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**Meeting of the Cabinet – 20<sup>th</sup> March 2024**

**Joint Report of the Chief Executive and Director of Finance and Legal**

**2023/2024 Revenue and Capital Programme Monitoring**

**Purpose**

1. To report the forecast 2023/24 General Fund Revenue outturn position and propose amendments to the Capital Programme.

**Recommendations**

2. That Cabinet:
  - Note the forecast General Fund revenue outturn position for 2023/24 and the effect on Unallocated General Fund Reserves at 31<sup>st</sup> March 2024.
3. That the Council be recommended:
  - That the deferral, reduction and removal of various capital budgets be approved, as set out in paragraphs 11 - 18.
  - That the additional budget for the swimming pool works at Halesowen Leisure Centre funded by grant be included in the Capital Programme as set out in paragraphs 19-23.
  - That the Flexible Use of Capital Receipts Strategy be approved and added into the Capital Strategy, as set out in paragraphs 24-26 and Appendix C and Appendix D.
  - To note the progress against the Capital Programme as detailed in Appendix B.

## Background

4. At 31<sup>st</sup> March 2022 our unringfenced revenue reserves as a proportion of net revenue spend were 19%. The average<sup>1</sup> for all Metropolitan Councils at the same date was 55%. Calculated on the same basis, our position at 31<sup>st</sup> March 2023 was still 19%. Comparisons with other councils are not yet available.

### Forecast Revenue Outturn 2023/24

5. On 6<sup>th</sup> March Council set the 2023/24 budget. The budget was amended by Council on 10<sup>th</sup> July. The latest forecast performance against the amended budget is summarised below:

<b>Directorate</b>	<b>Latest Budget £m</b>	<b>Outturn £m</b>	<b>Variance £m</b>
Chief Executive	6.8	6.5	(0.3)
Adult Social Care	110.6	113.8	3.2
Children's Services	82.0	86.8	4.8
Health and Wellbeing	2.7	2.4	(0.3)
Finance and Legal	14.2	14.7	0.5
Digital, Commercial and Customer Services	16.5	15.9	(0.6)
Housing and Communities	48.8	50.5	1.7
Public Realm	2.5	1.8	(0.7)
Regeneration and Enterprise	14.4	16.2	1.8
Corporate, Treasury and Levies	13.9	8.9	(5.0)
<b>Total Service Costs</b>	<b>312.4</b>	<b>317.5</b>	<b>5.1</b>
<b>Total Resources</b>	<b>(307.3)</b>	<b>(307.3)</b>	<b>0.0</b>
<b>Use of Balances</b>	<b>5.1</b>	<b>10.2</b>	<b>5.1</b>

6. The adverse variance of £5.1m represents a £3.9m improvement to the previous outturn presented to March Council. Appendix A gives further detail of forecast performance at service level. The significant changes since last reported to Cabinet are summarised as follows:

- Backdated Continuing Health Care income (£4m)
- Share of National Business rates Levy surplus (£0.6m)
- Reduction in section 31 Business rates grant +£0.5m
- Other net pressures +£0.2m

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<sup>1</sup> The percentage quoted is based on the Median average of all Metropolitan Councils

7. The Cabinet should note that this is a significant adverse variance with severe implications for the ongoing Medium Term Financial Strategy. The immediate impact on the General Fund is outlined below.

	<b>Budget £m</b>	<b>Latest Position £m</b>
Forecast balance 31 <sup>st</sup> March 2023	20.8	20.8
2022/23 outturn (as reported to July Cabinet)		1.0
<b>Unallocated General Fund Reserve at 31<sup>st</sup> March 2023</b>	<b>20.8</b>	<b>21.8</b>
Planned use of Reserves approved by Council March 2023	(4.2)	(4.2)
Planned use of Reserves approved by Council July 2023		(0.9)
Adverse Forecast 2023/24 outturn		(5.1)
<b>Forecast Unallocated General Fund reserve at 31<sup>st</sup> March 2024</b>	<b>16.6</b>	<b>11.6</b>

8. A separate report on the agenda outlines the proposals for resources to support the Fit for the Future Programme. The costs of the Programme Delivery Office for 18 months is estimated to be £0.6m. Funding of £0.2m has been found from earmarked reserves and vacancies. It is proposed that the balance is funded from use of flexible capital receipts detailed in appendix C and D.

