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| Report title | Capital Programme 2023-2024 to 2027-2028 Quarter Two Review | |
| 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 | Claire Nye Tel Email | Director of Finance 01902 550475 Claire.nye@wolverhampton.gov.uk |
| Report to be/has been considered by | Strategic Executive Board Council | 31 October 2023 6 December 2023 |

Recommendations for decision:

The Cabinet recommend that Council approve:

1. The revised, medium term General Fund capital programme of £358.8 million, an increase of £9.0 million from the previously approved programme, and the change in associated resources.
2. The revised, medium term Housing Revenue Account (HRA) capital programme of £523.5 million, a net decrease of £5.0 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 4 to the report for:
 - i. existing projects totalling £5.4 million;
 - ii. new projects totalling £1.3 million.

2. Approve the virements for the HRA capital programme detailed at Appendix 4 to the report for:
 - i existing projects totalling £8.9 million.

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 two 2023-2024.
- 1.2 To recommend revisions to the current approved capital programme covering the period 2023-2024 to 2027-2028.

2.0 Background

- 2.1 On 19 July 2023, Council approved a General Fund capital programme totalling £338.2 million and a HRA totalling £528.5 million for the period 2023-2024 to 2027-2028. Since reporting to Council on 19 July 2023 further reports have been approved, increasing the General Fund capital programme by £11.6 million to £349.8 million, funded by external resources.
- 2.2 The capital programme underpins Our City: Our Plan, which was approved by Council on 1 March 2023.
- 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 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.
- 2.5 Supporting the six overarching priorities are three cross cutting principles
 - Climate Action
 - Driven by Digital
 - Fair and Equal
- 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 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.

- 2.8 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.
- 2.9 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. 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 17 July 2023, Council approved a General Fund capital programme totalling £338.2 million for the period 2023-2024 to 2027-2028. Since then, further reports have been approved to increase this amount by £11.6 million to £349.8 million, funded by external resources. Full details can be found in Appendix 1 to the report and are summarised below:

- £9.5 million for the City Learning Quarter (CLQ). The revised budget and funding strategy for the CLQ was approved to enable completion of Phase 2 project (Main College and Central Library), this is funded by various external income streams: contributions from the College and additional grants from the Government including Department for Education (DfE) and Department for Levelling Up, Housing and Communities (DLUHC);
- £1.5 million for the Newhampton Art Centre project, fully funded by Towns Fund grant from DLUHC;
- £400,000 for the development of the A454 City East Gateway – Willenhall Road project, fully funded by the City Region Sustainable Transport Settlement (CRSTS) grant from the Department for Transport (DfT);
- £235,000 for the creation of a Family Home for Our Children in Care, fully funded by grant from the DfE Children's Home Capital Fund.

3.2 In addition to this, reallocation of resources totalling £6.6 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 2 to the report and are summarised below:

- £5.5 million for the Corporate Asset Management Fund to undertake priority projects to ensure that the Council's properties are fit for purpose, are in line with the statutory requirements and meet current and future service needs;
- £550,000 for the purchase of electric vehicles to support the decarbonisation of the Council's Fleet;
- £527,000 for the Energy from Waste (EFW) plant to ensure its compliance with legislative requirements and to meet appropriate market standards.

3.3 This report reflects all known approvals to 3 November 2023. However, the Council continues to operate as usual, and reports subject to delegated authority may still progress during the period of preparing the report and it being considered by the Cabinet and Full Council. Where this situation arises, an update will be provided at the relevant meeting on any material changes to the information being presented.

