

Cabinet Meeting

29 November 2017

Report title	Capital Programme 2017-2018 to 2021-2022 Quarter Two Review	
Decision designation	RED	
Cabinet member with lead responsibility	Councillor Andrew Johnson Resources	
Corporate Plan priority	Confident Capable Council	
Key decision	Yes	
In forward plan	Yes	
Wards affected	(All Wards)	
Accountable Director	Keith Ireland, Managing Director	
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	7 November 2017 13 December 2017

Recommendations for decision:

The Cabinet recommends that Council:

1. Approves the revised medium term General Fund capital programme of £339.3 million, an increase of £9.2 million from the previously approved programme (paragraph 2.4), reflecting the latest projected expenditure for the medium term.
2. Approves the net additional General Fund resources of £9.2 million identified for;
 - a. forty new projects totalling £26.3 million (paragraph 4.1);
 - b. thirty three existing projects net reduction totalling £17.1 million (paragraph 3.24)

The Cabinet is recommended to:

1. Approve the General Fund virements totalling £20.5 million detailed at Appendix C for;
 - a. existing projects totalling £2.1 million (paragraph 3.25);
 - b. new projects totalling £18.4 million (paragraph 4.2).
2. Approve the Housing Revenue Account (HRA) virements totalling £14.6 million detailed at Appendix C for;
 - a. existing projects totalling £9.8 million (paragraph 3.25);
 - b. new project totalling £4.8 million (paragraph 4.2).
3. Approve the updated schedules of works for the capital projects under the following directorate (paragraph 3.26);
 - a. Corporate: ICTS and in relation to Education; Building Schools for the Future (BSF), Primary School Expansion Programme and Schools Capital Maintenance (Appendix D1).
 - b. People: Sports Investment Strategy, Co-location Programme, Children in Need - Aiming High for Disabled Children and Early Education - Two Year Education Pilot (Appendix D2).
 - c. Place: Corporate Asset Management Programme, Urban Parks Refurbishment Programme, Disposals Programme, Accessing Growth Fund, Southside Programme, Maintenance of unclassified roads, Non - Highway Structures, Highway Improvement Programme, Safety Programme, Maintenance of classified roads, Lighting up the City and Local Growth Funding (LGF) Feasibility (Appendix D3).
4. Delegate authority to the Cabinet Member for City Assets in consultation with the Head of Corporate Landlord to approve the allocation of the Energy Efficiency measures provision for future programmes budget, to individual capital projects suitably meeting set criteria, in order that they may be progressed in a timely manner (paragraph 3.27).
5. Approve the joint integrated funding approach with the West Midlands Combined Authority with regards the Wolverhampton Interchange Programme (paragraph 3.30).

Recommendations for noting:

The Cabinet is asked to note:

1. That the General Fund expenditure position at quarter two of 2017-2018 for existing projects stands at 83.9% of the profiled projected budget (paragraph 3.3).
2. That the General Fund forecast outturn for existing projects for 2017-2018 stands at 86.1% of the approved capital budget (paragraph 3.1).

3. That the HRA expenditure position at quarter two of 2017-2018 for existing projects stands at 97.6% of the profiled projected budget (paragraph 3.4).
4. That the HRA forecast outturn position for existing projects for 2017-2018 stands at 73.0% of the approved capital budget (paragraph 3.1).
5. That there are three new projects requiring internal resources for Primary School Expansion Programme included in this report but which are subject to a separate detailed project report 'School Expansion Schemes' on this agenda. The inclusion of these projects is for budget approval purposes and is on the assumption that the approval to progress with each project is given today. As their progression is dependent on that decision, if the projects are not approved, the capital programme will be reduced accordingly. The names of the projects are:
 - Loxdale Primary;
 - Spring Vale Primary;
 - Stowlawn Primary.

1.0 Purpose

- 1.1 To provide Cabinet with an update on the 2017-2018 financial performance of the General Fund and Housing Revenue Account (HRA) capital programmes and the revised forecast for 2017-2018 to 2021-2022 as at quarter two of 2017-2018.
- 1.2 To recommend revisions to the current approved General Fund and HRA capital programmes covering the period 2018-2019 to 2021-2022.