## Capital

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

	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Public Sector Housing	58,900	87,400	92,300
Private Sector Housing	8,143	4,605	71
Environment	5,565	9,891	8,179
Transport	12,053	13,233	8,896
Regeneration and Corporate Landlord	19,814	20,236	12,709
Culture, Leisure and Bereavement	1,542	3,099	2,700
Schools and SEND	11,271	19,916	17,741
Social Care, Health and Well Being	702	1,850	0
Digital, Commercial and Customer Services	1,767	1,218	1,381
<b>Total spend</b>	<b>119,757</b>	<b>161,448</b>	<b>143,977</b>
Revenue	4,286	3,884	3,650
Major Repairs Reserve (Housing)	25,100	26,400	26,928
Capital receipts	25,123	44,224	47,263
Grants and contributions	42,488	29,797	15,948
Capital Financing Requirement	22,760	57,143	50,188
<b>Total funding</b>	<b>119,757</b>	<b>161,448</b>	<b>143,977</b>

Note that the capital programme is subject to the availability of government funding.

10. Following a review of the Capital Programme the following amendments have been proposed.

### Highways Structural Maintenance

11. Along with all schemes in the Capital Programme that are funded by revenue contributions and / or prudential borrowing it is proposed that instead of funding £2,000,000 each year for this area that the annual budget for this spend is reduced to £1,750,000. It is proposed that for 2024/25 onwards the budget for this area that is funded by prudential borrowing is reduced by £250,000.

### Priory Road Car Park

12. An allocation for this scheme was agreed by Council over 10 years ago and there is a budget of £19,000 remaining. There are no immediate plans for this site so it is proposed that this budget is removed. It is proposed that the £19,000 budget is removed from the Capital Programme.

### Wren's Nest Warden's Base

13. Plans for this scheme were stalled when further plans were requested with a higher cost than originally budgeted. As no immediate plans are in place for this site it is proposed that the budget of £279,000 is deferred. It is proposed that £279,000 budget is deferred to 2027/28.

### Marlborough Gardens and Ascot Gardens

14. Following consultation with residents a budget of £92,000 was approved into the Capital Programme in July 2021. Fees of £2k were incurred in 2021/22. Therefore if the scheme no longer goes ahead these fees will revert to revenue however the original contribution of £92,000 will also be transferred back to the service. This revenue saving will be reported as part of the Council revenue outturn reporting. It is proposed that the £90,000 remaining budget for this scheme is removed from the Capital Programme.

### Leisure Centre Strategy

15. There is £128,000 in the 2023/24 Capital Programme for residual works to this scheme. There is currently £78,000 either spent or contractually committed to be spent in 2023/24. It is proposed that the unspent proportion of this budget is removed from the Capital Programme. It is proposed that the remaining budget of £50,000 is removed from the Capital Programme.

### Crystal Leisure Centre Roof

16. There is currently a budget of £554,000 agreed at February 2022 Cabinet for the replacement of the roof at Crystal Leisure Centre. Given financial pressures it is proposed that the budget and spend is deferred until 2027/28. It is proposed that the £554,000 budget is deferred to 2027/28.

### Stalled and Derelict Sites

17. Work has commenced on this scheme and there are currently budgets of £200,000 and £500,000 in 2024/25 and 2025/26 of the Capital

Programme respectively. It is proposed that the spend for these years is deferred until 2027/28. It is proposed to defer £700,000 of project spend to 2027/28.

### Mental Health and Adult PSS

18. There are historical budgets in the Capital Programme across these areas of a combined £376,000. There are no immediate plans to use this funding so it is proposed to defer this spend to 2027/28. It is proposed that the £376,000 budget is deferred to 2027/28.

### Halesowen Leisure Centre

19. The swimming pool at Halesowen Leisure Centre has been awarded a capital grant of £176,125 from Sport England, based on a competitive bid submitted by the Council in late 2023. The award is for environmental improvements to include triple glazed pool hall windows and variable speed pumps. Both measures will benefit the pool area from both an environmental and economic point of view.
20. A condition of the grant from Sport England's Swimming Pool Support Fund is that the swimming pool remains open for a minimum period of 10 years. Should the decision be made to close the centre within this time, Sport England would have a claim on any capital receipt to recover the grant.
21. Should a future decision be made to outsource leisure centres, the obligations the grant places on any operator of the centre would be discussed and if necessary, included in the tender information. For clarity, the obligations include matters such as the operator agreeing to regularly report on issues such as user demographic and utility usage, and to provide a Strategic Leisure Plan for the Halesowen facility by 01 April 2025.
22. From an appraisal of the terms of the grant offer officers believe the Authority can procure another organisation to run the leisure centre, provided the written approval of Sport England is obtained. The Council can also close the facility, but Sport England must be informed. In this instance, Sport England would request information on how swimming provision will be delivered. Sport England do not however have the authority to prevent closure.
23. It is therefore proposed that the grant and associated spend is added to the Capital Programme for 2024/25, with Sport England reimbursing the costs in 2025/26.

