

<b>CITY OF WOLVERHAMPTON COUNCIL</b>	<b>Cabinet</b> <b>11 November 2020</b>
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<b>Report title</b>	Capital Programme 2020-2021 to 2024-2025 Quarter Two Review	
<b>Decision designation</b>	RED	
<b>Cabinet member with lead responsibility</b>	Councillor Louise Miles Resources	
<b>Key decision</b>	Yes	
<b>In forward plan</b>	Yes	
<b>Wards affected</b>	All Wards	
<b>Accountable Director</b>	Tim Johnson, Chief Executive	
<b>Originating service</b>	Strategic Finance	
<b>Accountable employee</b>	Claire Nye Tel Email	Director of Finance 01902 550478 claire.nye@wolverhampton.gov.uk
<b>Report to be/has been considered by</b>	Strategic Executive Board Council	22 October 2020 18 November 2020

**Recommendations for decision:**

That Cabinet recommend that Council approve:

1. the revised, medium term General Revenue account capital programme of £299.9 million, an increase of £11.4 million from the previously approved programme, and the change in associated resources.

That Cabinet is recommended to:

1. Approve the virements for the General Revenue Account capital programme detailed at Appendix 4 to the report for;
  - i. existing projects totalling £2.7 million;
  - ii. new projects totalling £6.3 million.
2. Approve the virements for the HRA capital programme detailed at Appendix 4 to the report for;

- i. existing projects totalling £1.5 million;
  - ii. new projects totalling £32.9 million.
3. Approve the Supplemental Deed of Variation relating to governance of Enterprise Zone funding across the four Black Country Authorities detailed at Appendix 5 to the report.
  4. Delegate authority to the Cabinet Members for City Economy in consultation with the Director of Regeneration and Director of Governance to conduct any negotiations and to make any minor amendments and to subsequently authorise the sealing of the Supplemental Deed of Variation Relating to the Collaboration Agreement in Relation to the Black Country Executive Joint Committee City Deal and Growth Deal dated the 7 May 2014 and the sealing or signing of any related documents.
  5. Delegate authority to the Cabinet Member for Education and Skills, in consultation with the Director of Children's Services and the Director of Finance, to approve the allocation of the Expansion Programme budgets to individual capital projects including making grant payments where appropriate in order that projects can be progressed in a timely manner.
  6. Continue to delegate authority to the Cabinet Member for Resources, in consultation with the Director of Finance to approve the terms of a loan facility to Wolverhampton Homes. This is an extension of time in respect of the approval that was previously given by a joint meeting of Cabinet and Cabinet (Resources) Panel on 23 June 2020.

### **Recommendations for noting:**

The Cabinet is asked to note:

1. There is one new project requiring internal resources included in this report, which is subject to a separate detailed project report also on this agenda. The inclusion of this project is for budget approval purpose and is on the assumption that the approval to progress with the project is given. As the progression is dependent on that decision, if the project is not approved, the capital programme will be reduced accordingly. The name of the project is:
  - Future High Street Fund

## **1.0 Purpose**

- 1.1 To provide Cabinet with an update on the 2020-2021 financial performance of the General Revenue Account and HRA capital programmes whilst also providing a revised forecast for 2020-2021 to 2024-2025 as at quarter two 2020-2021.
- 1.2 To recommend revisions to the current approved capital programme covering the period 2020-2021 to 2024-2025.

## **2.0 Executive summary**

- 2.1 The General Revenue Account and HRA capital programmes are underpinned by our Council Plan with significant focus on working together to be a city of opportunity; focused on the following strategic outcomes:
  - Children and young people get the best possible start in life
  - Well skilled people working in an inclusive economy
  - More good jobs and investment in our city
  - Better homes for all
  - Strong, resilient and healthy communities
  - A vibrant, green city we can all be proud of.
- 2.2 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.
- 2.3 The capital programme reflects the priorities of the Strategic Asset Management Plan. Individual capital project delivery milestones and financial analysis is undertaken over the lifecycle of each project, by project managers in conjunction with Strategic Finance, and is updated in the Council's project management system. Regular project delivery updates are provided to Leadership teams and will also be provided to Project Assurance Group, enabling governance and challenge. In addition to this, a Capital Projects Member Reference Group provides enhanced project governance and challenge.
- 2.4 The Covid-19 pandemic has had a significant international, national and regional impact, and will continue to have, significant financial implications for the Council. Covid-19 has had an impact on development projects internationally, nationally and regionally and also on projects within the City. Given the unprecedented circumstances, there has understandably been delays on some capital schemes due to Covid-19. The Council is assessing the potential implications of Covid-19 on its wider capital programme in terms of delivery timescales and increases in costs. The capital programme makes a significant contribution to the shaping of the City and on the economy of the City and therefore will contribute to the Council's plans for Relighting Our City.
- 2.5 On 17 July 2020, in the absence of a Council meeting, the Leader of the Council, two cabinet members, and the Chair and Vice Chair of Scrutiny Board, on behalf of the Council under the special urgency provisions as detailed in the Council's Constitution

