Education Service accommodation is also included within this phase of works. The current target completion for these works is Summer 2025.

i54 Western Extension

4.10 This is a joint venture (JV) project with Staffordshire County Council and South Staffordshire District Council to construct access roads and serviced platforms ready for development. The works reached completion of the physical works in June 2023. Various site management activities are being managed under the direction of the i54 Western Extension Management Company.

4.11 The development consists of two plots:

- Plot 1 – 25 acres. This is currently being marketed with various levels of interest coming forward.
- Plot 2 – 17 acres. This land has been disposed to global manufacturer, Fortune Brands Innovations. They are close to completing their new state-of-the-art manufacturing building so they can start production of high end low volume bathroom ceramics and brassware.

4.12 Financial projections indicate that there will be significant savings against the JV budget of £38.5 million. Whilst the project is still incurring residual capital expenditure as it moves through to full plot occupation latest estimates indicate that there will be an overall JV project saving in the region of £12.6 million. The budgetary position has been updated to reflect this projected underspend.

4.13 It should be noted, however, that in the event of additional infrastructure or enabling works being required to facilitate a potential occupier and land disposal, such works would be subject to a specific business case under the direction of the i54 Steering Group.

4.14 On the main i54 site, the JV partners are preparing for the adoption of roads and drainage infrastructure, requiring various remedial works. As with the Western Extension, there are two plots remaining.

- Plot D – 3 acres. Land contracts have been exchanged with Gridserve to bring forward their electric vehicle charging forecourt in early 2025.
- Plot E – 6 acres. Land is being marketed with various levels of interest coming forward.

City Centre West

4.15 To deliver City Centre West, the English Cities Fund (ECF), a JV between nationwide placemaker, Muse, one of the UK's leading financial services groups

and major global investor, Legal & General, and Homes England, will enter a partnership with the Council to deliver development plans. The partnership was approved at a Cabinet meeting on 18 October 2023. It follows a Memorandum of Understanding between the Council and ECF, which functions as a delivery vehicle to work in partnership with the public sector to transform urban areas and create exceptional new places. Work is underway to outline a strategic brief for the scheme, deliver a masterplan and submit a planning application in 2024 to bring forward a comprehensive scheme on a phased basis.

- 4.16 The report titled 'City Centre West – Development Agreement', also on today's agenda, provides a further update to this scheme, and seeks approval to enter into a formal Development Agreement and ancillary agreements. There is no capital budget associated with this scheme at this time.

St. Georges

- 4.17 A report was approved by Cabinet on 13 December 2023 recommending the appointment of social impact developers Capital&Centric, who are developing the scheme to Outline Business Case (OBC), at which point the Council will determine the best development option and delivery route for the scheme. The internal Council working group has delivered a strategic brief for the scheme, which sets out the Council's ambitions for the site and aligns with our corporate objectives and strategies.

Green Innovation Corridor

- 4.18 The Council and the University of Wolverhampton submitted a £19.9 million LUF3 grant application to Government on 16 February 2024 which was approved on 24 May 2024 following the conclusion of the Department for Levelling Up, Housing and Communities' (DLUHC) validation process. Further information will be reported back to Cabinet at a future meeting as the scheme develops.

Brewers Yard Phase 1 – Culwell Depot relocation and new wholesale markets

- 4.19 The first phase of the Brewers Yard masterplan, a scheme aiming to unlock three key brownfield sites to enable the delivery of up to 1,300 homes is now in progress. Phase 1 involves the relocation of Fleet services operations from the existing Culwell Street site to a new facility at the Council owned Wholesale Market site, supporting the modernisation of the Fleet and Meals on Wheels services, enabling land remediation works of the Culwell Street site to allow for disposal for residential development. The project has received grant funding from WMCA and the Towns Fund, with the balance of monies supported by Council prudential borrowing.
- 4.20 The scheme has received outline planning consent and Royal Institute of British Architects (RIBA) stage 4 design is complete with the project tender return received in March 2024. The preferred bidder has confirmed the contract sum can be met in line with the budget and is now preparing to submit technical submissions. The contract amendments have also been viewed as acceptable. The ground investigation and mineshaft remediation works are also complete at the Wholesale

Market site for the first of two mineshafts. To help minimise any programme delays a number of enabling packages have commenced.

