

Report title	Capital Programme 2021-2022 to 2025-2026 Quarter Three Review and 2022-2023 to 2026-2027 Budget Strategy	
Decision designation	RED	
Cabinet member with lead responsibility	Councillor Ian Brookfield Leader of the Council	
Key decision	Yes	
In forward plan	Yes	
Wards affected	All Wards	
Accountable Director	Tim Johnson, Chief Executive	
Originating service	Strategic Finance	
Accountable employee	Claire Nye Tel Email	Director of Finance 01902 550478 Claire.Nye@wolverhampton.gov.uk
Report to be/has been considered by	Strategic Executive Board Council	10 February 2022 2 March 2022

Recommendations for decision:

That Cabinet recommends that Council approves:

1. The revised City of Wolverhampton Capital Strategy.
2. The revised, medium term General Revenue Account capital programme of £346.1 million, an increase of £47.7 million from the previously approved programme, and the change in associated resources.

That Cabinet is recommended to:

1. Approve the virements for the General Revenue Account capital programme detailed at Appendix 5 to the report for;
 - i. existing projects totalling £9.7 million;
 - ii. new projects totalling £6.3 million.

2. Approve the amendments to the Collaboration Agreement in relation to the Black Country Executive Joint Committee City Deal and Growth Deal dated the 7 May 2014, the aim being to simplify the governance arrangements and reduce timeframes for project approvals.
3. Approve Wolverhampton Council's entry into a Deed of Variation relating to the above Collaboration Agreement to these record changes as detailed within Appendix 6 to the report.
4. Delegate authority to the Deputy Leader: Inclusive City Economy in consultation with the Chief Operating Officer and Directors of Regeneration and Finance to conduct any negotiations and to agree any minor amendments and to subsequently authorise the sealing of this Deed of Variation.
5. Continue both delegations to the Portfolio Holder responsible for Resources, in consultation with the Director of Finance, to approve the allocation of:
 - i. The Corporate Provision for Future Programmes (previously known as the Corporate Contingency) budget to individual projects in order that corporate priorities may be addressed in an agile and timely manner;
 - ii. The Transformation Development Efficiency Strategy to individual transformation projects in order to benefit from the capital receipts flexibility announced in the Autumn Statement 2015 and in line with the Medium Term Financial Strategy.

Recommendations for noting:

The Cabinet is asked to note:

1. That description of the budget known as the Corporate Contingency was reviewed to better reflect its purpose. Therefore, it was renamed to the Corporate Provision for Future Programmes budget.
2. That Chartered Institute of Public Finance and Accountancy (CIPFA) have published changes to the Prudential Code for Capital Finance in Local Authorities. The Capital Strategy will be reviewed over the coming months in light of these changes and an update will be provided to Cabinet and Council for approval at a future meeting.

1.0 Purpose

- 1.1 To provide Cabinet with an update on the 2021-2022 financial performance of the General Revenue Account and Housing Revenue Account (HRA) capital programmes, whilst also providing a revised forecast for 2021-2022 to 2025-2026 as at quarter three 2021-2022.
- 1.2 To recommend revisions to the current approved capital programme covering the period 2021-2022 to 2026-2027.

2.0 Executive summary

- 2.1 The capital programme is underpinned by the Council Plan 2019-2024 which was approved by Full Council on 3 April 2019. To ensure that resource continues to be aligned to the needs of local people a refresh of the plan has been undertaken following extensive engagement with city partners and communities.
- 2.2 Our City, Our Plan incorporates key policy areas into a refreshed narrative and updated structure which has a focus on delivery and performance. The plan also aligns with the key priorities and objectives identified by the Relighting Our City Recovery framework.
- 2.3 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
- 2.4 The Relighting Our City recovery framework identified three cross cutting principles which are now been taken forward and incorporated into the refreshed plan. These are:
 - Climate Conscious
 - Driven by Digital
 - Fair and Equal
- 2.5 Our City, Our Plan is presented to Cabinet and Full Council on this same agenda.
- 2.6 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.