namely paragraphs 6.10 and 6.11 of article 6, approved a revised General Revenue Account capital programme totalling £282.7 million for the period 2020-2021 to 2024-2025. Since then, further reports submitted to Councillors have been approved to increase this amount by £5.8 million to £288.5 million. Of the £5.8 million increase, £2.3 million relates to decisions approved at the joint Cabinet and Cabinet (Resources) Panel meeting on 29 July 2020 whilst an increase of £3.5 million relates to the Transportation Capital programme. This additional budget of £5.8 million is fully funded through external resources.

- 2.6 In addition to this, reallocation of resources from the Corporate Contingency to various projects totalling £8.2 million have been approved through Individual Executive Decision Notices, these are summarised at Appendix 2. Also, due to new external grant award of £999,000 for the Arthur Street Bridge, the borrowing previously set aside for this project was reallocated back to the Corporate Contingency.
- 2.7 At the end of quarter two of the 2020-2021 financial year, expenditure to date for General Fund Revenue Account existing projects totals £29.3 million compared to the projected budget of £94.5 million.
- 2.8 This report considers specific changes to budgets. A full list of the proposed capital programme can be found in Appendix 1 to the report.
- 2.9 Table 1 shows the approved General Revenue Account capital programme budget compared with that proposed, along with the resources identified to finance the proposed change.

**Table 1: Summary of the General Revenue Account capital programme**

<b>General Revenue Account capital programme</b>	<b>2020 - 2021</b>	<b>2021 - 2022</b>	<b>2022 - 2023</b>	<b>2023 - 2024</b>	<b>2024 - 2025</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Budget</b>						
<b>Approved</b>	189,351	65,847	15,474	12,800	5,000	<b>288,472</b>
<b>Variations</b>						
New projects	1,020	5,852	271	-	-	<b>7,143</b>
Existing projects	(95,902)	84,080	15,777	43	277	<b>4,275</b>
	<b>(94,882)</b>	<b>89,932</b>	<b>16,048</b>	<b>43</b>	<b>277</b>	<b>11,418</b>
<b>Projected</b>	<b>94,469</b>	<b>155,779</b>	<b>31,522</b>	<b>12,843</b>	<b>5,277</b>	<b>299,890</b>
<b>Financing</b>						
<b>Approved</b>						
Internal resources	134,081	51,609	15,474	12,800	5,000	<b>218,964</b>
External resources	55,270	14,238	-	-	-	<b>69,508</b>
	<b>189,351</b>	<b>65,847</b>	<b>15,474</b>	<b>12,800</b>	<b>5,000</b>	<b>288,472</b>
<b>Variations</b>						
Internal resources	(72,645)	45,826	14,048	31	-	<b>(12,740)</b>
External resources	(22,237)	44,106	2,000	12	277	<b>24,158</b>
	<b>(94,882)</b>	<b>89,932</b>	<b>16,048</b>	<b>43</b>	<b>277</b>	<b>11,418</b>
<b>Projected</b>						
Internal resources	61,436	97,435	29,522	12,831	5,000	<b>206,224</b>
External resources	33,033	58,344	2,000	12	277	<b>93,666</b>
<b>Projected</b>	<b>94,469</b>	<b>155,779</b>	<b>31,522</b>	<b>12,843</b>	<b>5,277</b>	<b>299,890</b>