2.0 Executive summary

- 2.1 This report considers specific changes to budgets. A full list of the capital programme can be found here:
<http://www.wolverhampton.gov.uk/article/7046/Medium-Term-Capital-Programme>
- 2.2 At its meeting on 19 July 2017, Council approved a General Fund capital programme totalling £247.5 million for the period 2017-2018 to 2021-2022. Since then further reports submitted to Councillors have been approved to increase this amount by £82.6 million to £330.1 million. The increase in the capital programme is due to amendments to existing and new projects including the City Learning Quarter, the Digital Transformation Programme and the School Expansion Programme. Of the approved capital programme totalling £330.1 million, £138.3 million relates to the 2017-2018 financial year.
- 2.3 Table 1 below shows the approved General Fund budget compared with that proposed, along with the resources identified to finance the proposed change.

Table 1: Summary of the General Fund projects requiring approval

General Fund	2017 - 2018	2018 - 2019	2019 - 2020	2020 - 2021	2021 - 2022	Total
	£000	£000	£000	£000	£000	£000
Budget						
Approved	138,265	148,308	17,859	23,089	2,546	330,067
Projects requiring approval:						
New projects	4,273	22,052	-	-	-	26,325
Existing projects	(19,239)	(629)	2,564	213	-	(17,091)
	(14,966)	21,423	2,564	213	-	9,234
Projected	123,299	169,731	20,423	23,302	2,546	339,301
Financing						
Approved						
Internal resources	106,099	97,146	12,617	22,088	2,546	240,496
External resources	32,166	51,162	5,242	1,001	-	89,571
	138,265	148,308	17,859	23,089	2,546	330,067
Projects requiring approval						
Internal resources	(13,129)	12,219	2,566	213	-	1,869
External resources	(1,837)	9,204	(2)	-	-	7,365
	(14,966)	21,423	2,564	213	-	9,234
Projected						
Internal resources	92,970	109,365	15,183	22,301	2,546	242,365
External resources	30,329	60,366	5,240	1,001	-	96,936
Variance	123,299	169,731	20,423	23,302	2,546	339,301

- 2.4 This report recommends variations to the approved programme totalling an increase of £9.2 million bringing the total revised programme to £339.3 million.
- 2.5 Expenditure to the end of quarter two 2017-2018 for existing projects totals £22.0 million. This represents 83.9% of the profiled projected budget.
- 2.6 A forecast outturn for 2017-2018 for existing projects totals £119.0 million; this represents 86.1% of the approved budget.
- 2.7 On 19 July 2017, Council approved a revised HRA capital programme totalling £228.1 million for the period 2017-2018 to 2021-2022. Of this, £52.3 million relates to the 2017-2018 financial year.
- 2.8 Table 2 below shows the approved HRA budget compared with that proposed, along with the resources identified to finance the proposed change.

Table 2: Summary of the HRA projects requiring approval

Housing Revenue Account	2017 - 2018	2018 - 2019	2019 - 2020	2020 - 2021	2021 - 2022	Total
	£000	£000	£000	£000	£000	£000
Budget						
Approved	52,295	62,358	53,197	60,223	-	228,073
Projects requiring approval:						
New projects	-	500	3,000	1,300	-	4,800
Existing projects	(14,113)	(1,670)	6,675	(428)	4,736	(4,800)
	(14,113)	(1,170)	9,675	872	4,736	-
Projected	38,182	61,188	62,872	61,095	4,736	228,073
Financing						
Approved						
Internal resources	51,842	61,858	53,197	60,223	-	227,120
External resources	453	500	-	-	-	953
	52,295	62,358	53,197	60,223	-	228,073
Projects requiring approval						
Internal resources	(13,693)	(1,590)	9,675	872	4,736	-
External resources	(420)	420	-	-	-	-
	(14,113)	(1,170)	9,675	872	4,736	-
Projected						
Internal resources	38,149	60,268	62,872	61,095	4,736	227,120
External resources	33	920	-	-	-	953
Projected	38,182	61,188	62,872	61,095	4,736	228,073

- 2.9 Expenditure to the end of quarter two 2017-2018 for HRA existing projects totals £11.7 million. This represents 97.6% of the profiled projected budget.
- 2.10 A forecast outturn for 2017-2018 for existing projects totals £38.2 million; this represents 73.0% of the approved budget.
- 3.0 Existing projects**
- 3.1 Table 3 provides an analysis of the projected budget forecast and the variations compared the approved budget for existing projects. The table also shows the value of

re-allocations from existing projects to new projects requiring approval. This is where budgets were previously approved at a programme level and now require allocation to individual projects. These new projects which are seeking approval can be found in section 4 'New projects and virements'.