## Flexible Use of Capital Receipts Strategy

24. The Flexible Use of Capital Receipts has been offered by central government since 2016/17 and it has recently been announced that the flexibility would be extended to March 2030. This flexibility allows Councils to use their capital receipts to fund revenue transformation projects and service reform as long as it meets certain criteria and providing full Council approves both the strategy surrounding this and the specific schemes proposed to be funded in this way.
25. The Council is working on new ways to provide cost savings across the Council and some of these may be eligible to be funded using these capital receipt flexibilities. Qualifying expenditure is expenditure on any project/activity that is designed to generate ongoing revenue savings in the delivery of public services and/or transform service delivery to reduce costs and/or transform service delivery in a way that reduces costs or demand for services in future years for any of the public sector delivery partners.
26. The Full Flexible Use of Capital Receipts Strategy is included in Appendix C and a list of proposed projects to be approved to be funded in this way is included in Appendix D.

## Finance

27. In the Section 25 report to Council on 4<sup>th</sup> March, the Director of Finance and Legal stated: "Our forecast unringfenced reserves at 31st March 2024 are around 8% of net revenue spend. Based on the forecasts in this report they will fall to around 4% by 31st March 2025. From that point forward the outlook is unsustainable. Reserves are low by comparison with other councils. The rate of Council Tax (and as a result the level of spending) is also low compared to other councils. Forecasts already build in the maximum increase in Council Tax without a referendum for 2024/25. There are significant risks to the forecast and Members should note that, if these risks materialise and if mitigating actions are not taken, then I may need to issue a notice under Section 114 of the Local Government Finance Act 1988."
28. The deferral or reduction of spend in the Capital Programme outlined in paragraphs 10 to 18 will reduce the revenue cost of borrowing to finance the capital programme. However, the flexible use of capital receipts set out in paragraphs 24 to 26 (and Appendix D) will increase the requirement to borrow to finance the capital programme. These impacts will be kept under review and revenue budget for the cost of borrowing will be adjusted accordingly.

## **Law**

29. 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.

## **Risk Management**

30. The Corporate Risk Register recognises the risk that the Council may be unable to set and/or manage its budget so as to meet its statutory obligations within the resources available. At the last review point, this risk was allocated the maximum rating of 25 (Extreme).
31. Risks, and their management, are considered prior to proposals being brought forward to include projects in the Capital Programme. This includes risks relating to the capital expenditure itself, funding of that expenditure (e.g. grant availability and conditions), and ongoing revenue costs and/or income.

## **Equality Impact**

32. These proposals comply with the Council's policy on Equality and Diversity. 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/Organisational Development**

33. The proposals in this report do not have any direct Human Resources / Organisational Development implications.

## **Commercial / Procurement**

34. All procurement activity will be carried out in accordance with the Council's Contract Standing Orders, and the relevant officers will take the



procurements through the Procurement Management Group to monitor compliance at the relevant Gateways.

### **Environment / Climate Change**

35. Individual capital projects should be separately assessed for their environmental impact before they commence and major schemes with climate change impacts will include details of this in their progress reports going forward.

### **Council Priorities and Projects**

36. The aspirations of the Council Plan can only be delivered if the Council is financially sustainable. Proposed capital projects are in line with the Council's capital investment priorities as set out in the approved Capital Strategy.