- 2.10 This report recommends variations to the approved capital programme totalling an increase of £11.4 million, which brings the total revised programme to £299.9 million.
- 2.11 Details of the all projects that have contributed to the overall increase of £11.4 million in the General Revenue Account capital programme can be found in Appendices 1 and 2 to the report, however, the key projects that have contributed to the increase in the programme are as follows;
- An increase totalling of £9.3 million is proposed for the Schools Expansion Programmes as a result of a new grant allocation in 2021-2022;
  - Further increases totalling £605,000 relating to the Education capital programme to reflect grant award for the Schools Capital Maintenance Programme in 2020-2021;
  - In addition to this, there is an increase of £615,000 relating to the Highway Improvements and Active Travel capital programme within Transportation funded by new grant allocation;
  - An increase of £473,000 relating to the Interchange Phase 2 Train Station project reflects a grant funding secured for the design and construction of the cycle hub at new station;
  - Finally, an increase of £210,000 for the Parks Strategy and Open Spaces Capital Programme reflects projected improvements to the open spaces at Prouds Lane (£122,000), Wednesfield Link (£72,000) and Smestow Valley Local Nature Reserve (£16,000), fully funded from the developers S106 contributions.
- 2.12 Additional grant funding of £18.8 million on the Schools Expansion Programme has provided the growth as detailed above and also enabled a switch in funding and reduced the borrowing requirements for this programme by £9.5 million.
- 2.13 On 17 July 2020, in the absence of a Council meeting, the Leader of the Council, two cabinet members, and the Chair and Vice Chair of Scrutiny Board, on behalf of the Council under the special urgency provisions as detailed in the Council's Constitution namely paragraphs 6.10 and 6.11 of article 6, approved a revised HRA capital programme totalling £403.9 million for the period 2020-2021 to 2024-2025.
- 2.14 Of the approved £403.9 million HRA budget, £72.2 million relates to the 2020-2021 financial year. To reflect a most up to date forecast for the HRA projects available at the time of writing this report, re-profiling of the programme is being proposed resulting in the re-phasing of £32.9 million from existing projects for the creation of new projects for the period 2020-2021 to 2023-2024. This change has no impact on the overall approved capital budget for HRA. Expenditure to the end of quarter two 2020-2021 for existing projects totals £12.3 million compared to the projected budget of £56.7 million.
- 2.15 Table 2 shows the approved HRA capital programme budget for 2020-2021 to 2024-2025 with that proposed, along with the resources identified to finance the proposed changes.

**Table 2: Summary of the HRA capital programme**

Housing Revenue Account capital programme	2020 - 2021	2021 - 2022	2022 - 2023	2023 - 2024	2024 - 2025	Total
	£000	£000	£000	£000	£000	£000
<b>Budget</b>						
<b>Approved</b>	72,194	85,422	85,540	83,890	76,831	<b>403,877</b>
<b>Variations</b>						
New projects	1,350	11,500	14,000	6,000	-	<b>32,850</b>
Existing projects	(16,802)	(6,217)	(15,550)	469	5,250	<b>(32,850)</b>
	<b>(15,452)</b>	<b>5,283</b>	<b>(1,550)</b>	<b>6,469</b>	<b>5,250</b>	<b>-</b>
<b>Projected</b>	<b>56,742</b>	<b>90,705</b>	<b>83,990</b>	<b>90,359</b>	<b>82,081</b>	<b>403,877</b>
<b>Financing</b>						
<b>Approved</b>						
Internal resources	71,810	85,422	85,540	83,890	76,831	<b>403,493</b>
External resources	384	-	-	-	-	<b>384</b>
	<b>72,194</b>	<b>85,422</b>	<b>85,540</b>	<b>83,890</b>	<b>76,831</b>	<b>403,877</b>
<b>Variations</b>						
Internal resources	(15,652)	5,283	(1,550)	6,469	5,250	<b>(200)</b>
External resources	200	-	-	-	-	<b>200</b>
	<b>(15,452)</b>	<b>5,283</b>	<b>(1,550)</b>	<b>6,469</b>	<b>5,250</b>	<b>-</b>
<b>Projected</b>						
Internal resources	56,158	90,705	83,990	90,359	82,081	<b>403,293</b>
External resources	584	-	-	-	-	<b>584</b>
<b>Projected</b>	<b>56,742</b>	<b>90,705</b>	<b>83,990</b>	<b>90,359</b>	<b>82,081</b>	<b>403,877</b>

