

Meeting of the Council

Monday, 8th October, 2018 at 6.00pm

In the Council Chamber at the Council House, Priory Road, Dudley

You are hereby summoned to attend a meeting of the Dudley Metropolitan Borough Council for the purpose of transacting the business set out in the numbered agenda items listed below.

Agenda - Public Session

(Meeting open to the public and press)

Prayers

1. Apologies for absence
2. To receive any declarations of interest under the Members' Code of Conduct
3. [To confirm and sign the minutes of the meeting of the Council held on 9th July, 2018 as a correct record](#)
4. Mayor's Announcements
5. To receive reports from meetings as follows:

Meeting of the Cabinet dated 12th September, 2018

Councillor P Lowe to move:

- (a) [Capital Programme Monitoring \(Pages 1 – 10\)](#)

Meeting of the Audit and Standards Committee dated 24th September, 2018

Councillor A Aston to move:

- (b) [Treasury Management \(Pages 11 – 18\)](#)

Continued...



6. Notices of Motion

- (a) To consider the following Notice of Motion received from Councillor R Harris on 9th June, 2018:

Dudley Housing

“This Council expresses deep concern that the Government’s starter home initiative appears to have been scrapped due to the Government not passing the required legislation.

The Council notes that under this scheme Dudley proposed to build a total of 62, much needed starter homes, in Brierley Hill, Stourbridge and Dudley; this has now had to be abandoned.

The Council recognises that relying only on the proposal by this Council to build properties at market value is fundamentally wrong. This further distorts the local housing market and actually makes things worse.

This Council believes that it is important to stand up for the people in Dudley who are in need of homes and demands a Fair Deal for Dudley.

Dudley Council therefore resolves to:-

- Write to the Government urging that legislation to tackle housing based problems is given a higher priority.
- Look for alternative schemes to ensure communities have access to the housing they expect and need.
- Cease any further housing development on Council owned land that is for profit only, or releasing any Council owned land for private or for profit market development only, until the Council demonstrates it has a long term clear strategic framework for affordable housing that complements all types of housing provision in the Borough.
- Ensure that a report on the implementation of the motion is submitted to the Place Scrutiny Committee with recommendations to be submitted to a future meeting of the Cabinet.”

Continued...

- (b) To consider the following Notice of Motion received from Councillor K Casey on 19th June, 2018:

Procurement and Local Business

“This Council fully recognises the importance of all local businesses and to do everything it can to support them to grow and prosper.

Therefore this Council commits to reviewing its procurement processes so that local companies benefit from the commissioning of goods and services from the private sector, investing in the local economy.

This Council also commits, where possible, to ensuring that all new contracts awarded by the Council include a requirement for contractors to provide apprenticeships and job training for local people.

Accordingly, this Council resolves that a report be submitted to the Corporate Scrutiny Committee and the Cabinet to consider the implementation of these proposals.”

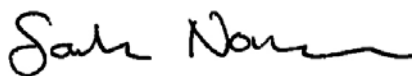
7. Questions under Council Procedure Rule 11

To answer any questions to the Leader, Cabinet Members, Committee and Community Forum Chairs

8. To consider any business not on the agenda which by reason of special circumstances the Mayor is of the opinion should be considered at the meeting as a matter of urgency under the provisions of the Local Government Act 1972

Distribution:

All Members of the Council



Chief Executive

Dated: 28th September, 2018



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Dudley Metropolitan Borough

Minutes of the proceedings of the Council
At the meeting held on Monday, 9th July, 2018
at 6.00pm at the Council House, Dudley

Present:

Councillor A Taylor (Mayor)
Councillor H Bills (Deputy Mayor)
Councillors A Ahmed, K Ahmed, A Aston, M Aston, M Attwood, J Baines, N Barlow, C Barnett, , R Body, P Bradley, R Burston, R Buttery, K Casey, B Challenor, S Clark, J Cooper, B Cotterill, J Cowell, S Craigie, T Crumpton, C Elcock, M Evans, A Finch, K Finch, J Foster, B Gentle, A Goddard, M Hanif, D Harley, P Harley, R Harris, J Hill, A Hopwood, Z Islam, L Johnson, L Jones, S Keasey, I Kettle, E Lawrence, A Lees, K Lewis, P Lowe, J Martin, P Miller, A Millward, M Mottram, S Mughal, C Neale, G Partridge, C Perks, S Phipps, N Richards, S Ridney, J Roberts, H Rogers, M Rogers, K Shakespeare, D Stanley, E Taylor, L Taylor, D Tyler, S Tyler, D Vickers, V Wale, S Waltho, T Westwood and Q Zada together with the Chief Executive and other Officers

15 **Prayers**

The Mayor's Chaplain led the Council in prayer.

16 **Apologies for Absence**

Apologies for absence were received on behalf of Councillors S Ali, C Bayton and K Jordan.