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

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

Table 1: Summary of the General Fund capital programme

| General Fund capital programme | 2023 - 2024 | 2024 - 2025 | 2025 - 2026 | 2026 - 2027 | 2027 - 2028 | Total |
|--------------------------------|-----------------|----------------|---------------|---------------|--------------|----------------|
| | £000 | £000 | £000 | £000 | £000 | £000 |
| Budget | | | | | | |
| Approved | 142,984 | 148,711 | 40,008 | 17,135 | 1,000 | 349,838 |
| Variations | | | | | | |
| New projects | 1,524 | 140 | - | - | - | 1,664 |
| Existing projects | (38,363) | 15,478 | 28,549 | 1,650 | - | 7,314 |
| | (36,839) | 15,618 | 28,549 | 1,650 | - | 8,978 |
| Projected | 106,145 | 164,329 | 68,557 | 18,785 | 1,000 | 358,816 |
| Financing | | | | | | |
| Approved | | | | | | |
| Internal resources | 63,144 | 56,075 | 19,325 | 11,110 | 1,000 | 150,654 |
| External resources | 79,840 | 92,636 | 20,683 | 6,025 | - | 199,184 |
| | 142,984 | 148,711 | 40,008 | 17,135 | 1,000 | 349,838 |
| Variations | | | | | | |
| Internal resources | (16,427) | 2,733 | 20,832 | 1,488 | - | 8,626 |
| External resources | (20,412) | 12,885 | 7,717 | 162 | - | 352 |
| | (36,839) | 15,618 | 28,549 | 1,650 | - | 8,978 |
| Projected | | | | | | |
| Internal resources | 46,717 | 58,808 | 40,157 | 12,598 | 1,000 | 159,280 |
| External resources | 59,428 | 105,521 | 28,400 | 6,187 | - | 199,536 |
| Projected | 106,145 | 164,329 | 68,557 | 18,785 | 1,000 | 358,816 |

3.6 This report recommends variations to the approved capital programme totalling an increase of £9.0 million which brings the total revised programme to £358.8 million.

3.7 Details of all projects that have contributed to the overall increase of £9.0 million in the General Fund capital programme can be found in Appendices 1 and 2 to the report, however, the key projects are as follows:

- The Corporate Provision and Contingency for Future Programmes budget have been revised upwards by £8.2 million over the medium-term capital programme, to ensure sufficient contingency is in place for future budget requirements, including works to support and enable Fleet electrification and projects supporting the events strategy, such as the reopening of the Chubb Cinema and the delivery of the Bell Street Box Space scheme. 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. It anticipated that income streams will be generated contributing to the borrowing costs of some of the new projects, which will be highlighted in relevant reports requesting the allocation of funds. Allocations will be reported at each Quarterly Review. Future requirements across the capital programme remain under review;
- There is an increase of £500,000 relating to the Maintenance of classified roads, which is fully funded by additional CRSTS Pothole grant allocation from the DfT;
- In addition to this, an increase of £397,000 is proposed to the Future High Street Fund funded Public Realm phases 1 and 3 project, as a result of the change of scope of the scheme to support future markets and events opportunities and accessibility enhancements, including works to support and enhance the area around the Halls;
- An increase of £231,000 relating to the Northwood Park - refurbishment of existing play area project within the Parks Strategy and Open Space capital programme. This increase is fully funded by additional Developer contributions via a Section 106 (S106) agreement;
- Finally, there is an increase of £141,000 relating to the Family Hubs programme, fully funded by grant allocation from the DfE;
- The increases above have been offset by a reduction of £467,000 relating to the Civic Centre - Office refurbishment works to accommodate Black Country Healthcare NHS Foundation Trust (BCHFT), this project, which was externally funded, is no longer required;
- There is a further reduction totalling £432,000 relating to the Home Upgrade Grant project within the Housing Sustainable Warmth capital programme, this is due to the timescales of project delivery;

- 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 £1.3 million and is discussed in section 5 of the report.

- 3.8 On 19 July 2023, Council approved a revised HRA capital programme totalling £528.5 million for the period 2023-2024 to 2027-2028.
- 3.9 To reflect the most up to date forecast for the HRA capital projects available at the time of writing this report, it is proposed to re-profile the programme resulting in a net re-phasing of £128,000 from 2023-2024 into future years.
- 3.10 However, high inflationary costs are having an impact on the HRA. The impact will be reviewed as part of the 30 year HRA Business Plan which will be reported to Cabinet in January 2024.
- 3.11 Table 2 shows the approved HRA capital programme budget compared with that proposed, along with the resources identified to finance the proposed change.