### 3.0 Existing projects

- 3.1 The changes proposed for existing projects within the General Revenue Account capital programme total a net increase of £4.3 million. A more detailed listing of the individual projects can be found in Appendices 1 and 2 to the report.
- 3.2 Proposed budget virements between existing projects within the General Revenue Account capital programme total £2.7 million, further details are provided in Appendix 4 to the report.
- 3.3 The following paragraphs provide commentary on the significant changes to budgets and an update on key projects.
- 3.4 The main contract for Civic Halls was signed with Willmott Dixon on the 28 July 2020 with overall progress on the project currently in line with the agreed construction programme. The structural steel is now being delivered to site and installation has commenced in the Civic Halls. Works will now begin on the main roof to the Civic Hall. COVID-19 measures are in place and constantly being monitored.
- 3.5 Following completion of Phase 1 of the Interchange Train station project in March 2020, the station continues to remain fully operational with Phase 2 of the redevelopment currently due for completion by quarter one 2021-2022, there are no foreseeable delays to achieving this date.

- 3.6 Planning consent was granted for the City Learning Quarter City Campus in late 2019 and the Council assumed project management responsibility for the new Technical Centre project at Wellington Road, Bilston as part of the overall programme management.

In spring 2020, funding was made available for detailed site investigation and design at Wellington Road which is now underway. A funding application was submitted to the Black Country Local Economic Partnership (BCLEP) in June 2019 with a decision pending and further match funding has been sought as part of the Towns Fund bid application in July 2020 to Central Government amounting to £10.0 million.

- 3.7 In relation to the Westside project, the developer Urban & Civic and Odeon (as anchor tenant) are continuing to develop the design and associated costings, incorporating complementary uses as a requirement for the delivery of the scheme.

- 3.8 The construction of the first phase of the i54 Western Extension was completed in March 2020 ahead of programme. Platform preparation, services infrastructure and landscaping commenced in April 2020 and the fully serviced development plots are programmed to be completed during Summer 2021.

The project partners continue to receive high levels of interest from developers and operators which are considered in line with the pre-qualification requirement for occupier (employment / job creation activities).

- 3.9 i9 is on target for summer 2021-2022 completion, with construction activities progressing at pace with the topping out of the building scheduled for November 2020. The marketing campaign was officially launched as part of the Business week activities and has resulted in additional enquiries with a high level of recorded interest to date as part of pre-let engagement activity.

- 3.10 The Secondary School Expansion Programme is progressing well. The schemes at Aldersley High School and Our Lady and St Chad Catholic Academy are fully operational. Work on both schemes was impacted by the coronavirus lockdown but easing measures since 1 June 2020 have led to contractors being back on site (with appropriate measures in place).

- 3.11 Approval is also sought to delegate authority to the Cabinet Member for Education and Skills, in consultation with the Director of Children's Services and the Director of Finance, to approve the allocation of the Expansion Programme budgets to individual capital projects including making grant payments where appropriate in order that they may be progressed in a timely manner.

- 3.12 Covid-19 has had an impact on the HRA capital programme for 2020-2021 due to work stopping on site during late March. Work programmes began to restart in May with all projects having resumed over the summer months. New ways of socially distanced safe working have had to be established which has impacted on the pace of delivery. Therefore £16.0 million of budget has needed to be rephased across future years,

including £8.0 million of programmes under Decent Homes Stock Condition, £1.2 million of Fire Safety works and £5.9 million of new build expenditure. The reprogramming of these budgets also requires virements from Sustainable Estates (£600,000) and Non Traditional surveys (£440,000) to fund an increase to the budget for Refurbishment of Voids.

- 3.13 Additional budget provision is proposed for the New Build Programme at Heath Town, to increase the budget over three planned phases of development to £32.5 million. The development will take place over four years and will be funded via virements from approved budgets set aside for new build development but not yet allocated to specific projects. A further virement of £262,000 will increase the budget for the New Build Small Sites 5 budget to £5.3 million.
- 3.14 At a joint meeting of Cabinet and Cabinet (Resources) Panel, it was approved that Cabinet recommend that Council approve that Wolverhampton Homes are authorised to purchase properties from WV Living for the purpose of market rental. The report also approved that the Council would provide a loan facility to Wolverhampton Homes to facilitate the purchase of the properties, delegating authority to the Cabinet Member for Resources, in consultation with the Director of Finance to approve the final terms of the loan. Wolverhampton Homes have not yet required to call upon this loan facility in order to facilitate the purchase at this time but may require to execute it at a later date. This report seeks approval to continue to delegate authority to the Cabinet Member for Resources, in consultation with the Director of Finance to approve the final terms of the loan should it be required in the future.