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### **List of Background Papers**

Relevant resource allocation notifications.  
Flexible Use of Capital Receipts Guidance

**General Fund Revenue Forecast Outturn 2023/24**

	<b>Latest Service Budget £'000</b>	<b>Forecast £'000</b>	<b>Variance £'000</b>	<b>Comment</b>
<b>Chief Executive</b>	<b>6,769</b>	<b>6,510</b>	<b>(259)</b>	
People and Inclusion	3,134	2,729	(405)	Staff car park permits (£53k), Occupational Health (£38k) other net savings (£18k), (£242k) vacancy savings, (£54k) saving on software development and HR assistance project
Communications and Public Affairs	1,000	1,067	67	Shortfall on Musicom £70k and Street vendors and town centre income generation £20k, £35k pressure for reduced income and property costs. Partly offset by (£58k) net staffing cost savings
Chief Executives Office	2,635	2,714	79	Salary costs £162k and non pay pressures £67k offset by reduction in spend on strategic contingency (£150k).
<b>Adult Social Care</b>	<b>110,651</b>	<b>113,815</b>	<b>3,164</b>	
Dudley Disability Service	53,504	55,205	1,701	Bed based pressure £432k arising from 15 long term placements (£63k) and £495k of short term placements, Community Services pressure of £1370k arising from 68 extra clients and +£108 pw increase in costs. Placement pressures inc (£4085k) backdated

	<b>Latest Service Budget £'000</b>	<b>Forecast £'000</b>	<b>Variance £'000</b>	<b>Comment</b>
				CHC income. other pressures of backdated Business Rates at Ladies walk £219k, consultancy costs £250k. Offset by net staff savings (£570k).
Assessment and Independence	42,783	43,298	515	Additional 391 clients £1524k, salary pressures £285k, £276k other pressures. Offset by; additional grants & joint funding (£1570k).
Access & Prevention, adults commissioning, Performance & complaints	9,904	9,811	(93)	Shortfall on Telecare income (£62k council tenant, £50k private income), £211k pressure on equipment offset by net staffing savings within division (£316k), (£100k) Public Health switch for carers.
Adult Safeguarding & Principal Social Worker	1,828	1,611	(217)	Net salary savings (£217k)
Integrated Commissioning	4,285	4,208	(77)	Net salary savings (£78k)
Other ASC	(8,194)	(8,394)	(200)	Net Salary savings (£50k); Release of reserves (£150k – CQC and Workforce). NB £100k CQC reserve contribution to DCX Sustainable Plan.
Adult Mental Health	6,541	8,076	1,535	Supported living £1047k, Residential care £606k, other care costs £98k, £86k Woodside pressure off set by net salary savings (£302k)
<b>Children's Services</b>	<b>81,968</b>	<b>86,826</b>	<b>4,858</b>	
Adolescent Safeguarding	4,465	4,339	(126)	Net salary savings (£126k)
Family Safeguarding	5,955	5,779	(176)	Net salary savings (£176k)

	<b>Latest Service Budget £'000</b>	<b>Forecast £'000</b>	<b>Variance £'000</b>	<b>Comment</b>
Through Care	41,622	46,652	5,030	External Residential Placements £5,127k, Fostering int/ext £36k, Legal fees £156k, Transport £77k, offset by other net savings (£366k).
Front Door and Partnerships	2,630	2,596	(34)	Net staff savings (£34k)
Safeguarding Practice & QA	3,345	3,359	14	Reduction in school contributions £14k
Other Children's Services	2,527	2,588	61	Agency and temporary staff £161k, offset by use of reserve (£100k)
Family Solutions	8,047	6,715	(1,332)	Use of grants to fund staffing activity (£618k), use of reserve (£385k), Public Health grant reserve support (£270k), other net savings mainly vacancies (£59k)
Lead for Education Outcomes	8,927	10,110	1,183	Home to School Transport £1000k, School Improvement Officers £80k, other net pressures £103k
Children's Disability Service and SEN Team	4,450	4,688	238	Direct payments £45k, other net pressures £193k
<b>Health and Wellbeing</b>	<b>2,641</b>	<b>2,346</b>	<b>(295)</b>	
Communities and Healthy Places	403	403	0	
Environmental Health and Trading Standards	3,196	3,063	(133)	Legal fees £94k and other net pressures of £22k, offset by (£130k) switch from public health grant to trading standards, (£104k) additional court income, and (£15k) additional Fix A Home income.
H&W other	(958)	(1,120)	(162)	Covid grants (Lateral Flow and Practical Support) now confirmed that balances do not have to be returned.