- 2.7 The capital programme reflects the priorities of the Strategic Asset Management Plan. Individual capital project delivery milestones and financial analysis is undertaken over the lifecycle of each project, by project managers in conjunction with Strategic Finance, and is updated in the Council's project management system. Regular project delivery updates are provided to Leadership teams and to the Project Assurance Group, enabling robust governance and challenge. In addition to this, a Capital Projects Member Reference Group provides enhanced project governance and challenge.
- 2.8 The Capital Strategy is a key document for the Council and forms part of the authority's integrated capital, revenue, strategic asset management and balance sheet planning. Appendix 1 of the report provides a high-level overview of how capital expenditure, capital financing and treasury management activity are undertaken in line with service objectives, whilst taking account of stewardship, value for money, prudence, sustainability and affordability.
- 2.9 Furthermore, it also provides a framework by which investment decisions will be made, an overview of risk management, the implications for future financial sustainability and the governance processes for approval and monitoring of capital expenditure in line with requirements under the Prudential Code for Capital Finance in Local Authorities.
- 2.10 In late December 2021, the Chartered Institute of Public Finance and Accountancy (CIPFA) published changes to the Prudential Code for Capital Finance in Local Authorities, with more detailed guidance notes published late January 2022. Over the next few months, the Capital Strategy will be reviewed in light of this new guidance and an update provided at mid-year to Cabinet and Council for approval.
- 2.11 The Covid-19 pandemic has had a significant international, national and regional impact, and will continue to have, significant financial implications for the Council. The pandemic has understandably had an impact on the development of capital projects. Given the unprecedented circumstances, there has understandably been delays on some capital schemes due to Covid-19. To ensure that any potential costs are met, in June 2020, the Council approved budget provision for specific risks emerging from the Covid-19 global pandemic. The Council will continue to assess the potential implications of Covid-19 on its wider capital programme in terms of delivery timescales and increases in costs. 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 Relighting Our City.
- 2.12 On 1 December 2021, Council approved a General Revenue Account capital programme totalling £298.1 million for the period 2021-2022 to 2025-2026. Since then, an Individual Executive Decision Notice submitted to Councillors has been approved to increase this amount by £271,000 to £298.4 million, fully funded by Green Homes Grant allocated through the second round of the Local Authority Delivery (LAD) Scheme, originating from the Secretary of State for Business, Energy, and Industrial Strategy (BEIS).

- 2.13 In addition to this, a reallocation of resources totalling £954,000, from the Corporate Provision 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:
- £360,000 towards the replacement of obsolete central reservation infrastructure on Stafford Road;
 - £330,000 to fund the Ignite office fit out costs;
 - £102,000 to facilitate required works within the Corporate Asset Management capital programme;
 - £75,000 to fund the installation and purchase of audio-visual equipment and conference microphone system;
 - £66,000 to fund the replacement of the boiler at Bilston Market;
 - £21,000 to fund the replacement of the water heater at Wolverhampton Contact Centre.
- 2.14 Approval is sought to continue both delegations to the Portfolio Holder responsible for Resources in consultation with the Director of Finance to approve the allocation of the following;
- Corporate Provision for Future Programmes budget to individual projects in order that corporate priorities may be addressed in an agile and timely manner;
 - Transformation Development Efficiency Strategy to individual transformation projects in order to benefit from the capital receipts flexibility and in line with the Medium Term Financial Strategy.
- 2.15 At the end of quarter three of the 2021-2022 financial year, expenditure for General Revenue Account existing projects totals £50.4 million compared to the projected budget of £100.0 million.
- 2.16 This report considers specific changes to budgets. A full list of the proposed capital programme can be found in Appendix 2 to the report.
- 2.17 Table 1 shows the approved General Revenue Account capital programme budget compared with that proposed, along with the resources identified to finance the proposed change.

Table 1: Summary of the General Revenue Account capital programme

General Revenue Account capital programme	2021 - 2022	2022 - 2023	2023 - 2024	2024 - 2025	2025 - 2026	2026 - 2027	Total
	£000	£000	£000	£000	£000	£000	£000
Budget							
Approved	112,930	117,038	43,566	23,740	1,068	54	298,396
Variations							
New projects	2,301	3,004	5,000	5,000	-	-	15,305
Existing projects	(15,236)	19,370	11,404	7,308	4,757	4,757	32,360
	(12,935)	22,374	16,404	12,308	4,757	4,757	47,665
Projected	99,995	139,412	59,970	36,048	5,825	4,811	346,061
Financing							
Approved							
Internal resources	75,399	57,436	16,030	19,222	1,068	54	169,209
External resources	37,531	59,602	27,536	4,518	-	-	129,187
	112,930	117,038	43,566	23,740	1,068	54	298,396
Variations							
Internal resources	(10,589)	7,848	9,445	1,319	-	-	8,023
External resources	(2,346)	14,526	6,959	10,989	4,757	4,757	39,642
	(12,935)	22,374	16,404	12,308	4,757	4,757	47,665
Projected							
Internal resources	64,810	65,284	25,475	20,541	1,068	54	177,232
External resources	35,185	74,128	34,495	15,507	4,757	4,757	168,829
Projected	99,995	139,412	59,970	36,048	5,825	4,811	346,061

