

Report title	Capital Programme 2023-2024 to 2027-2028 Quarter Three Review and 2024-2025 to 2028-2029 Budget Strategy	
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	6 February 2024 28 February 2024

Recommendations for decision:

The Cabinet recommend that Council approve:

1. The updated City of Wolverhampton Capital Strategy.
2. The revised, medium term General Fund capital programme of £373.7 million, an increase of £14.6 million 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 5 to the report for:
 - i. existing projects totalling £6.4 million;
 - ii. new projects totalling £833,000.

2. Delegate authority to the Cabinet Member for Jobs, Skills and Education, in consultation with the Interim Director of Finance and the Director of Children's Services, to approve the allocation of the Childcare Expansion Programme capital budget to individual capital projects and to enter into required grant agreements and to make grant payments where appropriate, in order that projects can be progressed in an agile and timely manner.
3. Continue both delegations to the Portfolio Holder responsible for Resources, in consultation with the Interim Director of Finance, to approve the allocation of:
 - i. The Corporate Provision and Contingency for Future Programmes 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 the City of Wolverhampton Capital Strategy detailed at Appendix 1 is due to undergo further development and refinement. The result of this will be presented to members at a future meeting.

1.0 Purpose

- 1.1 To provide Cabinet with an update on the 2023-2024 financial performance of the General Fund and Housing Revenue Account (HRA) capital programmes, whilst also providing a revised forecast for 2023-2024 to 2027-2028 as at quarter three 2023-2024.
- 1.2 To recommend revisions to the current approved capital programme covering the period 2023-2024 to 2028-2029 and the updated City of Wolverhampton Capital Strategy.

2.0 Background

- 2.1 On 6 December 2023, Council approved a General Fund capital programme totalling £358.8 million and a HRA totalling £523.5 million for the period 2023-2024 to 2027-2028. Since reporting to Council on 6 December 2023 further reports have been approved, increasing the General Fund capital programme by £250,000 to £359.1 million, funded by external resources.
- 2.2 The capital programme underpins Our City: Our Plan, which was first approved by Council on 2 March 2022. 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 MTFS. The refreshed Our City: Our Plan is also scheduled to be considered by Cabinet on 21 February 2024 and Council on 28 February 2024.
- 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 Conscious
 - Driven by Digital
 - Fair and Equal
 - Wolverhampton Pound

- 2.7 The refreshed Our City: Our Plan includes the addition of the Wolverhampton Pound as one of our cross-cutting principles. Through the Wolverhampton Pound we want to retain and grow as much local wealth as possible, increasing local economic resilience, creating new jobs and opportunities.
- 2.8 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.
- 2.9 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.
- 2.10 Inflation has been at the highest it has been for four decades and there is considerable uncertainty and risk of inflationary pressures across the capital programme, increases in the cost of materials are 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 inflation.
- 2.11 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.
- 2.12 In light of ongoing financial challenges, as detailed in the 2024-2025 Budget and Medium Term Financial Strategy 2024-2025 to 2026-2027 on this same agenda, 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.
- 2.13 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

- 3.1 On 6 December 2023, Council approved a General Fund capital programme totalling £358.8 million for the period 2023-2024 to 2027-2028. Since then, further reports have been approved to increase this amount by £250,000 to £359.1 million, funded by external

resources. Full details can be found in Appendix 2 to the report and are summarised below:

- £250,000 for Digital Innovation Services for the establishment of a digital proof-of-concept capital budget to support the delivery of Council's digital innovation priorities, fully funded by Gainshare receipts generated through the Black Country superfast programme.

3.2 In addition to this, reallocation of resources totalling £3.2 million 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 3 to the report and are summarised below:

- £1.7 million for the Energy from Waste (EFW) plant to undertake required capital work to ensure continued operation of the plant in an efficient and cost-effective manner;
- £1.5 million for the Chubb Cinema to contribute towards the refurbishment and fit out works of the cinema space.