Table 3: Projected budgets for existing projects as at the end of quarter two of 2017-2018

	General Fund				HRA £000	Total Capital Programme £000	Paragraph number
	Corporate £000	People £000	Place £000	Total £000			
2017-2018							
Approved budget	65,714	3,869	68,682	138,265	52,295	190,560	
Projected budget	59,283	2,863	56,880	119,026	38,182	157,208	2.6, 2.8
Forecast as % of approved budget	90.2%	74.0%	82.8%	86.1%	73.0%	82.5%	2.6, 2.8
Variance projected v approved over/(under)	(6,431)	(1,006)	(11,802)	(19,239)	(14,113)	(33,352)	3.5, 3.18
Variance represented by:							
Re-phasing	(5,756)	(1,173)	(10,491)	(17,420)	(14,113)	(31,533)	3.6-3.12, 3.18
Increase/(decrease)	(249)	167	(1,261)	(1,343)	-	(1,343)	3.13-3.16
Re-allocation to new projects requiring approval	(426)	-	(50)	(476)	-	(476)	3.17
Financing for projected variance:							
Internal resources	(3,394)	(877)	(9,635)	(13,906)	(13,693)	(27,599)	
Internal resources re-allocation to new projects requiring approval	(250)	-	-	(250)	-	(250)	
External resources	(2,611)	(129)	(2,117)	(4,857)	(420)	(5,277)	
External resources re-allocation to new projects requiring approval	(176)	-	(50)	(226)	-	(226)	
2018-2019 to 2021-2022							
Approved budget	84,159	457	107,186	191,802	175,778	367,580	
Projected budget	74,566	1,630	117,754	193,950	185,091	379,041	3.19
Variance projected v approved over/(under)	(9,593)	1,173	10,568	2,148	9,313	11,461	3.19
Variance represented by:							
Re-phasing	5,756	1,173	10,491	17,420	14,113	31,533	3.19
Increase/(decrease)	1,751	-	77	1,828	(4,800)	(2,972)	3.20-3.22
Re-allocation to new projects requiring approval	(17,100)	-	-	(17,100)	-	(17,100)	3.23
Financing for projected variance:							
Internal resources	2,135	867	9,060	12,062	8,893	20,955	
Internal resources re-allocation to new projects requiring approval	(13,824)	-	-	(13,824)	-	(13,824)	
External resources	5,372	306	1,508	7,186	420	7,606	
External resources re-allocation to new projects requiring approval	(3,276)	-	-	(3,276)	-	(3,276)	
Overall summary							
Projected budget	133,849	4,493	174,634	312,976	223,273	536,249	
Variance projected v approved over/(under)	(16,024)	167	(1,234)	(17,091)	(4,800)	(21,891)	3.24
Variance represented by:							
Re-phasing	-	-	-	-	-	-	
Increase/(decrease)	1,502	167	(1,184)	485	(4,800)	(4,315)	3.24
Re-allocation to new projects requiring approval	(17,526)	-	(50)	(17,576)	-	(17,576)	

2017-2018 Approved budget

- 3.2 In order to identify the progression of capital projects so far in 2017-2018 Table 4 compares the capital expenditure as at September 2017 with the profiled projected budget for the same period.

Table 4: Movement from approved budget to profiled projected budget compared to expenditure to the end of quarter two 2017-2018

	General Fund				HRA	Total Capital Programme
	Corporate	People	Place	Total		
	£000	£000	£000	£000	£000	£000
2017-2018						
Approved budget	65,714	3,869	68,682	138,265	52,295	190,560
Re-phasing of existing projects	(5,756)	(1,173)	(10,491)	(17,420)	(14,113)	(31,533)
Increase/(decrease) of existing projects	(675)	167	(1,311)	(1,819)	-	(1,819)
Projected budget	59,283	2,863	56,880	119,026	38,182	157,208
Projected budget to be spent in quarters three and four	(52,074)	(1,764)	(38,904)	(92,742)	(26,238)	(118,980)
Profiled projected budget for quarter two	7,209	1,099	17,976	26,284	11,944	38,228
Expenditure at the end of quarter two	6,419	698	14,927	22,044	11,652	33,695
Expenditure as % of profiled budget	89.0%	63.5%	83.0%	83.9%	97.6%	88.1%