17 **Declarations of Interest**

Declarations of interests, in accordance with the Members' Code of Conduct, were made by Members as follows:

Councillor A Aston – All references to matters affecting West Midlands Ambulance Service (WMAS) – Pecuniary interest in any matters directly affecting his employment by the WMAS.

Councillors M Evans and D Vickers – Any matters relating to the Castle Hill Development and all references to Dudley Zoo – Non-pecuniary interests as members of Dudley and West Midlands Zoological Society Limited.

Councillors D Stanley and L Jones – West Midlands Combined Authority – Transport Delivery Committee – Non-pecuniary interests as Members of the Committee.

Councillors D Stanley and T Westwood – Agenda Item 5(a) – Capital Programme Monitoring – Non-pecuniary interests as Chair and Secretary respectively of the Friends of Sedgley Beacon.

Councillor R Burston – Agenda Items 5(a) and 5(b) – Capital Programme Monitoring and West Midlands Combined Authority (WMCA) – Pecuniary interest in any matters directly affecting his employment by the WMCA.

Councillor M Hanif – Minutes of the Development Control Committee – Planning No. P18/0400 – 89 Witton Street, Norton – Pecuniary interest as the application was in relation to his own private house.

Councillor H Rogers – Minutes of the Ernest Stevens Trusts Management Committee – Non-pecuniary interest as Chair of the Friends Group for Mary Stevens Park and Swinford Common. Also in relation to her involvement with the Management Team for Mary Stevens Park and her attendance at stakeholder meetings.

Councillor V Wale - Minutes of the Ernest Stevens Trusts Management Committee – Non-pecuniary interest in relation to Mary Stevens Hospice as her sister worked at the Hospice.

Councillor G Partridge - Minutes of the Ernest Stevens Trusts Management Committee – Non-pecuniary interest in relation to Mary Stevens Hospice as she was a volunteer at the Hospice and had a relative that owned land adjoining the trust land.

Councillor J Cowell – Minutes of the Ernest Stevens Trusts Management Committee – Non-pecuniary interest as she had previously served on the Board of Trustees at Mary Stevens Hospice.

Minutes

Councillor H Rogers raised a point of accuracy in accordance with Council Procedure Rule 17.1. The Minutes of the meeting of the Council on 17th May, 2018 recorded that Councillors A Lees and C Elcock were present at the meeting. Councillor H Rogers requested that the Minutes be annotated to clarify that those Members had not been present until after the completion of the business referred to in Minute No. 3 (Election of Deputy Mayor).

Resolved

That the minutes of the Annual Meeting of the Council held on 17th May, 2018 be approved as a correct record and signed.

19 **Mayor's Announcements**

(a) Charity Cricket Match

To be held on 13th July, 2018 at the Memorial Ground, Amblecote at 6pm.

(b) Civic Service

To be held on 22nd July, 2018 at St Johns' Church, Halesowen.

20 **Capital Programme Monitoring**

A report of the Cabinet was submitted.

It was moved by Councillor P Harley, seconded by Councillor D Vickers

Resolved

- (1) That the outturn position for 2017/18, as set out in paragraph 3 and Appendix A to the report, be noted.
- (2) That the current progress with the most significant capital schemes, as set out in Appendix B to the report, be noted.
- (3) That the Strategic Director Place be authorised to submit bids to the Heritage Lottery Fund (HLF) in respect of the Sedgley Beacon improvements, and that subject to full funding being secured the project be approved and included in the Capital Programme, as set out in paragraph 6 of the report.
- (4) That the Capital Programme be amended to reflect the updated estimated cost of the Lister Road Depot redevelopment, as set out in paragraph 7 of the report.
- (5) That the Highways Incentive Fund 2018/19 allocation be noted and the associated expenditure be included in the Capital Programme; and that expenditure which can be funded from future allocations of this nature also be included in the Capital Programme in due course, as set out in paragraph 8 of the report.
- (7) That the project to extend the Corbyn Road building be approved and included in the Capital Programme, as set out in paragraph 9 of the report.
- (8) That the One Public Estate capital budget be increased by £40,000, as set out in paragraph 10 of the report.
- (9) That the Schools Condition allocation 2018/19 of £2,511,000 be noted and the associated expenditure included in the Capital Programme, as set out in paragraph 11 of the report.

- (10) That the Healthy Schools Capital Fund allocation 2018/19 of £226,000 be noted and the associated expenditure included in the Capital Programme, as set out in paragraph 12 of the report.
 - (11) That the expenditure of £190,000 on Library Self Service Kiosks be approved and included in the Capital Programme, as set out in paragraph 13 of the report.
 - (12) That the urgent amendments to the Capital Programme, as set out in paragraphs 14 and 15 of the report, be noted.
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21 **West Midlands Combined Authority – The Second Devolution Deal and Action Plan**

A report of the Cabinet was submitted.