3.3 This report reflects all known approvals to 2 February 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 2 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	106,395	164,329	68,557	18,785	1,000	-	359,066
Variations							
New projects	383	783	-	-	-	-	1,166
Existing projects	(20,877)	(9,828)	30,098	9,058	5,000	-	13,451
	(20,494)	(9,045)	30,098	9,058	5,000	-	14,617
Projected	85,901	155,284	98,655	27,843	6,000	-	373,683
Financing							
Approved							
Internal resources	46,717	58,808	40,157	12,598	1,000	-	159,280
External resources	59,678	105,521	28,400	6,187	-	-	199,786
	106,395	164,329	68,557	18,785	1,000	-	359,066
Variations							
Internal resources	(10,068)	(374)	18,650	2,504	5,000	-	15,712
External resources	(10,426)	(8,671)	11,448	6,554	-	-	(1,095)
	(20,494)	(9,045)	30,098	9,058	5,000	-	14,617
Projected							
Internal resources	36,649	58,434	58,807	15,102	6,000	-	174,992
External resources	49,252	96,850	39,848	12,741	-	-	198,691
Projected	85,901	155,284	98,655	27,843	6,000	-	373,683

3.6 This report therefore (as set out in table above) recommends variations to the approved capital programme totalling an increase of £14.6 million which brings the total revised programme to £373.7 million.

3.7 Details of all projects that have contributed to the overall increase of £14.6 million in the General Fund capital programme can be found in Appendices 2 and 3 to the report, however, the key projects are as follows:

- The Corporate Provision and Contingency for Future Programmes budget have been revised upwards by £15.8 million over the medium-term capital programme, to ensure sufficient contingency is in place for future budget requirements and to support Council priorities. Budget provision has been incorporated into the Corporate Provision and Contingency for Future Programmes to be prudent at this stage and will be allocated to individual projects using appropriate delegations. Allocations will be reported at each Quarterly Review. Future requirements across the capital programme remain under review;
- There is £4.5 million increase relating to Disabled Facilities Grant capital programme due to grant allocation from the Department for Levelling Up, Housing and Communities (DLUHC);
- The increase above has been offset by a reduction of £4.9 million relating to the i54 Western Extension capital programme, recognising the underspend on the scheme related to specific grant and external contributions;

- In addition to this, there is a reduction of £1.0 million relating to Local Authority Delivery 3: Green Homes Grant capital project within City Housing due to time constraints of the grant;
- Further change to the budgets for existing projects relates to proposed virements to enable progress of new projects which are also seeking approval in this report. This amounts to £833,000 and is discussed in section 5 of the report.

3.8 On 24 January 2024, Council approved a revised HRA capital programme totalling £643.2 million for the period 2023-2024 to 2028-2029. Of the approved £643.2 million HRA budget, £118.7 million relates to the 2023-2024 financial year.

3.9 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	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
Projected	118,691	142,060	128,959	103,920	86,273	63,282	643,185
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
Projected							
Internal resources	115,016	142,060	128,959	103,920	86,273	63,282	639,510
External resources	3,675	-	-	-	-	-	3,675
Projected	118,691	142,060	128,959	103,920	86,273	63,282	643,185

4.0 Existing projects

4.1 The changes proposed for existing projects within the General Fund capital programme total an increase of £14.6 million as outlined in paragraph 3.6. A more detailed listing of the individual projects can be found in Appendices 2 and 3 to the report.

4.2 Requests for budget virements between existing projects within the General Fund capital programme total £2.1 million, a summary of these is available in Appendix 5 to the report.

4.3 The following paragraphs provide commentary on the key changes to budgets and an update on key projects.

Interchange

4.4 The focus of activity is 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 commenced operating from the two new tram stops (Pipers Row and Wolverhampton Railway Station) on 17 September 2023. In doing so, services calling at the existing tram stop at St. George's have been temporarily suspended to allow works to be undertaken to support the dual operation of services to St. Georges and the two new stops. Works have paused on site and discussions are ongoing to finalise the metro completion programme inclusive of the re-opening of the St. George's tram stop, remaining works along Pipers Row and Railway Drive and the station plaza urban realm works.

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 2025/26 academic year.
- 4.9 The tender process for the works to the Central Library are underway, 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. The current target completion for the Library 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.
- 4.11 Global manufacturer, Fortune Brands Innovations, have completed their building and are well advanced with their fitout of their specific manufacturing equipment to meet their manufacturing commencement target date in February 2024. The new state-of-the-art manufacturing centre of excellence will also be the Company's EMEA (Europe, Middle

East and Africa) headquarters facility. Recruitment and training support is being provided by the JV Partners as they commence operations and start to welcome staff to the new facility. Circa 250 permanent jobs will be generated over the next few years as they ramp up production, including training opportunities for apprentices and graduates. The HQ building will also include a Customer Experience Centre and Training Facility. Marketing continues for the remaining 25 acres which has seen some positive interest which is being considered by the JV Partners.