- 3.3 General Fund capital expenditure to the end of quarter two stands at £22.0 million against the profiled projected budget of £26.3 million, which represents 83.9% of the profiled projected budget.
- 3.4 HRA capital expenditure to the end of quarter two stands at £11.7 million, against the profiled projected budget of £11.9 million, which represents 97.6% of the profiled projected budget.
- 3.5 As shown in Table 3, the latest financial monitoring information indicates that General Fund capital expenditure during 2017-2018 will be lower than the approved budget by £19.2 million. Of this, £17.4 million is due to re-phasing of projects whilst £1.3 million relates to a decrease in the programme with £476,000 relating to re-allocations from existing to new projects. Further details are discussed in the paragraphs below.
- 3.6 Corporate Directorate: there is re-phasing of £5.8 million which is a net position of £6.0 million slippage from 2017-2018 and £240,000 acceleration into 2017-2018. The main items of this re-phasing being;
- £5.9 million re-phasing for Primary Expansion Programme to develop future projects;
 - £240,000 relating to the Transformation Development Efficiency Strategy. This is for the development of transformation projects funded by the capital receipts flexibility announced in the Autumn Statement 2015. This has a direct relationship to the availability of capital receipts and therefore, any changes in timing or amount of receipts impacts upon this expenditure budget.

3.7 People Directorate: there is re-phasing of some £1.2 million, the main items being;

- £357,000 relating to the Community Hubs provision for future programmes, current project development timescales indicate this will be required in 2018-2019;
- £260,000 for the Sports Investment Strategy due to delays in finalising procurement details for Barnhurst Land Pitches and in agreeing a solution to an issue in relation to the Synthetic Pitch at Our Lady & St Chad's School project;
- Re-phasing of some £250,000 for Sexual Health project is due to all public health contracts being under review. A decision whether the project will proceed is anticipated to be made in 2018-2019;
- £102,000 relating to the Bowling provision for the future programmes. Initial discussions have commenced to agree how the project will proceed in 2018-2019.

3.8 Place Directorate: there is re-phasing of £10.5 million with the main items being discussed in the paragraphs below by service area.

3.9 City Economy: the main items of re-phasing relate to;

- £2.8 million covering both the City Learning Quarter and the Strategic Land Acquisitions to reflect estimated timescales for acquisitions;
- £1.3 million relating to the Black Country Growth Deal – Cultural Programme. There has been a delay in works due to continued asbestos removal and the reinstatement of building for events during October to December.

3.10 City Environment: the main items of re-phasing are;

- £1.4 million for Vehicles (Procurement) project – this reflects the re-phasing of current budget allocations as a result of planned procurement and the anticipated future outcome of ongoing passenger transport reviews;
- £1.2 million for Street Lighting to reflect anticipated project delivery timescales;
- Re-phasing of some £319,000 due to the re-prioritisation of resources as a result of a successful ERDF Blue Network bid funding works at Wyrley and Essington Canal and Smestow Valley.

3.11 City Housing: the main items of re-phasing relate to;

- £778,000 against Disabled Facilities Grant project to reflect the timescales of delivery;
- £489,000 for Housing General Schemes – Small Works which is a rolling programme where the expenditure is demand led.

3.12 Corporate Landlord: the main items of re-phasing are below;

- £850,000 relating to the Disposals Programme (Non-Strategic) reflects programme delivery plans;
- £213,000 for Energy Efficiency Measures proposed re-phasing allowing for the production of a plan for use of the energy efficiency reserve funding meeting set criteria.