It was moved by Councillor P Harley, seconded by Councillor D Vickers and

Resolved

- (1) That the second Devolution Deal agreement and the proposed approach to implementation, as set out in Appendix 1 of the report, be approved.
 - (2) That the high level Action Plan and further work with the Government on devolution with the coverage and portfolio leadership, as set out in Appendix 2 of the report, be approved.
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22 **Food and Feed Service Plan 2018/19**

A report of the Cabinet was submitted.

It was moved by Councillor R Buttery, seconded by Councillor D Vickers and

Resolved

That the Food and Feed Service Plan 2018/19 be approved and adopted.

23 **Notices of Motion**

In accordance with Council Procedure Rule 12.2, Councillors R Harris and K Casey had given written notice that they proposed to move their respective motions at the next ordinary meeting of the Council. The notices of motion would, therefore, be included in the summons for the meeting of the Council on 8th October, 2018.

Questions under Council Procedure Rule 11

During questions asked under Council Procedure Rule 11, there were no decisions that the Leader, Cabinet Members or Chairs agreed to have reconsidered.

The meeting ended at 7.05pm

MAYOR

Meeting of the Council – 8th October, 2018

Report of the Cabinet

Capital Programme Monitoring

Purpose of Report

1. To report progress with the implementation of the Capital Programme.
2. To propose amendments to the Capital Programme.

Recommendations

3. The Council is recommended:
 - That current progress with the most significant capital schemes, as set out in Appendix A be noted.
 - That the contribution to the Stourbridge Canal Towpath project be approved and included in the Capital Programme, and that any transportation expenditure which can be funded from such resources in future be included in the Capital Programme as appropriate, as set out in paragraph 6.
 - That the improvements to Vale Street, Gornal be approved and included in the Capital Programme, as set out in paragraph 7.
 - That the project to replace the hammer throw cage and circle at the Dell Stadium be approved and included in the Capital Programme, as set out in paragraph 8.
 - That, subject to external funding being available, any land or property acquisitions or works to be carried out in connection with delivering economic regeneration in key corridors across Dudley, including improvements to public realm and highways infrastructure by the Council, be included in the Capital Programme and that any proposals which utilise the Council's own resources be submitted to the Cabinet and the Council, as set out in paragraph 9.
 - That the School Basic Need allocation for 2020/21 be noted, and the associated expenditure included in the Capital Programme, as set out in paragraph 10.
 - That the School Devolved Capital allocation for 2018/19 be noted, and the associated expenditure included in the Capital Programme, as set out in paragraph 11.

Background

4. The table below summarises the *current* 3 year Capital Programme updated where appropriate to reflect latest scheme spending profiles.

	2018/19	2019/20	2020/21
	£'000	£'000	£'000
Public Sector Housing	38,354	36,528	37,732
Private Sector Housing	13,654	2,450	450
Environment	7,801	9,156	5,000
Transport	12,281	6,516	4,816
Regeneration & Cultural	7,936	19,681	7,386
Schools	24,816	5,589	244
Social Care, Health and Well Being	1,064	0	0
Chief Executive's	1,285	0	0
Total spend	107,191	79,920	55,628
Revenue	8,288	2,931	4,037
Major Repairs Reserve (Housing)	23,113	23,451	23,920
Capital receipts	19,550	25,336	11,222
Grants and contributions	33,640	6,389	3,612
Capital Financing Requirement	22,600	21,813	12,837
Total funding	107,191	79,920	55,628

Note that the capital programme for future years is in particular subject to government grant allocations, some of which have not yet been announced.

5. An update on progress with the Council's most significant capital schemes is shown in Appendix A. It is proposed that the current position be noted.

Transport

6. Towpath Improvements to Stourbridge Canal, Wordsley

As part of a residential development adjacent to the canal the Council has received £23,000 in the form of Section 106 agreement funding to be used as a contribution to upgrading and improving access to the length of towpath between Henderson Bridge (near Windsor Grove) and Glasshouse Bridge (at High Street, Wordsley). The £23,000 would be transferred to the Canal and River Trust who will carry out the works given the towpath and access ramps are situated on land in their ownership and form part of their asset.

It is proposed that the contribution to the project be approved and included in the Capital Programme, and that any transportation expenditure which can be funded from such resources in future be included in the Capital Programme as appropriate.

7. Vale Street, Gornal

It is proposed to undertake improvements to Vale Street, Gornal in the vicinity of no. 65 to provide a 2m wide pedestrian footway on its east side that would provide continuity with the existing footways. This will involve the purchase the land from the owner of no. 65 and construction of a new footway and retaining wall in Gornal blocks. The estimated cost is £75,000. Funding has been identified from commuted sums from developers for the future maintenance of adopted highways assets. It is proposed that the scheme be approved and included in the Capital Programme.

Regeneration and Cultural

8. Hammer Cage, Dell Stadium

The hammer throw cage and circle at the Dell Stadium has been condemned as unfit for use and a replacement is required. Initial estimates are that this will cost between £25,000 and £33,000. This can be funded by a 10% contribution from the athletics club, with the balance from prudential borrowing over 5 years, repayments being made from additional income generated from use of the new 3G pitch.