- 4.12 Financial projections over the last twelve months have indicated 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 and the implementation of various Management Company process and activities, latest estimates (including significant contingencies) indicate that there will be an overall JV project saving in the region of £12.6 million. The project has also secured additional grant support during its life as well as firm interest in the developed plots, both of which will have a positive impact on the Council's capital programme. The budgetary position has been updated to reflect this projected underspend, and can be found at Appendix 3 to this report, including £4.2m of Council resources which has been made available to support other capital priorities.
- 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.

Investment Prospectus Phase 1 Delivery Strategy

- 4.14 A Cabinet paper was approved in March 2023 which endorsed selection of five schemes across four sites based on criteria around land ownership, existing development agreements, developed scheme proposals and understanding of funding requirements, and secured a series of delegations towards their advancement.
- 4.15 As part of this programme, the delivery of a higher quality hotel has been identified by the Council as a priority for the city linked to the existing and emerging leisure demand.
- 4.16 Key challenges exist in the delivery of new hotel, a business case and delivery options paper with clear recommendations on implications in respect of any requirement for Council investment is being progressed alongside external commercial advice on market assessment, best practice and profit & loss models, alongside reviewing any potential commercial terms arising from the preferred delivery route.
- 4.17 At City Centre West, the English Cities Fund (ECF), the JV between nationwide placemaker, Muse, Legal & General, one of the UK's leading financial services groups and major global investor, 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 explore scheme proposals and potential routes to formally engage development partners to bring forward a comprehensive scheme on a phased basis.

- 4.18 Similarly, at St Georges, 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, at which point the Council will determine the best development option and delivery route for the scheme.

Green Innovation Corridor

- 4.19 The Council and the University of Wolverhampton submitted their LUF3 grant application submission on 16 February 2024 in order to secure £20 million worth of delivery funding. The proposals as part of the submission outline the development options for key sites on the Springfield campus to support ongoing Research & Development and new employment space for green industry companies. The delivery of the proposed developments is targeted for completion by March 2026.

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

- 4.20 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.
- 4.21 The scheme has received outline planning consent and Royal Institute of British Architects (RIBA) stage 4 design is complete with the project now out to tender and replies expected March 2024. The ground investigation and mineshaft remediation works are 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.
- 4.22 The project pre-tender estimate is within budget but requires value engineering proposals to be put forward by the tenderers. The procurement process has been structured to take advantage of market input to seek value engineering and design efficiencies. Based on the advice from the Quantity Surveyor and Project Manager the scheme has been de-risked and the budget and contingencies will be reviewed when the tender process is completed.

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

- 4.23 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.

- 4.24 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. Going forward site investigations are to be carried out to further help de-risk the project by understanding ground risk.
- 4.25 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. 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)

- 4.26 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.
- 4.27 The funding bid with the Brownfield Land Release Fund 2 (BLRF2) Round 3 is under preparation and targeted for submission in February 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) funding secured for the Loxdale and Stowheath schemes totalling £2 million.

Asset Decarbonisation

- 4.28 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.
- 4.29 In addition, the Council is currently undergoing a fleet electrification programme to help meet its net zero target. So far, it has introduced 42 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.

Bell Street Box Space

- 4.30 The Bell Street Box Space project “Bell Works” will create an entertainment and hospitality destination venue, to enhance the City’s visitor offer and to drive footfall along the recently pedestrianised Victoria Street. The project also includes new public car parking. It is now moving towards the delivery phase, with the venue planning application recently submitted. Alongside this, the team are exploring operating models.
- 4.31 Phase 1 works, including the demolition of 1-7A Cleveland Street, have been completed at below original forecast cost estimate. The Neville Garratt building has been acquired and vacated to enhance the site to enable it to accommodate on site Heavy Goods Vehicle (HGV) servicing and to divert National Grid buried cables and associated easements and facilitate the relocation of the existing substation to enable emergency vehicular access without adverse impact on the Box Space scheme.
- 4.32 The next phase of construction works is dependent upon planning permission and building regulation approval, with the main construction contract being aligned with plans to secure an operator of the required calibre to deliver the Council’s vision for this exciting visitor economy project.