Oxley Health & Wellbeing Facility and Self & Custom Build New Homes

- 4.21 The Council owned former Oxley Day Training Centre was a vacant asset subject to ongoing anti-social behaviour and holding costs. With the support of the Black Country Integrated Care Board (ICB) a proposal has been prepared to consider the site for a much needed health & wellbeing facility.
- 4.22 Following a range of stakeholder engagement activities, an outline planning application was submitted last year and has received consent. The project sought approval for two complimentary buildings consisting of a modern health & wellbeing facility and 23 new homes. The full appointment of the RIBA stage 4 design team has occurred and detailed construction design is well underway. Site investigations have been carried out to further help de-risk the project by understanding ground risk.
- 4.23 The project has attracted grant funding from the Local Government Association (LGA) and contributions from the ICB. The balance of monies are supported by Council prudential borrowing and capital receipts generated by the scheme, approved by Cabinet on 23 March 2022. Funding applications are currently under consideration from Homes England and WMCA to further support the scheme.

One Public Estate – Asset Transformation Programme (Loxdale, Stowheath & Hickman Avenue Depot)

- 4.24 The proposed project is the relocation of existing services from the former Loxdale Primary School (Loxdale) and Stowheath Day Training Centre (Stowheath) to Hickman Avenue Depot, to unlock the Stowheath and Loxdale brownfield sites for residential development. This project forms part of the wider Asset Transformation Programme. Council approval was obtained for this project to proceed, subject to grant, on 29 March 2023.
- 4.25 The funding bid with the Brownfield Land Release Fund 2 (BLRF2) Round 3 was submitted in February 2024, with the outcome expected in Summer 2024. Other efforts are ongoing to secure the balance of grant funding required for the scheme. Part funding has been secured from the Land and Property Investment Fund (LPIF) totalling £2 million.

Asset Decarbonisation

- 4.26 The Council has committed to becoming a net zero organisation, with the largest contributors to its carbon footprint being heating and electricity across the corporate estate. Work is ongoing to understand fully the cost implications related to the decarbonisation of the Council's estate and an energy survey and feasibility programme is underway. This will help to ensure that any interventions are targeted appropriately and are in line with the Council's Strategic Asset Plan.

- 4.27 In addition, the Council is currently undergoing a fleet electrification programme to help meet its net zero target. So far, it has introduced 49 ultra-low emission vehicles and installed 34 chargers in its depots. Following a successful trial of the use of Hydrotreated Vegetable Oil (HVO), the Council is exploring opportunities to increase use of this fuel, as a way of further reducing carbon emissions.

City East Gateway – Phase 1 and 2

- 4.28 City East Gateway Phases 1 and 2 is one of the City of Wolverhampton's top transportation scheme priorities, delivering transformational change to the highway network on the A454, linking the city centre to the wider region as part of the Key Route Network and providing access to regeneration priority sites within the Canalside Quarter. The scheme includes improvements to ensure journey time reliability for all road users, new infrastructure to encourage use of sustainable transport including walking and cycling and delivering environmental and air quality benefits.
- 4.29 The estimated £46 million scheme is at OBC stage, with a submission now made to the DfT to secure £44 million from the Major Road Network funding. In addition, the scheme has allocated £6 million in principle match funding through City Region Sustainable Transport Settlement (CRSTS) funding. Further development funding to continue the progression of the scheme has been secured for the 2024-2025 financial year, with delivery of the scheme expected to commence on site in 2025.

City Centre Public Realm

- 4.30 With support from the Towns Fund and CRSTS, and Active Travel Fund a £19 million next phase of improvements for the Lichfield Street, Queen Square and Darlington Street environment is now under consultation. The scheme aims to provide an environment which supports café culture, provides spacious areas for pedestrians and events, and encourages use of active and sustainable travel modes to access and move around the city centre. The Full Business Case (FBC) has been submitted to the West Midlands Combined Authority for CRSTS funding, early contractor engagement has commenced with a start on site later in the year.

Active Travel Schemes

- 4.31 The Active Travel Fund (ATF) provides a competitive opportunity for Local Authorities to bid for delivery of schemes which facilitate cycling and walking in their areas. The Council successfully secured funding in all rounds to date, and have delivered schemes which ease congestion, improve access to opportunity across the city and support residents in making active lifestyle choices.
- 4.32 ATF 3 bids have secured a total of £3.5 million This will deliver a section of new cycle route from Noose Lane along the A454, connecting across the borough boundary into Willenhall. This will complement other schemes along the A454 corridor aiming to achieve a continuous cycle route between Wolverhampton and Walsall. It also includes further investment to extend the successful scheme from ATF2 along the Wednesfield Road to connect with an existing cycleway on

Wednesfield Way. Delivery on site is expected to commence during summer 2024 for Noose Lane and autumn 2024 for Wednesfield Road.

