

Meeting of the Council – 27th February, 2023

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.
3. To propose the “Prudential Indicators” as required to be determined by the Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code for Capital Finance in Local Authorities and the Local Government Act 2003 (updated December 2021).
4. To propose the Council’s updated Capital Strategy.
5. To propose the Council’s Minimum Revenue Provision (MRP) Policy for 2023/24.

Recommendations

6. The Council is recommended:
 - That progress with the 2022/23 Capital Programme, as set out in Appendices A and B, be noted.
 - That the amendments to the Capital Programme be approved, as set out in paragraphs 10 - 13.
 - That the capital projects proposed in the Medium-Term Financial Strategy in paragraphs 14 - 16 be added to the Capital Programme, subject to the approval of revenue funding by Full Council on 6th March, 2023.

- That the Prudential Indicators as required to be determined by the CIPFA Prudential Code for Capital Finance in Local Authorities and the Local Government Act 2003, as set out in Appendix C, be agreed.
- That the updated Capital Strategy set out in Appendix D be approved.
- That the Minimum Revenue Provision (MRP) Policy for 2023/24 be approved as set out in paragraph 17.

Background

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

	2022/23	2023/24	2024/25
	£'000	£'000	£'000
Public Sector Housing	70,048	70,955	69,075
Private Sector Housing	7,640	8,721	1,459
Environment	5,943	16,907	3,000
Transport	10,880	6,615	2,000
Regeneration and Corporate Landlord	11,987	16,613	23,106
Culture, Leisure & Bereavement	2,566	2,529	0
Schools and SEND	8,822	27,598	22,600
Social Care, Health and Well Being	884	200	0
Digital, Commercial and Customer Services	1,465	1,285	913
Total spend	120,235	151,423	122,153
Revenue	3,687	3,870	3,306
Major Repairs Reserve (Housing)	23,942	25,717	26,231
Capital receipts	38,129	13,799	14,038
Grants and contributions	53,403	17,081	19,519
Capital Financing Requirement	1,074	90,956	59,059
Total funding	120,235	151,423	122,153

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

8. Details of progress with the 2022/23 Programme are given in Appendix A. An update on progress with the Council's most significant capital schemes is shown in Appendix B. It is proposed that the current position be noted.

9. A report was submitted to the Cabinet in December to review Housing Finance for the current and future years. This was considered by the Housing and Public Realm Scrutiny Committee in January. A further report specifically relating to Housing Finance is being considered elsewhere on this agenda and will be incorporated into the Capital Programme after these changes have been agreed. The Public Sector Housing figures above show the current budgets without allowance for slippage.

Amendments to the Capital Programme

10. Private Sector Housing

The Council's bid to the West Midlands Combined Authority (WMCA) for a Net Zero Neighbourhood pilot to provide a low carbon community project within the Brockmoor area has been successful, and it is recommended that the Council accept the £1.65m grant from WMCA. Phase 1 will initially aim to improve 50 – 60 homes, predominantly in the private sector. The scope of the project is not yet fully defined, and this will be undertaken fully in consultation with relevant Council Directorates, internal service experts and local stakeholders including Members and the local community and will also incorporate wider community and Public Realm improvements, for example cycle routes and a community garden. The future phases for a further 250 homes are envisaged to be delivered via a private financing model, researched and established as part of the pilot.

In a £2.15m project, match funding for the initial pilot will be the use of £500,000 of Disabled Facilities Grant.

It is proposed that the £2.15m project is included in the Capital Programme in 2023/24.

11. Environment

The flood defences work at Turners Lane is projecting an overspend this year of £25k. There is £16k unspent for the Cradley Forge Mushroom Green that is no longer required as the project is complete and it is proposed that the budget is transferred between these two schemes. The latter scheme was funded by a grant which was not subject to clawback and was not restricted in its use. The additional £9k spend over the £16k transferred will be funded from additional revenue contributions.

12. Regeneration and Corporate Landlord - UK Shared Prosperity Funding (UKSPF)

The Cabinet at its meeting on 27th October, 2022 approved the high level priorities and interventions for UK Shared Prosperity Funding (UKSPF) activity in Dudley with a focus on the 'Communities & Place' and "People and Skills" activity for inclusion in the West Midlands Combined Authority (WMCA) UKSPF investment plan.

This followed approval by the WMCA Board in July 2022 for 'Communities and Place' and 'People and Skills' activity to be directed by Local Authorities, in line with the principles of double devolution. Using the 70:30 funding methodology, Dudley is set to benefit from £4,496,355 UKSPF funding for 'Communities and Place' and 'People and Skills' over the three-year period to 31st March, 2025.