It is proposed that the project be approved and included in the Capital Programme with a budget of £33,000.

9. Delivering Economic Regeneration in Key Corridors Across Dudley

On 12th September, 2018, the Cabinet considered a report on delivering economic regeneration in key corridors across Dudley. The full report is available on the Committee Management Information System. The Cabinet made the following decisions under its delegated powers:

- (1) That following consultation with the Chief Officer Finance and Legal Services and the Cabinet Members for Regeneration and Enterprise and Finance and Legal Services, the Strategic Director Place be authorised to conclude the refresh of the Metro Legal Agreement entered into by Dudley MBC and the then Centro now West Midlands Combined Authority (WMCA) in 2005;
- (2) That subject to a 2km Corridor on either side of the Metro line from Birmingham New Road to Brierley Hill and all relevant Centres covered by an Area Action Plan (Dudley, Stourbridge, Halesowen and Brierley Hill) as well as the relevant key transport routes as identified as Black Country Core Strategy Regeneration Corridors, following consultation with the Chief Officer Finance and Legal Services and the Cabinet Members for Regeneration and Enterprise and Finance and Legal Services, the Strategic Director Place be authorised to:-
 - Submit funding applications, accept funding and negotiate funding agreements with funding bodies in support of the regeneration of these areas and address any other funding requirements associated with the delivery of regeneration including site investigations and works to the public realm and highways infrastructure;

- Subject to the availability of funding, incur any revenue expenditure relating to programme delivery;
- Negotiate and complete any relevant undertaking and required development agreements prior to the making of any Compulsory Purchase Orders;
- Acquire and extinguish interests in land and new rights to support the assembly of development sites either by agreement or compulsorily.

The Cabinet recommended to the Council:

- (3) That, subject to external funding being available, any land or property acquisitions or works to be carried out, including improvements to public realm and highways infrastructure by the Council, be included in the Capital Programme and that any proposals which utilise the Council's own resources be submitted to the Cabinet and the Council.

Schools

10. School Basic Need Allocation 2020/21

The Council has been notified of its Basic Need allocation for 2020/21 of £5,480,000. This funding is to support the provision of new pupils places in the Borough and will be allocated to specific projects in due course.

It is proposed that these allocations be noted and the associated expenditure included in the Capital Programme.

11. Schools Devolved Capital 2018/19

The Council has been notified of its Devolved Capital allocation for 2018/19 of £544,000, allocated to schools based on a DfE formula. Schools will be expected to determine capital projects in accordance with priorities set out in their schools' asset management plans and in conjunction with Corporate Landlord Services.

It is proposed that this allocation be noted and the associated expenditure included in the Capital Programme.

Finance

12. This report is financial in nature and information about the individual proposals is contained within the body of the report.

Law

13. The Council's budgeting process is governed by the Local Government Act 1972, the Local Government Planning and Land Act 1980, the Local Government Finance Act 1988, the Local Government and Housing Act 1989, and the Local Government Act 2003.

Equality Impact

14. These proposals comply with the Council's policy on Equality and Diversity.
15. With regard to Children and Young People:
- The Capital Programme for Schools will be spent wholly on improving services for children and young people. Other elements of the Capital Programme will also have a significant impact on this group.
 - Consultation is undertaken with children and young people, if appropriate, when developing individual capital projects within the Programme.
 - There has been no direct involvement of children and young people in developing the proposals in this report.

Human Resources / Transformation

16. The proposals in this report do not have any direct Human Resources / Transformation implications.

A handwritten signature in black ink, appearing to be 'M. D. 2009', is written over a faint, circular official stamp.

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Leader of the Council

Progress with Major Capital Schemes

Public Sector Housing

New Council Housing

Works commenced on site March 2017, completing in phases by 2019/20, for 130 new homes in a mixed tenure development at Middlepark Road, Russells Hall of which 42 will be new Council homes. The first 10 Council owned homes were completed March 2018. Work is progressing well for the remaining 32 Council homes, all due for completion 2018/19.

Work commenced in October 2017 for 16 apartments at Beech Road, Kingswinford, initially with the demolition of the existing structure. Completion due November 2018.

Work commenced in October 2017 for 12 one bedroom apartments at Wolverhampton St, Dudley, as part of the Wolverhampton St regeneration corridor. Completion due February 2019.

Work commenced in March 2018 for 12 bungalows at Crowle Drive, Stourbridge. Completion due March 2019.

Work commenced in March 2018 for 10 new houses at Wychbury Rd, Stourbridge. Completion due March 2019.

Feasibility studies and planning applications are in progress for a number of schemes, including:

- 14 houses at Stewarts Rd, Halesowen
- 14-16 bungalows, off The Broadway, Norton, Stourbridge
- 8 units (type to be determined based on feasibility) at Portway Close, Kingswinford
- 6 new Council houses at Uplands, Dudley, (a revised scheme to address parking concerns following refusal of planning permission in April 2018).