- 4.33 Recently announced ATF4 includes a grant of £2.6 million to fund the extension of the successful ATF2 ring road scheme from Chapel Ash to Broad Street, providing a key link between the city centre and several existing and planned cycle routes along the key radial routes Stafford Road, Wednesfield Road, Willenhall Road and Birmingham New Road. Construction on this is anticipated to begin in autumn 2025.

Wednesfield Towns Fund

- 4.34 Through the successful award of £3.3 million the project will deliver a series of high street interventions that will activate and regenerate the Town Centre. Following extensive and ongoing engagement with the public and stakeholders in the area, a series of priority actions have been agreed including improvements to the north and south gateways to the town which are aimed at improving the linkages and connectivity with existing retail and residential, particularly with Bentley Bridge to the south. Other improvements include upgrades to retail frontages and pedestrian access points onto the high street and canal. Links to new and existing cycle routes are also a priority to encourage greater take up of active travel in the area.
- 4.35 The Council has been working closely with the High Streets Task Force to focus on a Placemaking strategy for the town and as well as those activities already identified, the Towns Fund will also help with activations within the town centre such as creating the infrastructure for and supporting the organisation of events and attractions including the creation of new play areas and improvements to how the current market looks and functions.
- 4.36 Detailed design work for these interventions has already begun and further consultation will follow. It is anticipated that works will take 18 months to complete.

Housing Revenue Account (HRA)

- 4.37 The 2023-2024 outturn for the HRA capital programme was total expenditure of £115 million, against a budget of £118.7 million with £107.8 million being expenditure on improvement works to existing homes and £7.2 million on additional homes – new build and acquisitions.
- 4.38 £2.8 million of new build expenditure has been reprofiled to future years whilst the Wolverhampton Housing Development framework was procured. It is anticipated that 2024-2025 will see works on sites for several new build projects with estimated expenditure of over £18 million, including sites at Bushbury and Ettingshall Road that have secured grant funding from Homes England of £1.3 million between them.
- 4.39 The Council has also been successful in a bid for £5.1 million from the Social Housing Decarbonisation Fund which will help to fund energy the Remedial works to non-traditional properties, improving the energy efficiency of these homes. £16.3 million was spent on this programme in 2023-2024, with a £3.0 million proposed virement from the Low and Mid rise infrastructure programme to increase the total

medium term budget for this programme to £48.7 million. 2023-2024 also saw significant expenditure on High Rise blocks (£25.8 million) Heath Town refurbishment (£15.3 million) Void refurbishment (£15.7 million) and Internal Decency works (£11.4 million).

4.40 The total improvement programme for existing homes for 2024-2025 is forecast at £124.8 million with expenditure prioritising building safety, decency and energy efficiency. This includes £12.1 million for estate remodelling including New Park Village where the first phase of demolition is due to take place.

5.0 New projects and virements

5.1 Table 3 provides a summary of new projects requiring approval, covering the period 2024-2025 to 2028-2029, and identifying where additional funding is required and where the new expenditure can be met from existing resources. A detailed analysis of the individual projects included in this table can be found in Appendix 4 to the report.

Table 3: Summary of new projects requiring approval

Directorate	2023-2024 to 2028-2029	
	Forecast outturn	Virements from existing projects
	£000	£000
General Fund	42	42

5.2 The new projects requiring approval are proposed to be created through virements from existing projects within the General Fund totalling £42,000. This is discussed below whilst a list of the virement can be found in Appendix 4 to the report.

5.3 In summary, approval is sought for the following new projects totalling £42,000 created through virements:

- It is proposed to reallocate resources of £35,000 from the provision for future projects budget held within the Building Schools for the Future ICT Infrastructure capital programme to the new Music Technology Studio project, to support improvements and IT upgrade. The proposed virement is funded from the existing internal resources;
- It is proposed to reallocate resources of £7,000 for new project within the Schools Capital Maintenance capital programme to carry out the replacement of car park barriers and intercom at Eastfield Primary School. This proposed virement is funded from existing external resources within the programme.

5.4 On 6 July 2023, Cabinet approved the recommendation to delegate authority to the Deputy Director of Assets to approve virements from the provision for future projects budget within the Corporate Asset Management capital programme to

individual schemes in order that corporate priorities can be addressed in an agile and timely manner. This report seeks to continue this delegation. It should be noted that there were four virements totalling £30,000 approved through the delegated authority to support urgent works. Virements can be seen in the Appendix 5 to the report.