- 2.18 This report recommends variations to the approved capital programme totalling an increase of £47.7 million, which brings the total revised programme to £346.1 million.
- 2.19 Details of all projects that have contributed to the overall increase of £47.7 million in the General Revenue Account capital programme can be found in Appendices 2 and 3 to the report, however, the key projects that have contributed to the increase in the programme are as follows;
- There is an increase of £23.8 million relating to the Transportation capital programme due to new grant allocations from the Combined Authority (Transport for West Midlands) expected in 2022-2023 and future years. Of the £23.8 million increase, £16.6 million will fund the Maintenance of Classified Roads capital programme and £7.2 million for the Highway Improvement capital programme. Details of how the grants will be allocated to individual projects will be presented to Cabinet in the annual Transportation capital programme report at a future meeting;
 - The City Learning Quarter capital programme has been updated to reflect the overall financial status of the project following the conclusion of various funding applications that have been submitted during 2021. The change in this budget reflects realignment to the funding strategy which was presented to Cabinet (Resources) Panel on 19 January 2022;
 - An increase of £8.0 million is proposed for the Transformational Projects capitalisation programme. This will enable the Council to utilise capital receipt

flexibility to fund revenue transformation projects in 2023-2024 and 2024-2025 in line with the budget strategy outlined in the 2022-2023 Final Budget and Medium Term Financial Strategy 2022-2023 to 2025-2026 also on the agenda for this meeting;

- An increase of £4.9 million relating to the Disabled Facilities Grant capital programme reflects a new grant award from the Department for Levelling Up, Housing and Communities;
- In addition, there is an increase totalling £780,000 relating to the Traffic Signal Maintenance project (£500,000) and the On-street Residential ChargePoint Scheme (£280,000) within the Transportation capital programme due to a grant allocation from the Department for Transport;
- Finally, an increase of £396,000 is proposed for the Schools Devolved Formula Capital reflecting a grant award from the Education and Skills Funding Agency.

2.20 On 26 January 2022, Council approved a revised HRA capital programme totalling £457.6 million. Of the approved £457.6 million HRA budget, £54.9 million relates to the 2021-2022 financial year. Expenditure to the end of quarter three 2021-2022 for existing projects totals £29.9 million compared to the projected budget of £54.9 million.

2.21 Table 2 shows the approved budget for information only as there are no proposed changes to the overall budget.

Table 2: Summary of the HRA capital programme

Housing Revenue Account capital programme	2021 - 2022	2022 - 2023	2023 - 2024	2024 - 2025	2025 - 2026	2026 - 2027	Total
	£000	£000	£000	£000	£000	£000	£000
Budget							
Approved	54,900	84,663	88,488	84,560	68,760	76,260	457,631
Projected	54,900	84,663	88,488	84,560	68,760	76,260	457,631
Financing							
Approved							
Internal resources	54,105	84,663	88,488	84,560	68,760	76,260	456,836
External resources	795	-	-	-	-	-	795
	54,900	84,663	88,488	84,560	68,760	76,260	457,631
Projected							
Internal resources	54,105	84,663	88,488	84,560	68,760	76,260	456,836
External resources	795	-	-	-	-	-	795
Projected	54,900	84,663	88,488	84,560	68,760	76,260	457,631

3.0 Existing projects

3.1 The changes proposed for existing projects within the General Revenue Account capital programme total a net increase of £47.7 million. A more detailed listing of the individual projects can be found in Appendices 2 and 3 to the report.

- 3.2 Proposed budget virements between existing projects within the General Revenue Account capital programme total £9.7 million, further details are provided in Appendix 5 to the report.
- 3.3 The following paragraphs provide commentary on the significant changes to budgets and an update on key projects.
- 3.4 The Civic Halls project continues to progress; the auditorium ceiling installation has now commenced and the concrete columns around the perimeter of the Civic Hall on the first-floor level have now been repaired to receive the heritage tiling, the lobby ceilings within the Civic Hall are also now completed. The internal scaffolding in the Wulfrun Hall has been removed and work has commenced on the flooring and wall linings. Repairs to the roof and parapet walls are continuing to progress. The external scaffolding has also started to be removed and cleaning of the building frontage has commenced.