Feasibility work is ongoing for other infill sites across the borough and discussions are ongoing with Planning and Highways.

Private Sector Housing

Homes for Sale

This will deliver 59 homes for sale at market prices and 20 affordable homes (25% of the homes being developed) for rent by the HRA.

Planning approval has been received for all four schemes.

Work has now commenced at:

- Wenlock Gate (Wrens Nest Road) – a development of 8 new homes with 4 for private sale. Completion due in December 2018
- Red House Mews (King William St / Brettell Lane Amblecote) – a development of 20 new homes with 16 for private sale. Completion due Autumn 2019

Works will commence on site for the remaining schemes during September 2019:

- Mill Grange (Mere Road, Norton) – a development of 18 homes with 14 for private sale. Completion due Winter 2019
- Castle Court (Beechwood Rd, Dudley) development of 33 homes with 25 for private sale. Completion due Spring 2020

Environment

Homer Hill Park

The Homer Hill Park changing rooms and Multi Use Games Area (MUGA) are currently close to completion. The MUGA is complete and has been well used this summer; we are waiting on the electrical work for the lighting to be complete. The building is close to completion and should be ready by the start of the football season in the next couple of weeks.

Stourbridge Cremator

The upgrade of the cremators at Stourbridge Crematorium is scheduled to start in February 2019 with building alterations necessary for the work to go ahead commencing this autumn. The contract will be awarded shortly. Spend is forecast to be within budget.

Sedgley Beacon

The funding application was submitted to the Heritage Lottery Fund (HLF) in August 2018. If successful we will then embark on the Development Phase, which will be funded via HLF with some match funding from the Wildlife Trust. The Development Phase will determine and finalise delivery costs, and required match funding will be sought.

Lister Road Depot Redevelopment

Following feedback received from the initial planning application, the designs of the development have been reviewed and amended to address these concerns. Further consultation with residents has been undertaken and the revised planning application has been resubmitted for determination. Construction works are expected to commence in December 2018.

Transport

A4101 High Street, Pensnett Highway Improvement

Work commenced on site in May 2017 and the main highway elements of the scheme have been completed, with the new road layout operational from July. Spend is forecast to be within budget.

Street Lighting (Invest to Save)

Phases 1 and 2 of the replacement programme have been completed, totalling around 2,000 street lighting lantern conversions to LED technology on main roads. This is over 30% of the total works. The programme will continue to progress during 2018/19 and 2019/20. Over 700 lanterns have been purchased ready for installation in Phase 3. New columns and lanterns will be programmed for installation during this year and next.

Regeneration and Cultural

Dudley Townscape Heritage Initiative

The Townscape Heritage (TH) programme is funded through the Heritage Lottery Fund (HLF) which offers grant assistance to carry out repair, reinstatement and refurbishment works to historic buildings, as well as a programme of complementary education and community engagement activities.

The Phase 2 TH programme, which is operating with a grant budget of £1,178,000 from the HLF and £300,000 matchfunding from the Council, commenced in February 2017. It will run for 4 years and focuses on buildings in the town centre's historic core. The work at 203/204 Wolverhampton Street was completed in July and the property has been sold to a local recruitment company which is now in occupation and has taken on more staff. Grant offers for neighbouring properties at 208 and 209 Wolverhampton Street have been confirmed although commencement of work has been delayed through lack of joiners to carry out the shopfront work. Work is expected to be carried out this year. Reserve projects will be brought forward should projects fail to progress.

Other projects identified as priorities within the bid, including 207 Wolverhampton Street, Fountain Arcade, 204a Wolverhampton Street and 14 New Street, are being progressed with the private owners with a view to work being undertaken in years two and three.

The activities are also being progressed and developed in conjunction with teams in Adult and Community Learning, Museums and Communications and Public Affairs, with events such as the Heritage Open Day held and the volunteer training programme launched. The volunteer programme is developing and volunteer assistance is being sought for forthcoming events and projects, such as September's Heritage Open Day. The TH programme is being progressed in line with the Action Plan.

One Public Estate

The Council's Estate Strategy 2017–2022 was approved by Cabinet in December 2017 and is now a live document. Issues meriting specific reference include the refurbishment of the former Health Centre in Bayer Street, Coseley following its acquisition. This will enable Children's Services to develop their Early Help strategy for the north of the borough through a Family Centre supporting children and young people aged 0-18, (up to 25 years for those who have a learning difficulty/disability). The refurbishment is now complete and will become operational at the end of September.

Minor alteration work to 4 Ednam Road is now complete. Corporate Landlord Services staff have moved from Ward House Himley and Saltwells EDC, Netherton freeing up space at those sites as part of their planned decant. Legal Services have also relocated to the ground floor freeing up space in the Council House.