6.0 Medium term capital programme financing

6.1 Table 4 details the approved financing for the capital programme for 2023-2024 to 2028-2029 and incorporates the requested approvals for projects included in this report.

Table 4: Approved and forecast capital financing 2023-2024 to 2028-2029

General Fund capital programme	2023-2024 to 2028-2029			
	Approved budget	Recommended budget	Variance	Resource as % of expenditure
	£000	£000	£000	
Expenditure	375,184	383,126	7,942	
Financing				
Internal resources				
Capital receipts	51,541	49,390	(2,151)	12.9%
Prudential borrowing	122,397	124,972	2,575	32.6%
Revenue contributions	1,054	2,633	1,579	0.7%
Reserves	-	-	-	0.0%
Subtotal	174,992	176,995	2,003	46.2%
External resources				
Grants & contributions	200,192	206,131	5,939	53.8%
Subtotal	200,192	206,131	5,939	53.8%
Total	375,184	383,126	7,942	100.0%

Housing Revenue Account capital programme	2023-2024 to 2028-2029			
	Approved budget	Recommended budget	Variance	Resource as % of expenditure
	£000	£000	£000	
Expenditure	643,185	642,973	(212)	
Financing				
Internal resources				
Capital receipts	35,637	42,274	6,637	6.6%
Prudential borrowing	458,953	445,915	(13,038)	69.3%
Revenue contributions	2,289	2,289	-	0.4%
Reserves	142,631	142,541	(90)	22.2%
Subtotal	639,510	633,019	(6,491)	98.5%
External resources				
Grants & contributions	3,675	9,954	6,279	1.5%
Subtotal	3,675	9,954	6,279	1.5%
Total	643,185	642,973	(212)	100.0%

6.2 Capital receipts totalling £49.4 million have been assumed in the General Fund capital programme over the medium term period of 2023-2024 to 2028-2029 and can be seen in Table 5. This is reduction of £2.2 million when compared to the approved budget, which has arisen due to re-profiling of receipts and capital requirements.

- 6.3 In order to be prudent, a detailed review of the schedule of asset disposals is undertaken to identify only those that are likely to be completed. The planned utilisation of capital receipts will reflect the need to balance the benefit for both the capital programme and the revenue budget and will form part of the ongoing Medium Term Financial Strategy.
- 6.4 Whilst the forecast of capital receipts is deemed prudent at this stage, it will continue to be monitored closely throughout the financial year. In the event that capital receipts assumptions change, updates will be provided in future reports to Councillors.

Table 5: Receipts assumed in the revised General Fund capital programme

General Fund	Projected						Total £000
	2023 - 2024 £000	2024 - 2025 £000	2025 - 2026 £000	2026 - 2027 £000	2027 - 2028 £000	2028 - 2029 £000	
Capital programme receipts	5,300	6,200	16,500	7,400	9,000	5,000	49,400

- 6.5 It is the Council's strategy to use capital receipts to reduce the Council's need to borrow to fund the approved capital programme. Capital expenditure has a direct impact upon the Council's revenue budgets and therefore needs to be restricted to projects essential to the Council's priorities. Any proposals to increase the level of the capital programme are considered in accordance with the Capital Strategy.

7.0 Key budget risks

- 7.1 The delivery of major capital projects and programmes (i.e. City Learning Quarter), which have a significant reputational risk to the Council, are captured as unique risks on the Council's Strategic Risk Register. The main risk that impacts the future delivery of the capital programme is the strategic risk around the Council's Medium Term Financial Strategy in terms of the significant uncertainty in relation to demand for services, inflation and levels of government funding.

- 7.2 The overall risk associated with the programme continues to be quantified as amber.

8.0 Evaluation of alternative options

- 8.1 This report provides an update on progress of capital projects during 2023-2024 and anticipated budget requirement for future years. The evaluation of alternative project options is detailed in individual investment proposals.

9.0 Reasons for decisions

- 9.1 To seek Cabinet's recommendation to Council to approve the revised capital budgets. This will ensure that the capital programme reflects the latest forecasts and budget requirements.

10.0 Financial implications

- 10.1 The financial implications are discussed in the body of this report. The revenue implications of the new and existing projects seeking approval for additional or changes in resources for the General Fund have been considered and reflected in

the 'Treasury Management – Annual Report 2023-2024 and Activity Monitoring Quarter One 2024-2025' report also on the agenda for approval at this meeting.