#### **4.0 Black Country Enterprise Zone**

- 4.1 The Black Country Enterprise Zone ('BCEZ') comprises two separately submitted Enterprise Zones to the Communities and Local Government Unit (CLGU): Wolverhampton and Walsall Enterprise Zone ('WWEZ'), which commenced on 1 April 2013 and ends on 31 March 2038; and the Dudley ('DY5') Enterprise Zone which commenced on 1 April 2017 and ends on 31 March 2042. Collectively the two zones are the Black Country Enterprise Zone ("BCEZ").
- 4.2 Wolverhampton Council, along with the three other Black Country Local Authorities are all parties to The Collaboration Agreement which was approved by the Black Country Joint Committee on 7 May 2014 this sets out the governance and operational arrangements for the City Deal and Growth Deal funding programmes, including the collaboration, governance, project approval, management and audit, and claw back arrangements. The agreement has been further updated in September 2016 to widened the scope of the Black Country Joint Committee (BCJC) to include decisions in relation to funding received from the West Midlands Combined Authority (WMCA) and again in February 2020 to include all funds secured by the BCLEP, including Growing Places and Enterprise Zone funding, together with any future funding or funding programmes



approved, such as the Shared Prosperity Fund. Walsall Council act as the Single Accountable Body on behalf of the Black Country LEP.

- 4.3 This Supplemental agreement formalises proposals to bring the governance of the Black Country Enterprise Zones (BCEZ), in line with the Black Country's Single Assurance Framework. This means that any funding awards within the BCEZ must follow the same process for all other LEP funds, including approvals at the BCLEP and its Funding Sub Group, and the BCJC.
- 4.4 It should be noted that the BCEZ programme is unique due to the nature of the funding mechanism (i.e. borrowing to fund capital works which is recovered from future business rates) so further consideration was required for the claims, monitoring and borrowing policies. A paper (BCEZ Governance Principles – Appendix 6 to the report) setting out the BCEZ specific policies and principles has been prepared in consultation with all parties to the Collaboration Agreement. This sets out the principles and framework for managing and monitoring the BCEZ programme, including:
- the process for the collection, distribution and monitoring of the business rates and business rates surpluses;
  - Collaborative working between the BC Councils, including joint working on the Financial Model and roles and responsibilities;
  - Prioritisation of costs to be funded from business rates;
  - Principles of borrowing and payback.
- 4.5 The prioritisation of costs to be funded from business includes borrowing costs associated with capital schemes, and revenue costs. Revenue costs include programme management costs, BC Councils historic and future revenue costs for developing the BCEZ and Black Country Transport Director costs. The funds available to repay borrowing costs and revenue costs as detailed are forecast and monitored through a single consolidated Financial Model for the BCEZ, the model is updated by the four authorities and consolidated and reported by Walsall Council in their role as the Single Accountable Body.
- 4.6 It is recommended therefore that Cabinet approves Wolverhampton Council's entry into the Supplemental Deed of Variation Relating to the Collaboration Agreement (Appendix 5 to the report) in relation to the Black Country Executive Joint Committee City Deal and Growth Deal dated the 7 May 2014, and in doing so, approves the Governance Principles: Enterprise Zones (Appendix 6 to the report).
- 4.7 Further to the above, approval is sought to delegate authority to the Cabinet Members for City Economy in consultation with the Director of Regeneration and Director of Governance to conduct any negotiations and to make any minor amendments and to subsequently authorise the sealing of the Supplemental Deed of Variation Relating to the Collaboration Agreement in Relation to the Black Country Executive Joint Committee City

Deal and Growth Deal dated the 7 May 2014, and the sealing or signing of any related documents.

## 5.0 New projects and virements

5.1 Table 3 provides a summary of new projects requiring approval, covering the period 2020-2021 to 2024-2025, 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 3 to the report.