Work has been completed at 7 St James's Road / 8 Parsons Street. West Midlands Police currently based at Dudley Police Station will take occupation imminently now that the lease has been completed.

In relation to assets considered surplus to operational requirements, work continues to dispose of them by the most beneficial method including on the open market and via Community Asset Transfer. Some £3.8m of (general fund) capital receipts have been realised since 1st April 2017 with approximately £2.2m (general fund) sold subject to contract or under offer. Where necessary, to increase value or to make a sale more viable, some site remediation is being considered prior to future disposal.

Corbyn Road Extension

Detailed design work is now in progress and following procurement it is currently planned to start building work in February 2019 with completion anticipated in September 2019.

Very Light Rail (VLR)

Two Very Light Rail test tracks are to be installed between Castle Hill Bridge and Cinder Bank with a test passenger platform located at the Cinder Bank end of the tracks. Full track length will be approximately 2km. The eastern track will be bedded on stone ballast and western track bedded on concrete track form system, the western track to form a later phase of work. The existing use of the track-way is a disused freight track-way which is subject to lease terms on the land which will be shared with the landowner (Network Rail) and the test track operator WMG. A planning application was submitted on 10th November 2017 and determined with reserved matters on 25th January 2018.

A planning application for the proposed new building for the 'Very Light Rail National Innovation Centre'(VLRNIC), including a pedestrian foot bridge link to Tipton Road and links to future metro line, car parking, rail vehicle test track sidings and linking lines into the VLRNIC engineering hall was submitted on 12th December 2017 and determined with conditions to be discharged on 2nd March 2018.

Building regulations conditional notification was received on 22nd February 2018 and Conditional Approval received on 25th May 2018.

The main contractor procurement process commenced at the end of August 2017 and is progressing. The final stage, contract award and mobilisation, is expected to take place between February and June 2019.

Phase 1 advance enabling site works and surveys commenced in December 2017 and are now complete albeit additional minor surveys may be undertaken if scheme design development dictates.

The Phase 1 main works (including Metro Retaining Wall, see below) are due to commence after stage 3 contract award and are forecast to complete in October 2020.

Current spend is forecast to be within budget.

Metro Retaining Wall

The West Midlands Combined Authority approved funding of £4,335,000 on 27th November 2017. Of this a total of £294,000 has currently been instructed for the design (£207,000) and management (£87,000) of the Metro Retaining Wall projected. It is estimated that this will be expended between November 2017 and August 2019.

The design works stage commenced in October 2017 and is now complete and being reviewed by the West Midlands Combined Authority, with approval expected in October 2018.

The Metro Retaining Wall construction is due to commence in December 2018 and is forecast to complete in August 2019. Current estimates are indicating the wall costs breaching the available budget and an exercise is currently underway providing further refinement to the design to enable the budget to be maintained.

Leisure Centres

Officers have tested the leisure market to identify the most cost effective procurement options to deliver one new leisure centre in Dudley and refurbish Crystal and Halesowen leisure centres. Two project groups reporting to the Strategic Project Board are to be set up (Technical & Operational) involving in-house professionals, managers and the external specialist who will now move the project to the next stage of the process which includes detailed design works and budget costs.

Schools

Schools Basic Need Projects

The identification of the next phase of projects to be funded from Basic Need capital grant is progressing well.

Numbers for both primary and secondary school places continue to be closely monitored and processes are in place to recommend the next wave of capital projects to address projected growth mainly at Secondary School level across the school estate. Two possible projects for Wordsley School and Crestwood Secondary school are in the early investigation stages at present.

Priority Schools Building Programme

The Council has received formal confirmation from the Education Skills Funding Agency (ESFA) of a grant allocation of £2,220,000 for the rebuild of the Key Stage 1 block at Huntingtree Primary School. The tender values returned for the project are higher than anticipated and the project is currently back with the EFSA for assessment and approval.

Healthy Pupil Capital Fund

As reported to Cabinet in June the Council has been allocated £226,000 from the Healthy Pupils Capital Fund (HPCF) to improve children's and young people's physical and mental health by improving and increasing availability to facilities for physical activity, healthy eating, mental health and wellbeing and medical conditions. Funding is provided from the Soft Drinks Industry Levy, also known as the "Sugar Tax".

Community, foundation and voluntary controlled schools will have the opportunity to apply to the Council for funding towards a project that meets the fund criteria. Application forms will be sent out at the start of the Autumn Term and closing date for responses will be 26th October 2018. Bids will be assessed by Corporate Landlord Services, in conjunction with Public Health, and schools will be informed of the outcome.

Transformation

Social Care ICT

Engagement with the supplier is underway. Timescales are subject to detailed project planning.