- 3.13 The projected forecast decrease of £1.3 million for the General Fund 2017-2018 capital expenditure is a net position which is discussed below.
- 3.14 Corporate Directorate: a net decrease of £249,000 which is mainly due to the following;
- An increase of £344,000 relates to the Transformation Development Efficiency Strategy which is linked to availability of capital receipts as explained in paragraph 3.6;
 - A decrease of £208,000 relates to the Schools Capital Maintenance programme within the Director of Education due to virements to support new projects;
 - £292,000 for the Building Schools for the Future (BSF) programme due to project completions;
 - A decrease of some £115,000 for Corporate Contingency due to virements to facilitate costs of new and existing projects.
- 3.15 People Directorate: an increase of £167,000 which is due to the following;
- External grant of £167,000 for Co-Location Programme – Children’s Transformation projects due to changes in specification and schedule of works for Bingley and increased costs for Eastfield.
- 3.16 Place Directorate: a net decrease of £1.3 million which is mainly due to the following;
- An increase of £627,000 relates to Accessing Growth Fund – Pinfold Bridge project. This is due to underground services and late design changes which were required to accommodate a temporary pedestrian footbridge during the period of works;
 - A decrease of £678,000 for Highway Structures (bridges, subways, retaining walls) programme, £600,000 is due to anticipated external funding not being secured with the remaining £78,000 being a virement to support the increased costs of Pinfold Bridge;
 - £458,000 decrease for Highway Improvement Programme, £358,000 relates to a change in delivery methods with Walsall Metropolitan Borough Council who will now incur costs directly rather than via the Council. There is a further virement of £73,000 towards Pinfold Bridge project;
 - A decrease of £428,000 for Maintenance of classified roads programme due to the reallocation of resources to accommodate an increased cost of works on Pinfold Bridge;
 - Further decrease of some £208,000 for Southside due to reallocation of resources to bring forward a new project for the demolition of Burdett House.
- 3.17 There are re-allocation virements proposed from existing to new projects of £476,000; the main item being within the Corporate Directorate: £426,000 from provisions for future programmes with regards Schools Capital Maintenance programmes to individual projects as detailed in Appendix C.
- 3.18 As shown in Table 4, the latest financial information indicates that HRA capital expenditure during 2017-2018 will be lower than the approved budget by £14.1 million due to re-phasing of projects which is discussed below.

- £5.3 million relates to Decent Homes – Stock Improvements programme due to delivery of external works at Heath Town being placed on hold, following the Grenfell Tower fire, to allow for scrutiny of specification of cladding;
- £4.7 million relates to Burton Crescent and WV Living Units – both programmes are scheduled to start in 2018-2019;
- Further £4.1 million relates to Tap Works site due to anticipated delivery timescales.

2018-2019 to 2021-2022 Approved budget

- 3.19 The latest financial monitoring information shown in Table 3 indicates that General Fund capital expenditure for 2018-2019 to 2021-2022 will be higher than the approved budget by £2.1 million. Of this, £17.4 million is due to re-phasing of capital expenditure across the life of the capital programme as discussed in the previous paragraphs above.
- 3.20 The projected budget increase of £1.8 million for the General Fund is discussed below.
- 3.21 Corporate Directorate: the forecast increase of £1.8 million is due to the following;
- An increase of some £150,000 for Corporate Contingency as a result of virements from two projects within the Place Directorate that are no longer being progressed - Steel Park Way - two electric kerb risers and Murdoch Road - single road blocker;
 - An increase of £1.6 million for Primary Schools Expansion Programme, this is subject to a separate detailed project report 'School Expansion Schemes' on this agenda;
- 3.22 Place Directorate: the forecast net increase of £77,000 is due to the following;
- A reduction of £150,000 due to a virement to the Corporate Directorate mentioned in the paragraph above;
 - A reduction of £205,000 due to a virement from Corporate Landlord Disposals Programme to Blue Network – Smestow Valley Local Nature Reserve within City Economy;
 - An increase of £432,000 relating to a grant award for Art Gallery Improvement Scheme within Development of Cultural Estate.
- 3.23 There are re-allocation virements proposed from existing to new projects of £17.1 million. This is within the Corporate Directorate for Primary Schools Expansion Programme to support new projects. The budget was originally approved on a programme level and now requires allocation to the individual projects detailed in the report 'School Expansion Schemes' also on the agenda. The approval for the individual projects which is being sought in this meeting can be found in section 4 'New projects and virements'.