**Table 3: Summary of new projects requiring approval**

Directorate	Forecast outturn £000	2020-2021 to 2024-2025		Virements from existing projects £000
		Additional internal resources required £000	Additional external resources required £000	
General Revenue Account	7,143	10	825	6,308
Housing Revenue Account	32,850	-	-	32,850
<b>Total</b>	<b>39,993</b>	<b>10</b>	<b>825</b>	<b>39,158</b>

- 5.2 The new projects requiring approval are funded from a mixture of internal (£10,000) and external resources (£825,000) and virements totalling £39.2 million. A list of the virements can be found in Appendix 4 to the report.
- 5.3 Of the overall increase of £835,000 for the General Revenue Account capital programme, an increase of £615,000 relates to the Transportation capital programme. Approval is sought for three new projects within the Highway Improvements and Active Travel capital programme to reflect additional grant allocations.
- 5.4 An increase totalling £210,000 reflects three new projects proposed within the Parks Strategy and Open Spaces Capital Programme fully funded from the developers S106 contribution. In addition, an increase of £10,000 is due to the Penn Hall Special school contribution towards a new Schools Capital Maintenance project.
- 5.5 New projects created through virements from existing projects within the General Revenue Account and HRA capital programmes can be found in Appendix 4 to the report with the main items discussed below;
- 5.6 A virement of £5.0 million is proposed within the General Revenue Account capital programme to reallocate resources to a new Future High Street Fund project to provide the required match funding for the projects included in the Future High Street fund bid. A virement totalling £782,000 is required to support a new project Migrate Care First to Eclipse Adults and Finance Module within the Service Led ICT Capital Programme. This will support the development of Eclipse for Adults social care and the Eclipse finance module for both, Children and Adults services. In addition to this, virements totalling £295,000 are proposed for the following annual rolling ICT projects. Approval is sought to allocate resources in 2021-2022 to Desk top Refresh (£245,000) and to IT Service Management (£50,000) projects. Finally, £141,000 of virements from existing projects are requested within the Schools Capital Maintenance whilst a virement of £90,000 is required for the Emergency Fire Safety Improvements.

5.7 Virements totalling £32.9 million are required within the HRA capital programme. Approval is sought to reallocate £32.5 million of resources to individual Heath Town New Build projects (Phases 1 to 3) for the housing development. A virement of £250,000 is required for the urgent refurbishment works at Jericho House whilst virement of £100,000 is proposed for the surveyor and design works at New Park Village.

## 6.0 Medium term capital programme financing

6.1 Table 4 details the approved financing for the capital programme for 2020-2021 to 2024-2025 and incorporates the requested approvals for projects included in this report.

**Table 4: Approved and forecast capital financing 2020-2021 to 2024-2025**

2020-2021 to 2024-2025				
General Revenue Account capital programme	Approved budget	Recommended budget	Variance	Resource as % of expenditure
	£000	£000	£000	
<b>Expenditure</b>	<b>288,472</b>	<b>299,890</b>	<b>11,418</b>	
<b>Financing</b>				
Internal resources				
Capital receipts	94,721	91,970	(2,751)	30.7%
Prudential borrowing	123,435	113,433	(10,002)	37.8%
Revenue contributions	808	821	13	0.3%
Reserves	-	-	-	0.0%
<b>Subtotal</b>	<b>218,964</b>	<b>206,224</b>	<b>(12,740)</b>	<b>68.8%</b>
External resources				
Grants & contributions	69,508	93,666	24,158	31.2%
<b>Subtotal</b>	<b>69,508</b>	<b>93,666</b>	<b>24,158</b>	<b>31.2%</b>
<b>Total</b>	<b>288,472</b>	<b>299,890</b>	<b>11,418</b>	<b>100.0%</b>

2020-2021 to 2024-2025				
Housing Revenue Account capital programme	Approved budget	Recommended budget	Variance	Resource as % of expenditure
	£000	£000	£000	
<b>Expenditure</b>	<b>403,877</b>	<b>403,877</b>	<b>-</b>	
<b>Financing</b>				
Internal resources				
Capital receipts	28,778	29,252	474	7.2%
Prudential borrowing	263,005	262,331	(674)	65.1%
Revenue contributions	18,322	18,322	-	4.5%
Reserves	93,388	93,388	-	23.1%
<b>Subtotal</b>	<b>403,493</b>	<b>403,293</b>	<b>(200)</b>	<b>99.9%</b>
External resources				
Grants & contributions	384	584	200	0.1%
<b>Subtotal</b>	<b>384</b>	<b>584</b>	<b>200</b>	<b>0.1%</b>
<b>Total</b>	<b>403,877</b>	<b>403,877</b>	<b>-</b>	<b>100.0%</b>

6.2 Capital receipts totalling £92.0 million have been assumed within the General Revenue Account capital programme over the medium term period 2020-2021 to 2024-2025 and can be seen in Table 5. This is a net reduction of £2.8 million when compared to the approved budget, which has arisen due to decreased forecast from the sale of assets and re-phasing 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.