Willmott Dixon have now relocated to the Civic Centre to allow the North Street area in front of the Civic Halls to be handed over to enable commencement of the Public Realm works. Kerb realignment has started and the public realm works are on programme.

- 3.5 In relation to Interchange, following completion of the Train Station a programme of activity to handover the facility to Network Rail and West Midlands Trains and achieve 'Entry into Service' has now been concluded. With redevelopment of Phase 2 of the station now complete, work is underway on the establishment of the plaza space, Metro connection and cycle parking as the final components of the multi-modal transport interchange. Engagement is ongoing with Network Rail and West Midlands Trains to ensure a detailed programme of further improvements to the trackside station facility, treatment of the multi-story car park facade and connections to the Station, including subway renewal works, is agreed and programmed.
- 3.6 City Learning Quarter is one of the Council's top regeneration priorities being fundamental to the levelling up approach for the City. The Council is responsible for the project management and delivery of the City Learning Quarter programme which includes Phase 1, CoWTechC (City of Wolverhampton College Technical Centre) and Phase 2, City Centre which will ultimately provide a new, refurbished and extended College building, integrated and improved Library and Adult Education facilities at land around the existing College's Metro One building at Bilston Street.

City Learning Quarter Phase 1, CoWTechC is fully funded with a budget of £8.1 million. The project is in the delivery phase with the programme on track to facilitate the contractor appointment in late Spring 2022, construction commencement during Summer 2022 and opening of the new College facilities for the academic year starting in 2023.

Funding of £31.1 million has been secured for the City Learning Quarter Phase 2 towards the pre-tender project costs estimate of approximately £51.5 million. There has been positive ongoing dialogue with the Department of Education for confirmation of further funds to close the funding gap. To meet the delivery timeline requirements of the

Levelling Up Fund and Town Fund, (funding already confirmed), the Council's Cabinet (Resources) Panel on 19 January 2022 agreed to proceed with the project whilst Government's confirmation of the remaining funds is secured. If full funding is achieved in the next few months, then the programme facilitates the opening of the main new College building in September 2024.

- 3.7 The Westside development has been re-phased to accelerate the hotel element subject to approval; following ongoing market engagement with possible hotel brands and operators. Work is ongoing to develop a full and considered options appraisal including the Council's preferred procurement route; the Council's level of involvement / intervention alongside appropriate holding and operational strategies; this in turn is leading to the development of an options appraisal and outline business case which will inform the future Cabinet report.
- 3.8 At quarter 2 it was reported that the Western Extension scheme, which is a joint venture construction project with Staffordshire County Council, had reached practical completion stage. Financial projections at the time indicated that there would be a significant saving against the joint venture budget of £38.5 million. Whilst the project is still incurring residual capital expenditure as it moves through to the final completion and full plot occupation phases, latest estimates indicate that there will be a project saving in the region of £13.9 million against the Joint Venture budget of £38.5 million. In addition, the Joint Venture has attracted further grant support as well as significant interest in the developed plots, all of which will have a positive impact on the Council's capital programme. There are several inter dependencies between the project expenditure, grant awarded, value of payments to Staffordshire County Council for its share of the capital receipts and the gross value of these capital receipts. As a result, the projections included in the quarterly capital reports will continue to reflect the original overall budgetary position, until there is greater certainty across these variables.
- 3.9 Following Practical Completion the i9 building is now substantially let to the following tenants – LGPS Central Ltd; West Midlands Pension Fund and the Department for Levelling up, Housing and Communities. i9 is the first government department headquarters outside of London and will include a ministerial presence. The award-winning design achieves BREEAM (Building Research Establishment's Environmental Assessment Method) 'Excellent' affirming the council's commitment to local and regional sustainability and climate change agendas and was awarded the prestigious Brick Award in November 2021. The Awards celebrate the very best in brick architecture and craftsmanship in the UK.
- 3.10 The forecast for the HRA 2021-2022 capital programme as at quarter 3 totals £54.9 million, as approved by Council on 26 January 2022 as part of the Housing Revenue Account Business Plan 2022-2023 including Rent and Service Charges Cabinet report of the 19 January. The report sets out investment plans up to 2026-2027 based on the commitment to maximise the provision of additional homes whilst also prioritising the needs of existing stock with emphasis on building safety, decency and energy efficiency.