Table 2: Summary of the HRA capital programme

| Housing Revenue Account capital programme | 2023 - 2024 | 2024 - 2025 | 2025 - 2026 | 2026 - 2027 | 2027 - 2028 | Total |
|---|----------------|-----------------|----------------|----------------|----------------|----------------|
| | £000 | £000 | £000 | £000 | £000 | £000 |
| Budget | | | | | | |
| Approved | 112,575 | 140,506 | 109,150 | 95,531 | 70,749 | 528,511 |
| Variations | | | | | | |
| Existing projects | (128) | (13,577) | 2,630 | 7,389 | (1,314) | (5,000) |
| | (128) | (13,577) | 2,630 | 7,389 | (1,314) | (5,000) |
| Projected | 112,447 | 126,929 | 111,780 | 102,920 | 69,435 | 523,511 |
| Financing | | | | | | |
| Approved | | | | | | |
| Internal resources | 109,300 | 138,506 | 109,150 | 95,531 | 70,749 | 523,236 |
| External resources | 3,275 | 2,000 | - | - | - | 5,275 |
| | 112,575 | 140,506 | 109,150 | 95,531 | 70,749 | 528,511 |
| Variations | | | | | | |
| Internal resources | 2,863 | (11,577) | 2,630 | 7,389 | (1,314) | (9) |
| External resources | (2,991) | (2,000) | - | - | - | (4,991) |
| | (128) | (13,577) | 2,630 | 7,389 | (1,314) | (5,000) |
| Projected | | | | | | |
| Internal resources | 112,163 | 126,929 | 111,780 | 102,920 | 69,435 | 523,227 |
| External resources | 284 | - | - | - | - | 284 |
| Projected | 112,447 | 126,929 | 111,780 | 102,920 | 69,435 | 523,511 |

- 3.12 This report recommends variations to the approved HRA capital programme totalling an overall decrease of £5.0 million which brings the total revised programme to £523.5 million for the HRA.
- 3.13 A decrease of £5.0 million relates to the Remedial Works to non-traditional properties project. The scope of the project was adjusted downwards due to anticipated external grant funding for the energy efficiency works being unavailable at this time.

4.0 Existing projects

- 4.1 The changes proposed for existing projects within the General Fund capital programme total an increase of £9.0 million as outlined in paragraph 3.5. A more detailed listing of the individual projects can be found in Appendices 1 and 2 to the report.
- 4.2 Requests for budget virements between existing projects within the General Fund capital programme total £5.4 million, a summary of these is available in Appendix 4 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 continue on site to support the re-opening of the St. George's tram stop.

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, 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 West Midlands Combined Authority (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 have commenced, with completion of the new building anticipated in July 2024, to enable the college opening for the new term in September 2024.
- 4.9 Cabinet approved the revised budget for the programme including Phase 2 of the programme in September 2023. The Council and City of Wolverhampton College

continue to work in partnership with the contractor McLaughlin & Harvey to deliver the Phase 2 College. Works to Central Library (internal and external) will be procured in Autumn 2023. Due to circumstances outside the direct control of the Council and College in relation to third-party consents for the scheme, the start on site for the Phase 2 College has been delayed, but the main contract with its chosen constructor has now been agreed and signed to ensure the new City Learning Quarter city centre site is completed for the start of the 2025/26 academic year, with the aim that the scheme is now completed in September 2025.

I54 Western Extension

- 4.10 This is a joint venture 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. Financial projections over the last twelve months have indicated that there will be significant savings against the joint venture 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 contingencies) indicate that there will be an overall joint venture 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.
- 4.11 A major global manufacturer, Fortune Brands Innovations is in the process of completing their building and starting the 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 and is expected to bring to the area circa 250 permanent jobs 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 There are several inter dependencies between the final project expenditure, final grant secured and the final value of capital receipts achieved which impact on the overall budget requirement for the City of Wolverhampton Council. As a result, the projections in this report continue to reflect the original budgetary position for the Council and will continue to do so until there is greater certainty across these variables as the disposal of the final 25 acres nears completion.

Investment Prospectus Phase 1 Delivery Strategy

- 4.13 A programme of 'Accelerated Sites' was developed by the Council following a request from DLUHC to demonstrate schemes that could be brought forward to enable spend of funding and output realisation. Accordingly, five schemes across four sites were put

forward based on criteria around land ownership, existing development agreements, developed scheme proposals and understanding of funding requirements. A Cabinet paper was approved in March 2023 which endorsed selection of these schemes and secured a series of delegations towards their advancement.

- 4.14 As part of this programme, the delivery of a higher quality hotel has been identified by CWC as a priority for the city linked to the existing and emerging leisure demand.
- 4.15 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.
- 4.16 At City Centre West, the English Cities Fund (ECF), the joint venture 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.
- 4.17 Similarly, at St Georges, the Council as landowner is working with Homes England as a strategic partner to agree objectives for the scheme, identify any market failure challenges and seek the optimum route to securing a development partner capable of delivering upon the stated objectives for the site with a demonstrable track record. The approach to readying St Georges for delivery involves specialist inputs to support the Council on due diligence, commercial negotiation and development of business cases including planning.