	<b>Latest Service Budget £'000</b>	<b>Forecast £'000</b>	<b>Variance £'000</b>	<b>Comment</b>
				(£118k). Savings on substance misuse as fewer clients (£45k)
<b>Finance and Legal Services</b>	<b>14,243</b>	<b>14,754</b>	<b>511</b>	
Law and Governance	5,015	5,677	662	Elections £230k, members allowances £76k, net cost of locums within legal £300k, other net pressures £56k
Financial Services	6,733	6,714	(19)	Legal fees £45k, offset by net savings (£64k)
Revenues and Benefits	1,868	1,771	(97)	Discretionary council tax discount £114k and other net pressures £44k, offset by release of reserves (£255k)
Audit and Risk Management	427	382	(45)	Net savings (£45k)
Data Protection and Information Governance	200	210	10	Mainly Software licence £10k
<b>Digital, Commercial and Customer Services</b>	<b>16,480</b>	<b>15,904</b>	<b>(576)</b>	
Commercial	210	186	(24)	Saving on Pay (£4k), release of (£50k) reserve, (£60k) additional income from DGFL on charges offset by 10k Leisure Serv Concession and £80k reserve requests for 24/25.
Procurement	617	540	(77)	Staffing saving of (£152k), £50k reserve roll forward into 24/25, £53k pressure for Atamis Ltd offset with (£29k) public health contribution other variances £1k.
Libraries	4,257	4,280	23	£20k pressure due to legal fees, £3k pressure on income.

	<b>Latest Service Budget £'000</b>	<b>Forecast £'000</b>	<b>Variance £'000</b>	<b>Comment</b>
Digital Customer Services	4,034	3,566	(468)	Net Staffing saving of (£554k), utilities pressure of £31k and £53k pressure on other expenditure (includes £20k MyDudley Comms reserve request), Other variance £2k
Technology Systems and Services	8,056	8,035	(21)	Staffing saving of £340k (76k pay award, offset with vacancy savings of £416k), £35k premises pressure the bulk of which is delays in the wallows, £58k other costs pressure (£25k consultants, £19k printing costs, £53k materials, £20k rates, £6k other offset with (£65k) saving on postage), £273k pressure on income (£292k print service), (£5k) saving on contracts.
DCCS other	(694)	(703)	(9)	Salary Savings of (£52k), (£12k) other cost saving, £15k consultancy fees, £40k Improvement Programme Reserve. Movement in month due to salaries
<b>Environment</b>	<b>48,791</b>	<b>50,459</b>	<b>1,668</b>	
Waste & Transport Operations	11,209	12,084	875	Staffing £512k (of which pay award £251k, agency / sickness cover £1,893k, offset by vacancies (£1,680k) plus other staffing pressures of £49k including training). Favourable Income (£210k); (of which Dry recycling plastics (£115k), vehicle sales (£71k), (£58k) extended green waste service, Shortfall on Waste Business Income £32k). Spot Hire pressure of £693k, Other Vehicle pressure £595k (£181k Tyres, £106k parts, £308k rechargables) offset with fuel saving of (£179k). (£517) saving on leasing costs and (£19k) other cost savings.

	<b>Latest Service Budget £'000</b>	<b>Forecast £'000</b>	<b>Variance £'000</b>	<b>Comment</b>
Energy, Sustainability and Climate Change	6,901	8,693	1,792	Staff saving (£218k), Energy from Waste contract £1,470k (of which PPA income shortfall £653k, Commercial waste income £310k, EfW R&M cost £1,500k, Increased fire suppression cost £91k, release of disputed dilapidation provision (£240k), avoided landfill & street Sweeps costs (£370k), pressure on NNDR £63k, pressure on diversions £55k reduced payments to contractor due to lower income (£242k), reduced insurance premiums (£221k), release PPA reserve (£280k) and creation of £150k Reserve Request for EfW Strategy Consultancy). Household Waste Recycling Centre contract uplift inflation £156k, Pop up £80k, Textek disposal pressure £85k, £150k consultancy reserve, and other other minor variances £70k.
Neighbourhood Services	11,884	11,298	(586)	Net staffing savings (£1,585k), shortfall in parking income £917k, savings on vehicles including fuel (£82k), other pressures £164k including utilities, and premises.
Transport & Highways Services	18,797	18,384	(413)	Net staff savings (£965k), offset by utilities £248k due to price inflation and £338k due to usage during roll out of infrastructure improvements , under recovery of income pressure £400k offset with other savings of (£47k) on vehicles, (£250K) Tourism Sign Reserve Release and (£136k) reduced spend on trading accounts.