Overall summary

- 3.24 A detailed analysis of projected net decrease of capital expenditure totalling £21.9 million for existing projects can be found in Appendix A. Of this, £17.1 million relates to the General Fund and £4.8 million to the HRA. However, after taking into account re-allocation virements to specific projects the net General Fund increase is £485,000, the HRA balance remains unchanged.
- 3.25 Requests for budget virements between existing projects for the General Fund and HRA totalling £2.1 million and £9.8 million respectively are detailed in Appendix C.
- 3.26 Ancillary schedules of General Fund works for approval are detailed in appendices D1 to D3.
- 3.27 Approval is sought to delegate authority to the Cabinet Member for City Assets in consultation with the Head of Corporate Landlord to approve the allocation of the Energy Efficiency measures provision for future programmes budget, to individual capital projects suitably meeting set criteria, in order that they may be progressed in a timely manner.
- 3.28 As reported to Cabinet on 22 February 2017, an extensive review of the ICT capital programme was being undertaken within the Corporate Directorate; this review includes phase 2 of the Digital Transformation Programme. This review is still ongoing and the outcome will be subject to a separate report to Councillors.
- 3.29 As part of the Interchange Phase 1 (Bus Station) project, a Regional Infrastructure Fund (RIF) loan of £9.5 million was provided by Advantage West Midlands (AWM) to support the project. The loan is repayable in two tranches, the first payment was made in June 2014 (£3.2 million) with the second scheduled for March 2018 (£6.3 million). Following the abolition of AWM, the responsibility for the loan transferred over to Homes and Communities Agency (HCA) and it required the first tranche to be repaid on the due date. Subsequently, the HCA offered a grant payment of an equivalent sum to Council for the development of i10 and i11 which was required to be spent by March 2015. Options are to be explored to re-finance the final tranche of the loan.
- 3.30 At its meeting of 13 September 2017 Cabinet considered the report 'Wolverhampton Interchange Programme'. In the report approval was given to utilise the allocation of £15.0 million of prudential borrowing to fund project expenditure to enable the entire project to be delivered. The West Midlands Combined Authority (WMCA) are seeking approval, via their own reporting processes, for a matched £15.0 million on 8 December 2017. As part of the discussions with WMCA officers and in order to deliver a truly integrated approach to the project, ensuring both station and metro is delivered, the following joint approach to funding is proposed for the remainder of the project.
- The project will first of all utilise all other funding sources to the benefit of the project as a whole, this is currently estimated at £51.8 million.

- Once other funding sources have been exhausted, it is proposed to apply the additional contributions from WMCA and the Council on an equal basis. Currently to meet the anticipated £69.3 million project cost, this would mean using £17.5 million (£8.75 million from each authority) of the total £30.0 million additional funding.
- The residual additional funding will be held in a project contingency and applied only to meet essential additional costs arising but otherwise unfunded on an equal application basis. The contingency based on current project costs would be £12.5 million (£6.25 million held by each authority).
- Should the project be left with unallocated contingencies at the end of the project, the monies will be returned to the two local authorities on an equal 50/50 share basis.

Approval is being sought to accept the above integrated approach for the Wolverhampton Interchange Programme.

4.0 New projects and virements

- 4.1 Table 5 provides an analysis of forecast outturn for the new projects requiring approval, covering the period 2017-2018 to 2021-2022, 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 B.

Table 5: Analysis of new projects requiring approval

Directorate	2017-2018 to 2021-2022		
	Forecast outturn	Additional external resources required	Virements from existing projects
	£000	£000	£000
Corporate	17,712	-	17,712
People	-	-	-
Place	8,613	7,967	646
Total General Fund	26,325	7,967	18,358
Housing Revenue Account	4,800	-	4,800
Total HRA	4,800	-	4,800
Total Capital Programme	31,125	7,967	23,158

- 4.2 The new projects requiring approval are funded from a mixture of internal and external resources and virements of £23.2 million (see Table 5 for split over funds) from the existing projects as detailed in Appendix C.
- 4.3 The main new projects requiring approval (see additional resources in Table 5) are discussed below.

- 4.4 Place Directorate: there is an approval for a budget increase of £8.0 million for ten new projects which are all externally funded;
- An increase totalling £7.3 million relates to Accessing Growth Fund programme. Approval to a number of projects is sought, wholly funded by external grant which has been approved by the Black Country Local Enterprise Partnership. This is in anticipation of receiving a positive grant offer letter, in order to allow work to progress in a timely manner to achieve agreed project milestones.
 - Some £581,000 relates to Blue Network programme for environmental site improvements across the Black Country;
 - Finally, £70,000 relates to Traffic Calming to Glaisher Drive, Science Park within the Safety Programme. The works are to be carried out on behalf of Wolverhampton University and funded by way of a contribution from the University, covering fully all associated costs incurred.
- 4.5 New projects created through virements from existing projects can be found in Appendix C with the main items discussed below.
- 4.6 The virements totalling £17.7 million for Corporate Directorate are required for the following works;
- £17.1 million for the Primary School Expansion Programme to support new projects which are detailed in the report 'School Expansion Schemes' also on the agenda;
 - £612,000 to be approved for fourteen new Capital Maintenance projects within Director of Education relates to the emergency works that are required across various school sites;
 - Further £75,000 is required for asbestos removal works.
- 4.7 The virements totalling £646,000 for Place Directorate include the establishment of twelve new projects for the following works;
- £225,000 relates to the demolition of Burdett House;
 - £205,000 for Blue Network programme required for the environmental site improvements across the Black Country;
 - Some £110,000 relates to new projects proposed within the work streams of the Corporate Asset Management programme as a result of a reprioritisation of works;
 - and finally, £106,00 relates to Local Growth Funding (LGF) Feasibility projects - the master planning work to design public realm connecting the housing sites around the Royal across the ring road into the city centre and to bring forward sites for new employment uses as part of the Industrial Sites Strategy.