City East Gateway – Phase 1 and 2

- 4.33 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.

The estimated £46 million scheme is at Outline Business Case (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 2023/2024 financial year, with delivery of the scheme expected to commence on site in 2025.

City Centre Public Realm

- 4.34 With support from the Towns Fund and CRSTS, and Active Travel Fund a £18 million next phase of improvements for the Lichfield Street and Queens Square 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 is due to commence Spring 2024 with a start on site later in the year.

Active Travel Schemes

- 4.35 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.
- 4.36 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 expected to commence Spring 2024 for Noose Lane and Autumn 2024 for Wednesfield Road.
- 4.37 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 Summer 2024/25.

Wednesfield Towns Fund

- 4.38 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.
- 4.39 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.
- 4.40 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)

- 4.41 The forecast for the HRA 2023-2024 capital programme as at quarter 3 totals £118.7 million, as approved by Council on 24 January 2024 as part of the Housing Revenue Account Business Plan 2024-2025 including Rent and Service Charges Cabinet report of the 17 January 2024. The report sets out investment plans up to 2028-2029 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, energy efficiency and replacing homes where it is no longer viable to maintain them .
- 4.42 The 2023-2024 forecast reflects an overall budget increase of £4.9 million, as was approved by Cabinet and Council in January 2024. This includes additional budget for Disabled Adaptations (£1.0 million), Internal Decency Works (£1.9 million) and Remedial works to non-traditional properties which are all related to demand.
- 4.43 Approval is sought to delegate authority to the Cabinet Member for Jobs, Skills and Education, in consultation with the Director of Finance and the Director of Children’s Services, to approve the allocation of the Childcare Expansion Programme capital budget to individual capital projects and to enter into required grant agreements and to make grant payments where appropriate, in order that projects can be progressed in an agile and timely manner.
- 4.44 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:
- i. The Corporate Provision and Contingency for Future Programmes 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.

5.0 New projects and virements

- 5.1 Table 3 provides a summary of new projects requiring approval, covering the period 2023-2024 to 2027-2028, 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	Additional external resources required	Virements from existing projects
	£000	£000	£000
General Fund	1,166	333	833
Total	1,166	333	833

- 5.2 The new projects requiring approval are funded from additional external resources of £333,000 and virements totalling £833,000. This is discussed below whilst a list of the virements can be found in Appendix 5 to the report:
- An increase funded externally relates to new project within Education. Approval is sought for the Childcare Expansion Programme for the provision of new early years entitlement and wraparound places, fully funded by grant allocation from the Department for Education (DfE).
- 5.3 New projects created through virements relate to Corporate Asset Management Fund, Education and Waste and Recycling Strategy capital programmes and are summarised below. A detailed list of new projects can be found in Appendix 5 to the report.
- 5.4 In summary, approval sought for the following new projects created through virements totalling £833,000:
- £450,000 is proposed for new project within the Corporate Asset Management Fund capital programme to ensure Council assets are statutory compliant and fit for purpose. Virement is proposed from existing Corporate Provision and Contingency for Future Programmes budget;
 - £150,000 is required for four new projects within the Schools Capital Maintenance capital programme to facilitate works across various schools in the City. Virements are funded from existing external resources available within the programme;
 - £140,000 is proposed for two new projects within the Schools Devolved Formula Capital programme to support ICT enhancement works in Nurseries and Primary schools. Virements are funded from existing external resources available within the programme;
 - £93,000 is requested for acquisition of dust suppression skips within the Waste and Recycling Strategy capital programme to meet the Health, Safety and Environment requirements. Virement is proposed from existing Corporate Provision and Contingency for Future Programmes budget.
- 5.5 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. It should be noted that there were two virements totalling £50,000 approved through the delegated authority to support urgent works which can be seen in the Appendix 6 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