- 10.2 New capital grant notifications received during quarter one 2024-2025 can be seen in the table below. Notifications can either confirm new, or additions to existing grants, or reflect reductions in existing grants where resources are no longer required:

Directorate	Funding body	Name of grant	Project(s) funding	£000
Families	Department for Education	High Needs Capital	High Needs Capital Programme	3,065
Families	Department for Education	School Condition Allocation	Contingency for emergency work	2,727
Economy	Department for Levelling Up, Housing and Communities	Wolverhampton City Learning Quarter Capital Grant	City Learning Quarter	2,000
Families	Department for Education	Childrens Homes Capital Programme 2022-25	Children's Residential Homes	652
Economy	Department for Transport via WMCA	A4123 Black Country Multi Model Corridor - Wolverhampton/Sandwell/ Dudley (CRSTS Major Projects)	A4123 Cycle/Walk and Bus Priority Measures project	350
Families	Department for Education	Devolved Formula Capital	Devolved Capital	233
Families	Department of Health	IT Infrastructure Capital Grant	Post BSF ICT infrastructure improvements	10
Economy	Department for Energy Security and Net Zero	Home Upgrade Grant	Home Upgrade Grant	(954)
Economy	Midlands Energy Hub	Sustainable Warmth LAD Phase 3	Local Authority Delivery 3 : Green Homes	(51)
Families	Public Health England	Alcohol Treatment Funding	NACRO Premises Refurbishment	(8)
Economy	Department for Levelling Up, Housing and Communities	Aim for Gold	Aim for Gold	(1)
HRA	Department for Energy Security and Net Zero	Social Housing Decarbonation	Remedial Works to non-traditional properties	5,127
HRA	Homes England	HE Development Grant	Ettingshall Road, Showell	715
HRA	Homes England	HE Development Grant	Circus and Villiers Avenue Bushbury Hill Community Housing	600
Total grant notifications				14,465

[RJ/01072024/T]

11.0 Legal implications

- 11.1 Section 151 of the Local Government Act 1972 requires local authorities to make arrangements for the proper administration of their financial affairs.
- 11.2 The Local Government Act 2003 brought in the current regime for capital finance for local authorities. It reduced the level of central control over local authority borrowing and capital expenditure.

- 11.3 Each project mentioned in this report will have its own specific legal implications, raised and tailored in their respective reports.
[JA/01072024/M]

12.0 Equalities implications

- 12.1 There is a range of individual projects delivered through the Council's capital programme that have significant impacts on specific groups and equality implications should be considered when individual capital projects are being developed.
- 12.2 This requirement would also apply if there were to be any redirection of capital funding in year to ensure that the impact of any changes is considered.

13.0 All other implications

- 13.1 A wide range of projects delivered through the capital programme have significant environmental implications and are geared to promote improvements to the physical environment.
- 13.2 Projects funded and delivered through the Council's capital programme typically have significant impact on the Council's property portfolio. Corporate landlord implications must be considered and included in relevant documents and reports when individual capital projects and programmes are being developed.
- 13.3 There is a range of individual projects delivered through the Council's capital programme which could have health and wellbeing implications, these should be considered when individual capital projects are being developed.

14.0 Schedule of background papers

- 14.1 Individual Executive Decision Notice, 1 February 2024 - [5G Innovation Region funding allocation](#);
- 14.2 Individual Executive Decision Notice, 7 February 2024 - [UK Shared Prosperity Fund Approvals 2024-2025](#);
- 14.3 Council, 28 February 2024 - [Capital Programme 2023-2024 to 2027-2028 Quarter Three Review and 2024-2025 to 2028-2029 Budget Strategy](#);
- 14.4 Cabinet, 20 March 2024 - [Investing to Improve Our City's Roads in 2024-2025](#);
- 14.5 Individual Executive Decision Notice, 23 May 2024 - [Corporate Asset Management Fund - Approval of Schemes 2024-2025](#);
- 14.6 Cabinet, 10 July 2024 - [Expansion of Special Educational Needs Provision](#);
- 14.7 Cabinet, 10 July 2024 - [Secondary School Expansion Programme 2025](#).

15.0 Appendices

- 15.1 Appendix 1: Detailed projected budget
- 15.2 Appendix 2: Detailed forecast change

- 15.3 Appendix 3: Projects requiring approval
- 15.4 Appendix 4: Virements for approval
- 15.5 Appendix 5: Virements to note

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