5.0 Medium term capital programme

- 5.1 Table 6 details the approved financing for the capital programme for 2017-2018 to 2021-2022 and incorporates the requested approvals for projects included in this report.

Table 6: Approved and forecast capital financing 2017-2018 to 2021-2022

2017-2018 to 2021-2022				
General Fund	Approved budget	Recommended budget	Variance	Resource as % of expenditure
	£000	£000	£000	
Expenditure	330,067	339,301	9,234	
Financing				
Internal resources				
Capital receipts	25,448	26,830	1,382	7.9%
Prudential borrowing	214,129	214,616	487	63.3%
Revenue contributions	919	919	-	0.3%
Reserves	-	-	-	0.0%
Subtotal	240,496	242,365	1,869	71.5%
External resources				
Grants & contributions	89,571	96,936	7,365	28.5%
Subtotal	89,571	96,936	7,365	28.5%
Total General Fund	330,067	339,301	9,234	100.0%

2017-2018 to 2021-2022				
Housing Revenue Account (HRA)	Approved budget	Recommended budget	Variance	Resource as % of expenditure
	£000	£000	£000	
Expenditure	228,073	228,073	-	
Financing				
Internal resources				
Capital receipts	23,037	25,158	2,121	10.9%
Prudential borrowing	115,858	113,678	(2,180)	49.7%
Reserves	88,225	88,284	59	38.6%
Subtotal	227,120	227,120	-	99.2%
External resources				
Grants & contributions	953	953	-	0.8%
Subtotal	953	953	-	0.8%
Total HRA	228,073	228,073	-	100.0%

- 5.2 Capital receipts totalling £26.8 million have been assumed within the General Fund capital programme for quarter two and can be seen in Table 7. This is an increase of £1.4 million when compared to the approved budget, which has arisen as a result of an increased forecast from sales totalling £454,000 and some £927,000 due to re-phasing of receipts and capital requirements. In order to be prudent a detailed review of the schedule of disposals is undertaken to identify only those that are likely to be completed. The planned utilisation of capital receipts reflects the need to balance the benefit for both the capital programme and the revenue budget.

Table 7: Receipts assumed in the revised General Fund capital programme

	Projected					Total £000
	2017 - 2018 £000	2018 - 2019 £000	2019 - 2020 £000	2020 - 2021 £000	2021 - 2022 £000	
General Fund capital receipts	4,100	15,400	5,300	1,000	1,000	26,800

6.0 Key budget risks

- 6.1 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:

<http://www.wolverhampton.gov.uk/article/7046/Medium-Term-Capital-Programme>

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

7.0 Evaluation of alternative options:

- 7.1 This report provides an update on progress of capital projects during 2017-2018 and anticipated budget requirements for future years. The evaluation of alternative project options are detailed in individual investment proposals.

8.0 Reasons for decisions:

- 8.1 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.

9.0 Financial implications

- 9.1 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 can be seen in the table below. These will be fully reflected in the treasury management budget forecast to be reported to Cabinet on 29 November 2017 in the 'Treasury Management Activity Monitoring – Mid Year Review 2017-2018' report.

	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022
	£000	£000	£000	£000	£000
Forecast cumulative impact:					
interest	(2)	47	47	47	47
minimum revenue provision	-	(2)	34	36	37
Net revenue cumulative impact for General Fund	(2)	45	81	83	84

[SH/31102017/Y]

10.0 Legal implications

- 10.1 Section 151 of the local Government Act 1972 requires local authorities to make arrangements for the proper administration of their financial affairs.
- 10.2 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.