Meeting of the Council – 8th October, 2018

Report of the Audit and Standards Committee

Treasury Management

Purpose of Report

1. To outline treasury activity during the financial year 2017/18 and in the current financial year up to August.

Recommendations

2. That the treasury activities outlined in this report be noted and endorsed.

Background

3. The Treasury Management strategy for 2018/19 has been underpinned by the adoption of the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management 2017. The Code recommends that members are informed of Treasury Management activities at least twice a year. This report ensures that the Council is embracing best practice in accordance with CIPFA's recommendations.
4. Treasury Management entails the management of the Council's cash flows, its borrowings and investments, the management of the associated risks and the pursuit of the optimum performance or return consistent with those risks.
5. The Council undertakes treasury management activity on its own behalf and as administering authority for the West Midlands Debt Administration Fund (WMDAF). We are responsible for administering capital funding of approximately £770m on our own account and another £132m on behalf of other West Midlands councils in respect of the WMDAF. The treasury function is governed by the Council's Treasury Policy Statement and Treasury Management Practices.

Treasury activity in 2017/18 on the Dudley fund

6. Our treasury activities were undertaken in the context of the Treasury Strategy Statement 2017/18 approved by Audit & Standards Committee and Full Council in February 2017. The Strategy Statement stated:

"The primary factor in determining whether we undertake new long-term borrowing will be cash flow need. We may elect to borrow one or two years in advance of anticipated need if we judge that this is necessary in order to avoid being forced to borrow at higher rates at a later date"

7. In 2017/18 our investments averaged around £24.4 million (with significant day to day variation as a result of cash flow). The average return on these investments was 0.42% (excluding the long term investment with Salford City Council, the average return was 0.19%). The majority of our investments were for less than one month or were in call accounts¹. All investments were placed with institutions that satisfied the criteria for credit-worthiness set out in the Treasury Strategy Statement 2017/18. Our investment activity for 2017/18 is set out in more detail in Appendix 1.
8. The average value of long-term borrowings in 2017/18 was £654.6 million. The average rate of interest on these borrowings was 3.46%. The loans were due to mature on dates ranging from 2018 to 2061.
9. In 2017/18 we took out 3 new loans to the value of £30m from the PWLB at an average interest rate of 1.44% and an average duration of 6 years. We have taken out a further 10 market loans. The average value of these loans was £7.5m at an average rate of 0.41%, for an average duration of 241 days.
10. Due to cash flow requirements in 2017/18, it was necessary to undertake short term borrowing on 1 occasion for the value of £5.0 million at 0.22% for 7 days.

Treasury activity in 2017/18 on the WMDAF

11. Our borrowing activities in 2005/06 placed us in a position where it was not necessary to undertake any new longer-term borrowing in the financial years from 2006/7 to 2017/18. We did not identify any opportunities to improve our position by restructuring of debt. It was necessary to undertake short term borrowing on 8 occasions at an average value of £2.2million at 0.51% for an average duration of 72 days. We also made 1 investment in 2017/18 for the WMDAF for the value of £3.0 million at 0.17% for 74 days.

Performance comparisons 2017/18

12. Our treasury management advisors Link Asset Services have compared our treasury performance with their other clients using borrowing and investment data at financial year end. The results are summarised in the table below:

¹ A call account is a deposit account with a financial institution without a fixed maturity date. The deposit can be "called" (withdrawn) at any time and deposits can also be made at any time. Call accounts and the specific terms associated with them differ depending upon the bank offering the account.

Performance Benchmarking

	Dudley	Client Average
Gross Borrowing (£M)	673.6	218.4
Investments (£M)	18.4	62.7
Net Borrowing (£M)	655.2	155.7
Gross average borrowing rate (the cost of borrowing, ignoring the return on investments)	3.36%	4.47%
Investment return rate (the return on investments, ignoring the cost of borrowing)	0.65%	0.7%
Net average borrowing rate (a combination of the above, representing the cost of borrowing net of the return on investments)	3.44%	5.99%
Lender's Option Borrower's Option (LOBO)² loans as a proportion of all borrowing	1.48%	6.73%

13. The data above is based on a snapshot of treasury portfolios at 31 March 2018 and includes long and short term borrowing and investments. Dudley's net cost of borrowing was substantially lower than the average of local authorities in the client group. This is partly because our ratio of gross to net borrowing is higher than other authorities who maintain larger levels of investments which are currently delivering very low yields. We were much less exposed than the group average to the potential volatility of LOBO loans (see footnote).
14. It should be remembered that treasury performance measurement is not an exact science. These statistics represent the cumulative effect of decisions dating back over many years and the performance of other local authorities may have been achieved in circumstances different from our own.

Prudential indicators 2017/18

15. The 2003 Prudential Code for Capital Finance in Local Authorities sets out a framework for the consideration and approval of capital spending plans. In so doing, it requires the Council to set a number of prudential indicators, some of which concern matters of treasury management. Appendix 2 outlines those indicators for 2017/18. There was one breach of these limits in 2017/18 and that was at the end of the financial year when the upper limit for fixed borrowing maturing within 12 months was exceeded but the indicator dropped back below the limit in April 2018.