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

- 4.18 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.
- 4.19 The scheme has received outline planning consent and Royal Institute of British Architects (RIBA) stage 4 design is complete with tender documents being finalised. The ground investigation and mineshaft remediation works are complete at the Wholesale

Market site for the first of two mineshafts. The project is due to go out to tender next month with a plan to start on site in February 2024. To help minimise any programme delays a number of enabling packages have commenced.

- 4.20 The project pre-tender estimate is within budget but requires Value Engineering proposals to be put forward by the tenderers. 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

- 4.21 The Council owned former Oxley Day Training Centre is a vacant asset. It is subject to ongoing anti-social behaviour and holding costs. With the support of the Black Country Integrated Care Board (ICB) a proposal has been prepared to consider the site for a much needed health & wellbeing facility.
- 4.22 The existing structures on site have now been demolished, with the budget for this included in the Corporate Asset Management Fund capital programme.
- 4.23 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. Tendering and evaluation processes for all professional consultants has been concluded with the Procurement team preparing authorisation to award letters, tender reports, and contracts. The team have been mobilised and actively working on stage 4 of the project.

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

- 4.24 The proposed project is the relocation of existing services from the former Loxdale Primary School (Loxdale) and Stowheath Day Training Centre (Stowheath) to Hickman Avenue Depot, to unlock the Stowheath and Loxdale brownfield sites for residential development. This project forms part of the wider Asset Transformation Programme. Council approval was obtained for this project to proceed, subject to grant, on 29 March 2023.
- 4.25 The funding bid with the Brownfield Land Release Fund 2 (BLRF2) was unsuccessful, and work is ongoing to secure the grant funding required for the scheme. Part funding has been secured from the WMCA for the project, with Land and Property Investment Fund (LPIF) funding secured for the Stowheath scheme.

Asset Decarbonisation

- 4.26 The Council has committed to becoming a net zero organisation, with the largest contributors to its carbon footprint being heating and electricity across the corporate estate. Work is ongoing to understand fully the cost implications related to the decarbonisation of the Council's estate and an energy survey and feasibility programme

is underway. This will help to ensure that any interventions are targeted appropriately and are in line with the Council's Strategic Asset Plan.

- 4.27 In addition, the Council is currently undergoing a fleet electrification programme to help meet its net zero target. So far, it has introduced 34 ultra-low emission vehicles and installed 31 chargers in its depots. It is also trialling the use of Hydrotreated Vegetable Oil (HVO) to fuel its fleet as a way of reducing carbon emissions.

Bell Street Box Space

- 4.28 The Bell Street Box Space project aims to create an event and hospitality destination venue to enhance the City's visitor offer and to drive footfall along the recently pedestrianised Victoria Street. The project is moving into the delivery phase, alongside this, an options appraisal around operating models is being developed. 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 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 sub station to enable emergency vehicular access without adverse impact on the Box Space scheme.
- 4.29 The next phase of construction works is dependent upon planning permission and vacant possession of the Neville Garratt Centre for enabling works, 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

- 4.30 City East Gateway Phases 1 and 2 is one of the City of Wolverhampton's top transportation scheme priorities, delivering transformational change to the highway network on the A454, linking the city centre to the wider region as part of the Key Route Network and providing access to regeneration priority sites within the Canalside Quarter. The scheme includes improvements to ensure journey time reliability for all road users, new infrastructure to encourage use of sustainable transport including walking and cycling and delivering environmental and air quality benefits.
- 4.31 The estimated £36 million scheme is in advanced stages of Outline Business Case (OBC) discussion with the DfT to secure £30 million from the Major Road Network funding, with an aspiration to have the OBC approved in Autumn 2023. In addition, the scheme has allocated £6 million in principle match funding through 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 Autumn 2024.

City Centre Public Realm

- 4.32 With support from the Towns Fund and CRSTS, a £16.5 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 in Late 2023, with delivery starting in Summer 2024.

Active Travel Schemes

- 4.33 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.
- 4.34 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. Both of these schemes are in design stages, with delivery on site expected to commence in Autumn 2023.
- 4.35 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 2024.

Wednesfield Towns Fund

- 4.36 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.
- 4.37 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.