Whilst the forecast of capital receipts is deemed prudent at this stage, it will continue to be monitored closely throughout the financial year in light of the impact of the Covid-19 pandemic. In the event that capital receipts assumptions change, updates will be provided in future reports to Councillors.

**Table 5: Receipts assumed in the revised General Revenue Account capital programme**

General Revenue Account	Projected					Total £000
	2020 - 2021 £000	2021 - 2022 £000	2022 - 2023 £000	2023 - 2024 £000	2024 - 2025 £000	
Capital programme receipts	28,300	18,800	24,900	10,000	10,000	92,000

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

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

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

**8.0 Evaluation of alternative options**

8.1 This report provides an update on progress of capital projects during 2020-2021 and anticipated budget requirement for future year. The evaluation of alternative project options is detailed in individual investment proposals.

## **9.0 Reasons for decisions**

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

## **10.0 Financial implications**

- 10.1 The financial implications are discussed in the body of this report. The revenue implications of the new and existing projects seeking approval for additional or changes in resources for the General Fund Revenue Account are fully reflected in the treasury management budget forecasts included in the report 'Treasury Management Activity Monitoring – Mid Year Review 2020-2021' also on the agenda for approval at this meeting.

[RJ/21102020/N]

## **11.0 Legal implications**

- 11.1 Section 151 of the Local Government Act 1972 requires local authorities to make arrangements for the proper administration of their financial affairs.
- 11.2 The Local Government Act 1972 brought in the current regime for capital finance for local authorities. It reduced the level of central control over local authority borrowing and capital expenditure.
- 11.3 Each project mentioned in this report will have its own specific legal implications, raised and tailored in their respective reports.

[TS/26102020/W]

## **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 Climate change and environmental 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.

## **14.0 Human resources implications**

- 14.1 There are no human resources implications arising from this report.

## **15.0 Corporate landlord implications**

- 15.1 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.

## **16.0 Health and Wellbeing Implications**

- 16.1 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.

## **17.0 Covid Implications**

- 17.1 The Covid-19 pandemic has had a significant international, national and regional impact, and will continue to have, significant financial implications for the Council. Covid-19 has had an impact on development projects internationally, nationally and regionally and also on projects within the City.

Specific references are made where appropriate throughout the report.

## **18.0 Schedule of background papers**

- 18.1 Special Urgency Decision, 17 July 2020 – [Capital Outturn and Treasury Management Annual Report 2019-2020 and Monitoring Quarter One 2020-2021](#)
- 18.2 Individual Executive Decision Notice, 25 February 2020, exempt – Art Gallery Improvement
- 18.3 Joint Cabinet and Cabinet (Resources) Panel, 29 July 2020 – [Draft Budget and Medium Term Financial Strategy 2021-2022 to 2023-2024](#)
- 18.4 Joint Cabinet and Cabinet (Resources) Panel, 29 July 2020, exempt – [Priority Capital Works for Schools](#)
- 18.5 Individual Executive Decision Notice, 4 August 2020, exempt – [Corporate Asset Management Fund – Approval of Projects 2020/21](#)
- 18.6 Individual Executive Decision Notice, 7 August 2020, exempt – Commercial Waste Bins Capital Request
- 18.7 Individual Executive Decision Notice, 24 August 2020, exempt – [Traveller Transit Site](#)
- 18.8 Individual Executive Decision Notice, 9 September 2020, exempt – [Bob Jones Community Centre Roof Replacement](#)
- 18.9 Individual Executive Decision Notice, 2 October 2020 – Highway Maintenance Programme 2020-21

- 18.10 Individual Executive Decision Notice, 7 October 2020, exempt – Residential Waste Bins Capital Request
- 18.11 Individual Executive Decision Notice, 12 October 2020, exempt – [Corporate Asset Management Fund – Approval of Projects 2020/21](#)
- 18.12 Individual Executive Decision Notice, 15 October 2020 - [Town Fund Capital Grant](#)

## **19.0 Appendices**

- 19.1 Appendix 1 – Detailed projected budget
- 19.2 Appendix 2 – Detailed forecast change
- 19.3 Appendix 3 – Projects requiring approval
- 19.4 Appendix 4 – Virements for approval
- 19.5 Appendix 5 – Supplemental Deed of Variation
- 19.6 Appendix 6 - Governance Principles Enterprise Zones

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