	<b>Latest Service Budget £'000</b>	<b>Forecast £'000</b>	<b>Variance £'000</b>	<b>Comment</b>
<b>Housing and Communities</b>	<b>2,506</b>	<b>1,775</b>	<b>(731)</b>	
Maintenance	(80)	60	140	Under recovery of staff time £69k and high incidence of sickness resulting in under recovery 71k
Community Safety	1,417	746	(671)	Maximising use of grants (£618k) and vacancies (£53k).
Housing Strategy	672	605	(67)	Staffing savings net of pay award (£109k), Other net pressures including Tenants Perception Survey (Private Sector) £42k.
Housing Options	290	290	(0)	
Housing Assets & Development	207	74	(133)	Net staffing savings (£19k). Movement due to increased capitalisation (£114k).
<b>Regeneration and Enterprise</b>	<b>14,416</b>	<b>16,175</b>	<b>1,759</b>	
Culture, Leisure & Bereavement Services	236	2,123	1,887	Bereavement £678k (of which utilities £135k, shortfall of income £510k, other £33k). Halls, Himley, Market & Museums +£320k (of which net staffing costs £23k, Utilities +£106k, shortfall of income £195k, other -£4k). Leisure Centres £929k (of which £503k net staff costs, utilities £452k, Backdated Business rates £150K, other supplies & services +£160k, increased income (£336k)). Executive Support -£40k (of which net cost of interims +£0k, less other s&s savings (£40k)).
Planning	1,920	2,161	241	Net staff savings (£296k) offset by income shortfall £445k, consultants and other pressures £142k, less release of Dudley Local Plan reserve (£49k)



	<b>Latest Service Budget £'000</b>	<b>Forecast £'000</b>	<b>Variance £'000</b>	<b>Comment</b>
Economic Growth & Skills	2,346	884	(1,462)	One-off windfall re Black Country Legacy funds (£555k), maximising Adult and Community Learning external funding (£199k), Other favourable variance being mainly Enterprise Zone budget (£208k), Impact Project surplus (£350k) and maximising the use of UKSPF/CWG Legacy funds (£150k)
Corporate Landlord Services	7,497	8,847	1,350	Catering Commercial £646k (of which Staffing £198k, external income £761k, provisions (£293k), other (£20k)). Catering & Cleaning Other £186k (of which Staffing (547k), internal income £706k, external income £531k, catering provisions (£401k) other (£103k)). Property £518k (of which Staffing (£285k), utilities £305k, Admin buildings including churn costs £200k, Construction and Design fees shortfall £169k, other internal income £74k, voids and NNDR £42k, Facility management £43k, CCTV other (£108k), external income £78k).
Projects and Placemaking	901	901	0	£50k pressure due to shortfall of income netted off by general savings (£50k).
Regeneration Projects	1,516	1,259	(257)	Release of unspent reserves Eton Project (£207k), Stalled & Derelict sites (£50k)
<b>Corporate &amp; Treasury</b>	<b>13,912</b>	<b>8,937</b>	<b>(4,975)</b>	
Treasury	19,860	17,982	(1,878)	Lower borrowing costs and MRP compared to MTFS due to slippage and lower interest rates (£1,490k) offset by higher HRA balances on usable reserves and high interest rates £829k. Higher interest rates on interest

	<b>Latest Service Budget £'000</b>	<b>Forecast £'000</b>	<b>Variance £'000</b>	<b>Comment</b>
				paid on trust balances £56k. Higher interest rates and payments compared to budget (£1,365k) Reduction in income from fleet re internal borrowing and increased interest paid to Paragon for internal balances £92k.
Levies	15,020	14,369	(651)	Reduced share of Transport Levy (£51k), Surplus due to latest profile re EZ modelling of the black Country (£600k)
Corporate	(20,968)	(23,414)	(2,446)	Allowance for impairment of loans £2,000k, BR revaluation contingency released (£3,013k), Pensions GF Over Recovery (£942k), other pension savings (£77k) general contingency released (£334k), Interchange settlement (£50k) and other net savings (£30k)
<b>Total Service Costs</b>	<b>312,377</b>	<b>317,501</b>	<b>5,124</b>	
Total Funding	(307,271)	(307,279)	(8)	Less S31 grant than budgeted £570k, offset by national distribution of Business Rates levy surplus (£578k)
<b>Use of Balances</b>	<b>5,106</b>	<b>10,222</b>	<b>5,116</b>	