- 4.38 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)

- 4.39 The forecast at quarter 2 is for total spend of £112.4 million which includes some reprofiling and reallocation of budgets between schemes with an overall net impact to reprofile £128,000 to future years. Work programmes to improve the condition of existing stock continue to progress well with £5.3 million of expenditure on the High Rise infrastructure programme being accelerated and a further £2.1 million being accelerated on the Heath Town refurbishment programme. The general condition of void properties is resulting in a large increase in those requiring significant works and therefore the costs for void refurbishment continue to increase creating a budget pressure of £4.9 million. It is proposed that this is funded from acceleration from future years of £2.9 million and a virement from the Internal Decency programme. There is a reduction to the forecast for remedial works to non-traditional properties of £4.4 million. The initial programming for this project was based on assumptions that external grant funding would be available to fund energy efficiency works but there is no funding available at this time.
- 4.40 £3.1 million of expenditure on new build projects has been re-profiled to allow for the review of Pipeline schemes that has been taking place to ensure they meet current housing need and the latest safety and fuel efficiency standards. A framework has been procured which will enable faster procurement of the developments going forward.

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 2027-2028 | | | |
|--------------|------------------------|------------|------------|---------------|
| | Forecast | Additional | Additional | Virements |
| | outturn | internal | external | from existing |
| | £000 | resources | resources | projects |
| | | required | required | |
| | | £000 | £000 | £000 |
| General Fund | 1,664 | 14 | 381 | 1,269 |
| Total | 1,664 | 14 | 381 | 1,269 |

5.2 The new projects requiring approval are funded from a mixture of internal (£14,000) and external (£381,000) resources and virements totalling £1.3 million. This is discussed below whilst a list of the virements can be found in Appendix 4 to the report:

- an increase of £381,000 funded externally relates to two new projects within the UK Shared Prosperity Fund (UKSPF) capital programme. Approval is sought for the Net Zero Grants (£151,000) and the Support to SMEs (£230,000) projects, both being fully funded by the UKSPF regional grant allocation from DLUHC which is administered by WMCA;
- an increase of £14,000 funded internally, via a revenue contribution to capital outlay (RCCO) relates to new project within Education. The revenue contribution is funded by a contribution from the school.

5.3 New projects created through virements relate to the Corporate Asset Management Fund and Schools Capital Maintenance capital programmes and are summarised below. A detailed list of new projects can be found in Appendix 3 to the report.

5.4 In summary, approval sought for the following new projects created through virements totalling £1.3 million:

- £771,000 is required for 16 new projects within the Corporate Asset Management Fund capital programme to enable priority works ensuring all council assets are statutory compliant and fit for purpose. This is funded by utilising savings of existing internal resources within the programme and a virement from the Corporate Provision and Contingency for Future Programmes budget;
- £498,000 is proposed for 23 new projects within the Schools Capital Maintenance capital programme to facilitate works across various schools in the City. Virements are funded from a mixture of the existing external resources available within the programme and a virement from the 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 three virements totalling £50,000 approved through the delegated authority to support urgent works. These can be seen in the Appendix 5 to the report.

6.0 Medium term capital programme financing

6.1 Table 4 details the approved financing for the capital programme for 2023-2024 to 2027-2028 and incorporates the requested approvals for projects included in this report.

Table 4: Approved and forecast capital financing 2023-2024 to 2027-2028

| 2023-2024 to 2027-2028 | | | | |
|--------------------------------|-----------------|--------------------|--------------|------------------------------|
| General Fund capital programme | Approved budget | Recommended budget | Variance | Resource as % of expenditure |
| | £000 | £000 | £000 | |
| Expenditure | 349,838 | 358,816 | 8,978 | |
| Financing | | | | |
| Internal resources | | | | |
| Capital receipts | 53,833 | 53,445 | (388) | 14.9% |
| Prudential borrowing | 95,733 | 104,718 | 8,985 | 29.2% |
| Revenue contributions | 1,088 | 1,117 | 29 | 0.3% |
| Reserves | - | - | - | 0.0% |
| Subtotal | 150,654 | 159,280 | 8,626 | 44.4% |
| External resources | | | | |
| Grants & contributions | 199,184 | 199,536 | 352 | 55.6% |
| Subtotal | 199,184 | 199,536 | 352 | 55.6% |
| Total | 349,838 | 358,816 | 8,978 | 100.0% |