² The lender has the option (at regular intervals stipulated in the loan agreement) to vary the rate of interest. The borrower then has the option to either accept the new interest rate or repay the loan.

Treasury activity 2018/19 to August

16. Treasury activities in the current year have been undertaken in the context of the Treasury Strategy Statement 2018/19 approved by Audit & Standards Committee and Council in February of this year. In that document we anticipated that long term borrowing would be required in the next 12 months due to cash flow need.
17. The Monetary Policy Committee (MPC) delivered the expected bank rate rise from 0.50% to 0.75% in August 2018, but the 9-0 vote in favour was a surprise. The markets are not factoring in another rate hike at any of the last three meetings this year following comments from the Bank of England Governor on current economic uncertainties. Markets have built a little more belief that the next hike will come in August 2019, with expectations at around 60%.
18. Our investments up to the middle of August have averaged around £32.3 million (with significant day to day variation as a result of cash flow). The average return on these investments was 0.51% (excluding the Salford investment the average return is 0.34%). All investments were placed with institutions that satisfied the criteria for credit-worthiness set out in the Treasury Strategy Statement 2018/19. Our investment activity for 2018/19 is set out in more detail in Appendix 3.
19. The average value of long-term borrowings up to mid August has been £646.2million. The average rate of interest on Dudley's loans is 3.54%. The maturity dates for the loans range from the current year to 2061. We have taken out a further 6 market loans (5 of them for 24 months and 1 for 18 months) so far this year. The average value of these loans was £5.5m at an average rate of 1.13%.
20. We are monitoring interest rates and cash flow closely and continue to anticipate that some further borrowing may be required before the financial year end, principally to replace existing loans as they mature.
21. In the current year to date it has not so far been necessary to undertake any short-term borrowing.
22. On the WMDAF it has been necessary to undertake short term borrowing on one occasion to date in 2018/19, at a value of £1.4m at 0.50% for a duration of 51 days. We have made no investments on the WMDAF to date in 2018/19.

Finance

23. Forecasts of performance against budget for treasury management activities are highly sensitive to movements in cash flow and interest rates.

Law

24. These matters are governed by Part IV of the Local Government and Housing Act 1989 and Section 111 of the Local Government Act 1972, which empowers the Council to do anything which is calculated to facilitate or is conducive or incidental to the discharge of its various statutory functions.

Equality Impact

25. The treasury management activities considered in this report have no direct impact on issues of equality.

Human Resources/Transformation

26. There are no Human Resource implications associated with this report

A handwritten signature in black ink, appearing to read "A Astor".

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Chair of the Audit and Standards Committee

Investment Activity 2017/18

Counterparty name	Number of investments	Average value £ million	Average rate %	Average duration (days)
Debt Management Office	74	11.7	0.17	14
Santander	N/A	4.55	0.20	Call Account
Bank of Scotland	N/A	4.49	0.21	Call Account
HSBC	N/A	3.18	0.22	Call Account
Salford MDC*	1	0.50	11.25	Matures in 2020

* This is a fixed term deposit of £500,000.00 with Salford MDC at an interest rate of 11.25% that was made in 1985 and is due to mature in 2020.

Prudential indicators relating to treasury management 2017/18**External debt**

These indicators are intended to ensure that levels of external borrowing are affordable, prudent and sustainable. The authorised limit for external debt is a statutory limit (section 3 of the Local Government Act 2003) that should not be breached under any circumstances. The operational boundary is a lower threshold allowing for a prudent but not worst case scenario for cash flow.

	£m
Authorised limit for external borrowing	1,067
Operational boundary for external borrowing	895
Outturn - actual external borrowing	822

Interest rate exposures and maturity structure of borrowing and investments

These indicators allow the Council to manage the extent to which it is exposed to changes in interest rates.

	Indicator	Outturn
Upper limit for fixed interest rate exposure	100%	98.42%
Upper limit for variable rate exposure	10%	1.58%
Upper limit of principal maturing in any one year for sums invested for over 364 days	£10m	nil
Maturity structure of fixed rate borrowing:-		
under 12 months	0-10%	10.41%*
12 months and within 24 months	0-10%	5.69%
24 months and within 5 years	0-15%	11.48%
5 years and within 10 years	0-25%	14.69%
10 years and above	40-100%	57.72%

*The upper limit for fixed borrowing maturing within 12 months was breached at the end of 2017/18 but this indicator dropped back below the limit in April 2018.

Appendix 3

Investment Activity 2018/19 to August

Counterparty name	Number of investments	Average value £ million	Average rate %	Average duration (days)
Debt Management Office	48	18.1	0.32	16
Santander	N/A	4.73	0.40	Call Account
Bank of Scotland	N/A	4.85	0.40	Call Account
HSBC	N/A	4.16	0.31	Call Account
Salford MDC*	1	0.50	11.25	Matures in 2020

* This is a fixed term deposit of £500,000.00 with Salford MDC at an interest rate of 11.25% that was made in 1985 and is due to mature in 2020.