## 2023/24 Capital Programme Progress to Date

## Appendix B

Service	Budget – June 2023 £'000	Additions / Amendments £'000	Slippage £'000	Revised Budget £'000	Forecast £'000	Variance £'000
Public Sector Housing	65,158	-6,258	0	58,900	58,900	0
Private Sector Housing	18,868	-6,035	-4,690	8,143	8,143	0
Environment	19,306	764	-14,505	5,565	5,638	73
Transport	13,216	2,258	-3,421	12,053	12,053	0
Regeneration and Corporate Landlord	20,767	1,112	-2,065	19,814	19,721	-93
Culture, Leisure & Bereavement	5,381	60	-3,899	1,542	1,620	78
Schools and SEND	31,950	7,689	-28,368	11,271	11,271	0
Social Care, Health and Well Being	907	1,645	-1,850	702	702	0
Digital, Commercial & Customer Services	1,882	430	-545	1,767	1,767	0
<b>Total</b>	<b>177,435</b>	<b>1,665</b>	<b>-59,343</b>	<b>119,757</b>	<b>119,815</b>	<b>58</b>

1. Environment - forecast overspend of £70k on the Energy from Waste project is to be funded by revenue budgets within Environment. The other overspends (Greenspaces (£2k) and Liveability (£1k)) will also be funded by revenue.
2. Transport – Primrose Bridge, the Council has slipped the unspent budget here and is working with the funding provider to establish other schemes that may be able to utilise the grant.
3. Regeneration & Corporate Landlord – underspends on Low Carbon Place Strategy (£66k) and Blue Network (£27k) will result in reduced grant claims and a potential reduction in revenue contributions (work is in progress to check this).
4. The forecast variance within Culture, Leisure and Bereavement relates to an overspend of £47k for the Stourbridge Crematorium works and £31k for the Round Oak Memorial which will both be funded by additional revenue contributions.

## Flexible Use of Capital Receipts Strategy

The Flexible Use of Capital Receipts Strategy is to be approved annually by Full Council. This Strategy is to enable the Council to utilise capital receipts from the disposal of property, plant and equipment to fund service reform.

This flexibility only extends to expenditure on projects that generate ongoing revenue savings in the delivery of public services and / or transform service delivery to reduce costs or to improve the quality of service delivery in future years. Capital receipts can only be used to fund set up and implementation costs and not ongoing revenue costs.

Full details of proposed projects should be taken to Full Council and include what the project is for, the service outcomes it will achieve, the costs and benefits of the project and the impact on the Council's Prudential Indicators.

This Strategy should be viewed as part of the Council's Capital Strategy that was approved on 26th February 2024. Any additional schemes identified to be funded in this way or amendments to the amounts agreed to be funded per scheme in this Strategy require approval by Full Council and also need to be reported to DLUHC.

A list of proposed projects to be approved to be funded in this way in 2024/25 is included in Appendix C. Future Strategies must include details of projects previously agreed and comment on their progress against delivery of planned savings.

The current forecast for capital receipts to be received are as follows:

	2023/24	2024/25	2025/26	2026/27	Total
	£m	£m	£m	£m	£m
Projected Capital Receipts	2.0	5.0	0.7	0.2	7.9

Included above is the expected unapplied capital receipts from 2023/24. Any funding applied to the schemes in Appendix C will reduce the funding available to finance the Capital Programme. The funding split and Prudential Indicators will be adjusted following the approval of this Strategy; however the main change will be an increase to the Capital Financing Requirement equivalent to the amount of capital receipts used flexibly for the projects listed in Appendix D.

**Proposed Projects to be Funded by Capital Receipts**

Project Heading	Type of Expenditure and Description of the Project	Amount (max) £m	Efficiencies and Savings (including values where quantifiable)
Organisational Redesign	The Council is reviewing its Target Operating Model. To facilitate this activity external expertise may be required. Any subsequent costs of change including termination costs would be funded from this flexibility.	7.2	The Council needs to identify significant savings on top of the current Medium Term Financial Strategy in order to become sustainable.
Programme Delivery Office	Team supports the Council's Fit for the Future Programme	0.4	As above
Estates Strategy	Project team supports development and implementation of the Council's Estates Strategy	0.2	£800k annual revenue savings and capital receipts
UNIT4 Cloud Migration	Subject Matter Experts will be engaged by the Council to support staff through the migration process	0.1	Efficiencies are expected through improved functionality

All of these projects meet the criteria of funding the cost-of-service reconfiguration, restructuring or rationalisation where this leads to ongoing efficiency savings or service transformation.

The ability to capitalise the categories of expenditure set out above will in practice be limited by the level of capital receipts achieved.