| 2023-2024 to 2027-2028 | | | | |
|---|-----------------|--------------------|----------------|------------------------------|
| Housing Revenue Account capital programme | Approved budget | Recommended budget | Variance | Resource as % of expenditure |
| | £000 | £000 | £000 | |
| Expenditure | 528,511 | 523,511 | (5,000) | |
| Financing | | | | |
| Internal resources | | | | |
| Capital receipts | 26,700 | 27,180 | 480 | 5.2% |
| Prudential borrowing | 381,440 | 380,951 | (489) | 72.8% |
| Revenue contributions | 2,289 | 2,289 | - | 0.4% |
| Reserves | 112,807 | 112,807 | - | 21.5% |
| Subtotal | 523,236 | 523,227 | (9) | 99.9% |
| External resources | | | | |
| Grants & contributions | 5,275 | 284 | (4,991) | 0.1% |
| Subtotal | 5,275 | 284 | (4,991) | 0.1% |
| Total | 528,511 | 523,511 | (5,000) | 100.0% |

- 6.2 Capital receipts totalling £53.4 million have been assumed within the General Fund capital programme over the medium term period 2023-2024 to 2027-2028 and can be seen in Table 5. This is reduction of £388,000 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 Revenue Account capital programme

| General Fund | Projected | | | | | Total £000 |
|----------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------|
| | 2023 - 2024 £000 | 2024 - 2025 £000 | 2025 - 2026 £000 | 2026 - 2027 £000 | 2027 - 2028 £000 | |
| Capital programme receipts | 10,100 | 11,000 | 15,900 | 9,400 | 7,000 | 53,400 |

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

7.0 Key budget risks

7.1 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 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 are fully reflected in the treasury management budget

forecasts included in the report 'Treasury Management Activity Monitoring – Mid Year Review 2023-2024' also on the agenda for approval at this meeting.

- 10.2 New capital grant notifications received during quarter two 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 | £000 |
|--|---|----------------------------|------------|
| Transportation Enterprise | Department for Transport via WMCA | CRSTS Pothole Allocation | 500 |
| | Department for Levelling Up, Housing and Communities via WMCA | UK SPF Regional Allocation | 381 |
| City Housing | Department for Energy Security and Net Zero | Home Upgrade Grant | (432) |
| City Development | Black Country LEP | Local Growth Fund | (4) |
| Grand total grant notifications | | | 445 |

[RJ/06112023/W]

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/31102023/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.

14.0 Schedule of background papers

- 14.1 Individual Executive Decision Notice, 25 April 2023 – [Creating a Family Home for Our Children in Care;](#)
- 14.2 Individual Executive Decision Notice, 5 July 2023 - [Corporate Asset Management Fund - Approval of Virement of Funds for Schemes 2023-2024;](#)
- 14.3 Council, 19 July 2023 - [Capital Budget Outturn 2022-2023 including Quarter One Capital Budget Monitoring 2023-2024;](#)
- 14.4 Individual Executive Decision Notice, 25 July 2023 – [Penn Hall School Project;](#)
- 14.5 Cabinet (Resources) Panel, 6 September 2023 – [Acquisition and Redevelopment of Newhampton Arts Centre;](#)
- 14.6 Cabinet, 6 September 2023 – [City Learning Quarter;](#)
- 14.7 Individual Executive Decision Notice, 6 September 2023 – [UK Shared Prosperity Fund 2023/24 Vibrant High Streets Capital Budgets;](#)
- 14.8 Individual Executive Decision Notice, 29 September 2023 – [Creating a Family Home for Our Children in Care;](#)
- 14.9 Individual Executive Decision Notice, 10 October 2023 – [Allocation of budget for EFW Enhancement work \(BREF\);](#)
- 14.10 Individual Executive Decision Notice, 13 October 2023 – [Children and Young People in Care – foster parent housing adaptations application;](#)
- 14.11 Cabinet (Resources) Panel, 18 October 2023 – [Well Connected Communities – A454 City East Gateway Phases 1 & 2 Progress Report;](#)
- 14.12 Individual Executive Decision Notice, 25 October 2023 – Allocation of the Corporate Provision for Future Programmes – Fleet Replacement Programme – 10 Electric Vans for Wolverhampton Homes.

15.0 Appendices

- 15.1 Appendix 1: Detailed projected budget
- 15.2 Appendix 2: Detailed forecast change
- 15.3 Appendix 3: Projects requiring approval
- 15.4 Appendix 4: Virements for approval
- 15.5 Appendix 5: Virements to note