2023-2024 to 2028-2029				
General Fund capital programme	Approved budget	Recommended budget	Variance	Resource as % of expenditure
	£000	£000	£000	
Expenditure	359,066	373,683	14,617	
Financing				
Internal resources				
Capital receipts	53,445	51,541	(1,904)	13.8%
Prudential borrowing	104,718	122,397	17,679	32.8%
Revenue contributions	1,117	1,054	(63)	0.3%
Reserves	-	-	-	0.0%
Subtotal	159,280	174,992	15,712	46.9%
External resources				
Grants & contributions	199,786	198,691	(1,095)	53.1%
Subtotal	199,786	198,691	(1,095)	53.1%
Total	359,066	373,683	14,617	100.0%

2023-2024 to 2028-2029				
Housing Revenue Account capital programme	Approved budget	Recommended budget	Variance	Resource as % of expenditure
	£000	£000	£000	
Expenditure	643,185	643,185	-	
Financing				
Internal resources				
Capital receipts	35,637	35,637	-	5.5%
Prudential borrowing	458,953	458,953	-	71.3%
Revenue contributions	2,289	2,289	-	0.4%
Reserves	142,631	142,631	-	22.2%
Subtotal	639,510	639,510	-	99.4%
External resources				
Grants & contributions	3,675	3,675	-	0.6%
Subtotal	3,675	3,675	-	0.6%
Total	643,185	643,185	-	100.0%

- 6.2 Capital receipts totalling £51.5 million have been assumed within the General Fund capital programme over the medium term period 2023-2024 to 2028-2029 and can be seen in Table 5. This is reduction of £1.9 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	7,400	6,200	16,500	7,400	9,000	5,000	51,500

- 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 A key risk currently to the Council's capital programme is the market rate of inflation and the impact this could have on costs to deliver projects. Inflation is at the highest it has been for four decades and there is considerable uncertainty which is impacting contract pricing. In addition to the inflationary risks there are also supply chain delays, which could impact completion dates on projects and result in further cost pressures. The position in relation to these risks, continues to be monitored and to mitigate these risks contingency budgets are being reviewed. The current market conditions are however unprecedented, therefore quantification of the value of risk to the Council at this time is difficult.
- 7.2 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](#)

- 7.3 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 are fully reflected in the treasury management budget forecasts included in the report 'Treasury Management Strategy 2024-2025' also on the agenda for approval at this meeting.
- 10.2 New capital grant notifications received during quarter three 2023-2024 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:

Service	Funding body	Name of grant	Project(s) funding	£000
City Housing	Department for Levelling Up, Housing and Communities	Disabled Facilities Grant	Disabled Facilities Grant capital works	4,500
School Planning & Resources	Department for Education	Childcare Expansion Grant	Childcare Expansion Programme	333
Enterprise	UK Shared Prosperity Fund via WMCA	UK Shared Prosperity Fund	UK Shared Prosperity Fund - Support to SMEs	14
City Development	Land and Property Investment Fund (from LEP)	LPIF - Plot Development Western Extension	*Western Extension Plot Development	(1,777)
City Housing	Department for Business, Energy and Industrial Strategy (BEIS) via Midlands Net Zero Hub	Local Authority Delivery 3 : Green Homes Grant	Local Authority Delivery 3 : Green Homes	(1,000)
Enterprise	European Regional Development Fund	ERDF - AIM for GOLD	*Aim for Gold	(45)
Total grant notifications				2,025

*Grant fully claimed, resources no longer required.

[RJ/12022024/J]

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.

[TC/09022024/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 environment 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 Council, 6 December 2023 - [Capital Programme 2023-2024 to 2027-2028 Quarter Two Review](#);

14.2 Cabinet (Resources) Panel, 13 December 2023 – [Transforming the Chubb Cinema to Boost City Centre Vibrancy](#);

14.3 Individual Executive Decision Notice, 13 December 2023 – [LEP Gainshare monies for Digital Innovation Purpose](#);

14.4 Council, 24 January 2024 - [Housing Revenue Account Business Plan 2024-2025 including Rent and Service Charges](#);

14.5 Individual Executive Decision Notice, 6 February 2024 – [Allocation of budget for EFW Enhancement work \(Turbine and Outage\)](#).

15.0 Appendices

15.1 Appendix 1: Capital Strategy 2024-2025;

15.2 Appendix 2: Detailed project budgets;

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: Virements to note.