- 3.11 The 2021-2022 forecast reflects rephasing of budgets of £7.2 million approved by Cabinet and Council in January 2022, which was necessary due to the ongoing impact of Covid working practices and supply chain issues including lack of availability of material supplies.

4.0 Black Country Enterprise Zone

- 4.1 The Black Country Enterprise Zone ('BCEZ') comprises two separately submitted Enterprise Zones to the Communities and Local Government Unit (CLGU): Wolverhampton and Walsall Enterprise Zone ('WWEZ'), which commenced on 1 April 2013 and ends on 31 March 2038; and the Dudley ('DY5') Enterprise Zone which commenced on 1 April 2017 and ends on 31 March 2042. Collectively the two zones are the Black Country Enterprise Zone ("BCEZ").
- 4.2 Wolverhampton Council, along with the three other Black Country Local Authorities are all parties to The Collaboration Agreement which was approved by the Black Country Joint Committee on 7 May 2014 this sets out the governance and operational arrangements for the City Deal and Growth Deal funding programmes, including the collaboration, governance, project approval, management and audit, and claw back arrangements. The agreement has been further updated in September 2016 to widen the scope of the Black Country Joint Committee (BCJC) to include decisions in relation to funding received from the West Midlands Combined Authority (WMCA) and again in February 2020 to include all funds secured by the Black Country LEP, including Growing Places and Enterprise Zone funding, together with any future funding or funding programmes approved, such as the Shared Prosperity Fund. The most recent update was December 2020 via a Supplemental Deed of Variation to add the governance and processes in relation to the Black Country Enterprise Zones. Walsall Council act as the Single Accountable Body on behalf of the Black Country LEP.
- 4.3 At its meeting on 5 November 2020, the Association of Black Country Authorities (ABCA) Chief Executives considered and endorsed proposals for streamlining the BCJC governance arrangements and processes, the option of removing Joint Committee Advisory Board approval stage and increasing the number of BCJC meetings. This was followed by ABCA Leaders (9 December 2020) and Joint Committee Advisory Board (1 February 2021) endorsements.
- 4.4 The removal of the Joint Committee Advisory Board resulted in Heads of Regeneration Working Group holding the responsibility for consultation on all reports requiring recommendation to BCJC, including with the Cabinet Portfolio Holders. To ensure continuous visibility and transparency Heads of Regeneration now brief their relevant Cabinet Portfolio Holder on all reports, from across the Black Country, which require Heads of Regeneration (HoR) Working Group endorsement.
- 4.5 The increase of BCJC meeting frequency ensures that key time-bound projects can receive approvals as required, reducing any delays. It should be noted the revised

process is still compliant with requirements set out within the National and Local Assurance Frameworks, following individual project assessments and spend recommendations by the BC LEP.

- 4.6 The overview of the changes made to the Collaboration Agreement reviewed by the four Black Country Authorities are detailed in Appendix 6, along with a copy of the Agreement.
- 4.7 This report therefore recommends the approval of the amendments as detailed in Appendix 6, and that Cabinet approves Wolverhampton Council's entry into Deed of Variation relating to the Collaboration Agreement in relation to the Black Country Executive Joint Committee City Deal and Growth Deal dated the 7 May 2014. Delegated approval to agree any minor amendments and to subsequently authorise the sealing of this Deed of Variation is also sought.

5.0 New projects and virements

- 5.1 Table 3 provides a summary of new projects requiring approval, covering the period 2021-2022 to 2026-2027, 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	Forecast outturn £000	2021-2022 to 2026-2027		Virements from existing projects £000
		Additional internal resources required £000	Additional external resources required £000	
General Revenue Account	15,305	8,000	996	6,309
Total	15,305	8,000	996	6,309

- 5.2 The new projects requiring approval are funded from a mixture of internal (£8.0 million) and external resources (£1.0 million), and virements totalling £6.3 million. A list of the virements can be found in Appendix 5 to the report.
- 5.3 Of the overall £15.3 million increase for the General Revenue Account capital programme, an increase of £8.0 million relates to the Transformational projects capitalisation programme. Due to the capital receipts flexibility being extended until 2024-2025, it is now proposed to utilise capital receipts to fund revenue transformation projects in 2023-2024 and 2024-2025. This is in line with the budget strategy outlined in the Final Budget and Medium Term Financial Strategy 2022-2023 to 2025-2026 report also on the agenda for this meeting.
- 5.4 Of the £1.0 million increase funded externally, £731,000 relates to the Transportation capital programme. Approval is sought for new Traffic Signal Maintenance (£500,000) and UTC upgrade & CCTV Link (£231,000) projects funded by grant from the Department for Transport.