- 10.3 The Council is required to comply with statutory codes of practice including current Financial Procedure Rules and the Prudential Code for Capital Finance in Local Authorities and Treasury Management in Public Services.
- 10.4 The legal framework therefore places a greater responsibility on Cabinet Members to ensure properly managed borrowing and capital expenditure without the need for government consent.
- 10.5 The main principles of the framework are prudence, sustainability and affordability. These statutory requirements are taken into account when making recommendations about the revised medium term General Fund capital programme.
[TS/31102017/T]

11.0 Equalities implications

- 11.1 Under the Equality Act 2010, the Council has a statutory duty to pay due regard to the impact of how it carries out its business on different groups of people. This is designed to help the Council identify the particular needs of different groups and reduce the likelihood of discrimination; the nine equality strands covered by the legislation are:
- Age
 - Disability
 - Gender reassignment
 - Pregnancy and Maternity
 - Religion or Belief
 - Race
 - Sex
 - Sexual Orientation
 - Marriage and Civil Partnership (this strand only applies to employment and not to service delivery).

These strands include everyone.

- 11.2 Cabinet Members should also be aware that under the Equality Act 2010, they must have due regard to the Public Sector Equality Duty when making budget decisions. What this means in practice is that Cabinet Members must consciously think about the three aims of the Public Sector Equality Duty as part of the decision making process, the three aims are to have due regard to the need to:
- Eliminate discrimination, harassment and victimisation.
 - Advance equality of opportunity by removing or minimising disadvantages, meet differing needs and encourage participation.
 - Foster good relations between people from different groups.
- 11.3 Consideration of equality issues must influence the decisions reached by public bodies including:
- How they act as employers.
 - How they design, deliver and evaluate services.
 - How they commission and procure from others.

- 11.4 The Brown Principles, established as a result of a legal case concerning Post Offices closures in 2008, provide an important checklist when making decisions:
- Decision makers must be made aware of their duty to have due regard to the identified goals.
 - Due regard must be fulfilled before and at the time that a particular decision is being considered, not afterwards.
 - The duty must be exercised in substance, with rigour and with an open mind. It is not a question of ticking boxes.
 - The duty is not delegable; it must be fulfilled by the organisation in question rather than through the use of an external body to do it to the organisation.
 - The duty is a continuing one.
 - It is good practice to keep an adequate record showing that it has considered the identified needs.
- 11.5 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 schemes are being developed.
- 11.6 This requirement would also apply if there were to be any redirection of capital funding in year so as to ensure that the impact of any changes is considered.

12.0 Environmental implications

- 12.1 A wide range of projects delivered through the capital programme have significant environmental implications and are geared to promote improvements to the physical environment.

13.0 Corporate landlord implications

- 13.1 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.

14.0 Schedule of background papers

- 14.1 Budgets for Black Country Transformational GOLD – Individual Executive Decision Notice signed off on 3 October 2016.
- 14.2 Capital budget outturn 2016/17 including quarter one capital budget monitoring 2017/18 – Report to Cabinet on 27 June 2017, Council on 19 July 2017.
- 14.3 Transportation Network – Dudding Road and Wolverhampton Road – Road Safety Scheme – Individual Executive Decision Notice signed off on 20 July 2017.
- 14.4 Lighting Up the City Phase 1 – Showcasing the City using Lighting and Greenery – Report to Cabinet (Resources) Panel on 25 July 2017.

- 14.5 Demolition of Garages at Hilton Road, Lanesfield – Report to Cabinet (Resources) Panel on 25 July 2017.
- 14.6 Electric Vehicle Infrastructure Scheme – Report to Cabinet on 13 September 2017, Council on 8 November 2017.
- 14.7 City of Wolverhampton College – Report to Cabinet on 13 September 2017, Council on 20 September 2017.
- 14.8 Improving Pedestrian Safety – Report to Cabinet on 13 September 2017, Council on 20 September 2017.
- 14.9 Cricket Provision Capital Report – Report to Cabinet on 18 October 2017.
- 14.10 Digital Transformation Programme 2017 – 2020 – Report to Cabinet on 18 October 2017, Council on 8 November 2017.
- 14.11 School Expansion Schemes – Report to Cabinet on 29 November 2017.

15.0 Schedule of appendices

Appendix	Title
A	Analysis of projected change in expenditure
B	Projects requiring approval
C	Virements
D	Ancillary schedule of works