Within the £4,496,455 'Communities and Place' and 'People and Skills' the funding is broken down by both revenue and capital funding and will allow local authorities to determine the preferred split with a minimum of 10% capital spend threshold being applied by Government.

As part of the high-level priorities and interventions included in the Dudley UKSPF Investment Plan an initial allocation of £748,000 (17%) capital spend has been notionally allocated across the life of UKSPF 'Communities and Place' and 'People and Skills' programme in Dudley. It is proposed that the capital element of this funding is included in the Council's Capital Programme. Approval is also sought for the Director of Regeneration and Enterprise to be given delegated authority to approve individual capital schemes within this allocation, in consultation with the Cabinet Member for Regeneration and Enterprise. Any additional capital allocation will be the subject of a further update to the Cabinet.

13. Future High Street Fund Project

On 24 January, 2023, the Department for Levelling Up Housing and Communities approved a Future High Street Fund Project Adjustment Request. This was to move £1,048,642 of funding from the 'Key Retail Sites' (Moor Centre) project to other projects within the programme. This will see (i) an additional £365,000 of grant funding allocated to the Library refurbishment; (ii) £194,000 of additional funding allocated to and public toilets refurbishment; and (iii) £489,642 will be transferred to the public realm programme. The transfers are to meet additional project costs as the result of high building material prices, increased transportation costs and inflation. The Moor Centre project is not proceeding because the site

owner Evolve Estates has not secured planning approval for the proposed works to reconfigure the shopping centre.

It is proposed that the budgets for these projects are adjusted in the Capital Programme to reflect these changes. It is noted that there is no additional grant funding following this change and it is just a reallocation between projects.

Capital Projects arising from the Medium-Term Financial Strategy

14. The report on the Medium-Term Financial Strategy includes revenue funding for the following capital scheme to be funded by either prudential borrowing. It is proposed that these are included in the capital programme subject to approval of revenue funding by Full Council on 6th March, 2023.

15. Burial Land

Officers are working with planners to identify a number of new sites for burial land across the borough with the aim of securing burial provision for the next 25 years.

The scheme is expected to cost approximately £3.9m and is to be funded by prudential borrowing with the resultant debt charges to be built into the Council's revenue budget.

16. Gornal Wood Crematorium

Gornal Wood Crematorium is in need of significant refurbishment due partly to the high usage during the Covid-19 pandemic. Pews, carpets, waiting rooms and toilets are all looking extremely 'tired' and in need of updating.

Corporate Landlord Services are currently in the process of obtaining estimates for the work with current indication that to complete all necessary work will cost in the region of £500k. This will ensure that the reputation of the service remains high with local Funeral Directors and the local community.

The scheme is expected to cost approximately £500,000 and is to be funded by prudential borrowing with the resultant debt charges to be built into the Council's revenue budget.

The CIPFA Prudential Code for Capital Finance in Local Authorities

17. The Local Government Act 2003 introduced a system of “prudential borrowing” which allows councils to set their own borrowing limits subject to criteria of prudence, affordability, and sustainability. The CIPFA Prudential Code (updated in December 2021) sets out the indicators that authorities must use, and the factors they must consider, to demonstrate that they have fulfilled this objective.
18. Details of the various indicators required, and the proposed figures to be set in relation to each indicator are set out at Appendix C. The Code requires authorities to produce a Capital Strategy. The proposed updated Capital Strategy for the Council is set out in Appendix D.

Minimum Revenue Provision (MRP) Policy Statement

19. Before the start of each financial year each authority must agree its policy on making Minimum Revenue Provision (MRP) for repayment of non-HRA borrowing incurred to fund Capital expenditure, in respect of that financial year. (There is no requirement to make MRP in respect of HRA borrowing.)
20. It is proposed that the Council agrees the following MRP Policy for 2023/24:
 - MRP for all borrowing and credit arrangements be calculated on an annuity basis over the initial estimated life of the relevant assets. *(This is unchanged from the 2022/23 Policy. It is how a standard repayment mortgage operates, with less principal repaid in the early years so that the total of interest and principal repaid each year remains constant over the mortgage period.)*

Finance

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

Law

22. 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

23. 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

24. These proposals comply with the Council's policy on Equality and Diversity.
25. 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

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

Commercial / Procurement

27. 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

28. 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

29. Proposed capital projects are in line with the Council's capital investment priorities as set out in the approved Capital Strategy.

A handwritten signature in black ink, appearing to read 'P. Hand', is written over a light grey grid background.