- 5.5 In addition to this, approval is sought for new project within the Disabled Facilities Grant capital programme funded by £250,000 grant from the Department for Levelling Up, Housing and Communities. Finally, an increase of £15,000 is proposed for the new Safe Haven Vehicle project within the Fleet capital programme funded by grant from the West Midlands Police and Commissioner.
- 5.6 New projects created through virements from existing projects relate to Fleet, Transformational projects capitalisation, i54 Western Extension, Education, Waste and Transportation capital programmes and are summarised below. A detailed list of new projects can be found in Appendix 4 to the report.
- 5.7 In summary approval for the following virements is sought in this report:
- £3.2 million for eight new projects within the Fleet programme for the acquisition of vehicles and equipment;
 - £2.0 million is proposed to support new Transformational projects capitalisation 2023-2024 project as explained in the paragraph 5.3 above;
 - £761,000 for the i54 Western Extension - Southern Plot Access Road project;
 - £183,000 for seven new Education projects to enable capital maintenance works across various schools;
 - £110,000 is required to facilitate five new projects within the Waste capital programme for the purchase of residential bins and equipment;
 - £34,000 is proposed for the Well Lane project within the Transportation capital programme to carry out road resurfacing works.

6.0 Medium term capital programme financing and budget strategy

- 6.1 Table 4 details the approved financing for the capital programme for 2021-2022 to 2026-2027 and incorporates the requested approvals for projects included in this report.
- 6.2 As detailed in paragraph 2.19, of the overall increase of £47.7 million to the capital programme, £8.0 million relates to the Transformational projects capitalisation programme. The table below therefore reflects the need to increase the borrowing by this £8.0 million in order that capital receipts can be released to fund revenue transformation work.

Table 4: Approved and forecast capital financing 2021-2022 to 2026-2027

General Revenue Account capital programme	2021-2022 to 2026-2027			
	Approved budget	Recommended budget	Variance	Resource as % of expenditure
	£000	£000	£000	
Expenditure	298,396	346,061	47,665	
Financing				
Internal resources				
Capital receipts	81,979	82,022	43	23.7%
Prudential borrowing	86,905	94,862	7,957	27.4%
Revenue contributions	325	348	23	0.1%
Reserves	-	-	-	0.0%
Subtotal	169,209	177,232	8,023	51.2%
External resources				
Grants & contributions	129,187	168,829	39,642	48.8%
Subtotal	129,187	168,829	39,642	48.8%
Total	298,396	346,061	47,665	100.0%

Housing Revenue Account capital programme	2021-2022 to 2026-2027			
	Approved budget	Recommended budget	Variance	Resource as % of expenditure
	£000	£000	£000	
Expenditure	457,631	457,631	-	
Financing				
Internal resources				
Capital receipts	31,591	31,591	-	6.9%
Prudential borrowing	291,467	291,467	-	63.7%
Revenue contributions	10,615	10,615	-	2.3%
Reserves	123,163	123,163	-	26.9%
Subtotal	456,836	456,836	-	99.8%
External resources				
Grants & contributions	795	795	-	0.2%
Subtotal	795	795	-	0.2%
Total	457,631	457,631	-	100.0%

- 6.3 Capital receipts totalling £82.0 million have been assumed within the General Revenue Account capital programme over the medium term period 2021-2022 to 2026-2027 and can be seen in Table 5. There is an increase of £43,000 when compared to the approved budget, which has arisen due to increased forecast from the sale of assets and re-phasing of receipts and capital requirements.
- 6.4 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.

6.5 Whilst the forecast of capital receipts is deemed prudent at this stage, it will continue to be monitored closely throughout the financial year in light of the impact of the Covid-19 pandemic. 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 Revenue Account capital programme

General Revenue Account	Projected						Total £000
	2021 - 2022 £000	2022 - 2023 £000	2023 - 2024 £000	2024 - 2025 £000	2025 - 2026 £000	2026 - 2027 £000	
Capital programme receipts	29,600	14,500	18,000	15,000	4,900	-	82,000

6.6 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.

6.7 Approval is also sought to continue both delegations to the Portfolio Holder responsible for Resources in consultation with the Director of Finance to approve the allocation of the following;

- Corporate Provision for Future Programmes budget to individual projects in order that corporate priorities may be addressed in an agile and timely manner;
- Transformation Development Efficiency Strategy to individual transformation projects in order to benefit from the capital receipts flexibility and in line with the Medium Term Financial Strategy.

7.0 Key budget risks

7.1 An analysis of the risks associated with the capital programme, along with the details of the risk control measures that are in place in order to manage and mitigate these risks as far as possible can be viewed online on the Council's website by following the link below:

[Capital Programme | City Of Wolverhampton Council](#)

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

8.0 Evaluation of alternative options

8.1 This report provides an update on progress of capital projects during 2021-2022 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 budget reflects the latest forecasts and 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 Revenue Account are fully reflected in the treasury management budget forecasts included in the report 'Treasury Management Strategy 2022-2023' also on the agenda for approval at this meeting.
- 10.2 Table below represents new capital grant notifications received during quarter three 2021-2022:

Service	Funding body	Name of new grant	£000
Transport	Department for Transport	S31 Transport Highway Maintenance Fund	7,370
Transport	Department for Transport	S31 Transport Pot Hole Action Fund	7,370
Transport	Department for Transport	S31 Transport Integrated Transport Block	7,205
Housing Strategy	Department for Levelling Up, Housing and Communities	Disabled Facilities Grant	4,915
Transport	Department for Transport	S31 Transport Highway Maintenance Incentive Fund	1,840
Transport	Department for Transport	Traffic Signal Maintenance	500
Education & Skills	Education and Skills Funding Agency	Devolved Formula Capital	396
Transport	Department for Transport	Onstreet Residential Chargepoint Scheme	280
City Housing	Secretary of State for Business, Energy, and Industrial Strategy (BEIS)	Green Homes Grant: Local Authority Delivery Phase 2	271
Transport	Department for Transport	UTC Upgrade and CCTV Link	231
Fleet	West Midlands Police and Crime Commissioner	Violence Reduction Fund	15
Grand total grant notifications			30,393

[RJ/15022022/X]

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 1972 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.

[TC/15022022/C]

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.
- 13.4 The Covid-19 pandemic has had a significant international, national and regional impact, and will continue to have, significant financial implications for the Council. Covid-19 has had an impact on development projects internationally, nationally and regionally and also on projects within the City. Specific references are made where appropriate throughout the report.

14.0 Schedule of background papers

- 14.1 Individual Executive Decision Notice, 25 August 2021 - Stafford Road central reservation work access to corporate contingency funding
- 14.2 Council, 1 December 2021 - [Capital Programme 2021-2022 to 2025-2026 Quarter Two Review](#)
- 14.3 Cabinet (Resources) Panel, 8 December 2021 – [Procurement – Award of Contracts for Works, Goods and Services](#)
- 14.4 Individual Executive Decision Notice, 17 December 2021 - Bilston Market Boiler replacement
- 14.5 Individual Executive Decision Notice, 20 December 2021 - Democratic Transparency, Accessibility and Accountability: Webcasting
- 14.6 Individual Executive Decision Notice, 23 December 2021, exempt - [Corporate Asset Management Fund – Approval of Schemes 2021-2022](#)
- 14.7 Individual Executive Decision Notice, 14 January 2022, exempt - [Corporate Asset Management Fund - Wolverhampton Contact Centre](#)
- 14.8 Cabinet (Resources) Panel, 19 January 2022 - [City Learning Quarter Delivery](#)
- 14.9 Council, 26 January 2022 - [Housing Revenue Account Business Plan 2022-2023 including Rent and Service Charges](#)

14.10 Individual Executive Decision Notice, 11 February 2022 – Green Homes Grant: Local Authority Delivery Phase 2 Grant Approval

15.0 Appendices

15.1 Appendix 1: Capital Strategy

15.2 Appendix 2: Detailed projected budget

15.3 Appendix 3: Detailed forecast change

15.4 Appendix 4: Projects requiring approval

15.5 Appendix 5: Virements for approval

15.6 Appendix 6: Summary of changes BCEJC Collaboration Agreement (2021) Removal of Advisory Board