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Leader of the Council

2022/23 Capital Programme Progress to Date

Service	Budget £'000	Forecast £'000	Variance £'000	Comments
Public Sector Housing	70,048	70,048	0	See Note 1
Private Sector Housing	7,640	7,792	152	See Note 2
Environment	5,943	5,957	14	See Note 3
Transport	10,880	10,880	0	
Regeneration and Corporate Landlord	11,987	12,877	890	See note 4
Culture, Leisure & Bereavement	2,566	2,792	226	See Note 5
Schools and SEND	8,822	8,822	0	
Social Care, Health and Well Being	884	884	0	
Digital, Commercial and Customer Services	1,465	1,465	0	
Total	120,235	121,517	1,282	

Note 1: There is a separate report regarding the plans for Housing capital spend and the budget will be adjusted accordingly.

Note 2: Additional costs expected for the Homes for Sale programme however these costs should be covered by additional sales revenue.

Note 3: The additional costs of £9k for the flood defences work will be met by a contribution from revenue and the £5k Green Spaces projects' overspend is being funded by a contribution from the Community Forum.

Note 4. Additional costs for the Very Light Rail project as reported to Cabinet in June 2022.

Note 5. Additional costs for the leisure centre projects which were previously reported to Cabinet in October 2022 as forecast to be in the region of £200k overspent.

Progress with Major Capital Schemes

Public Sector Housing

New Council Housing

Completed:

- No completions since last Cabinet

Projects on site

- The Vista – 2 affordable two bed bungalows - completion January/February 23
- Corporation Road A – 3 houses - completion February 23
- New Swinford Hall – conversion to 18 affordable apartments - completion April 23
- Corporation Road B – 5 houses - completion April/May 23
- Whitegates Road – 3 houses - completion April 23
- St Georges Road – 7 houses - completion July 23
- Beacon Rise – 11 homes - completion December 23 – with £605k Homes England Grant secured
- Lower Valley Road – 17 affordable homes, 14 apartments (mix of one and two beds) and 3 x two bedroom wheelchair bungalows. £935,000 Homes England Grant secured - completion early 24

Planning approval secured and to progress

- Swan Street – enabling works on site early 23 – main project needs to be on site February/March 23. £4m Homes England Grant secured.
- Fairfield Road – 3 units
- Broad Street – 9 number units
- Enville Street – 10 number units – knotweed and clearance during winter

Planning approval achieved and commencement on successful site acquisition – CPO proposed

- Colley Lane, Cradley – 8 affordable apartments

Planning submitted

- Langstone Road – 3 number units
- Howley Grange Road – 4 number units
- Tenacre Lane – 4 number units

Private Sector Housing

Homes for Sale

- Himley Road – 4 new detached homes - completion February 23

Environment

Stevens Park, Quarry Bank Lottery & Council funded project

The refurbishment & extension of Tintern House is complete including a new mess room for Greencare. New community facilities including toilets, community rooms, kitchen, cafe & terrace are all open to the public. Remedial works to the café terrace have just been agreed & quotations are being sought for remedial works to the Park Road entrance.

The Emily Jordan Foundation Projects are running their projects: 'Spokes' (Bicycle restoration & sales) 'Twigs' (Horticultural training & sales) & 'Go Green' (recycling).

The Community Development Officer is carrying out a series of events & activities until Autumn 2024.

Wrens Nest Wardens' Base

The acquisition of 113 and 115 Wrens Hill Road was completed on 6th August 2021.

Meetings over the course of 2022 culminated in Officers holding a couple of workshops in October and November with the Friends of Wrens Nest and architects from Corporate Landlords to develop an initial preferred design option for a Wardens Base and Visitor Facility.

Officers are preparing a report outlining the work to date and which will seek a decision to progress the project further.

Regeneration

Dudley Townscape Heritage

The Townscape Heritage (TH) programme is funded through the National Lottery Heritage Fund (NLHF) 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, operating with a grant budget of £1.178m from the NLHF and £300,000 match funding from the Council, commenced in February 2017. An extension to the grant expiry date has been

agreed by the Heritage Fund and the programme is now due to complete September 2023, to enable all spend on projects to be drawn down.

The programme focuses on buildings in the town centre's historic core. The work at 203/204 Wolverhampton Street, 216 Wolverhampton Street and 204a Wolverhampton Street has been completed, with 14 New Street and Fountain Arcade being practically complete. Other properties within the programme include the following:

- 208 and 209 Wolverhampton Street: work off the scaffold has been completed, including re-rendering and replacement windows. The shopfronts are in manufacture and are due for installation January/February.
- Plaza Mall: work to façade off scaffold has been completed, with only minor outstanding issues to be addressed. The shopfront is currently in manufacture and is due to be installed during January.
- 207 Wolverhampton Street: project includes comprehensive repairs to the building and reinstatement of shopfront. Work has commenced on site and is due for completion by April, although completion is dictated by the weather-sensitive lime rendering works.

A wide-ranging activities programme, running alongside the capital works programme, has been developed and delivered in conjunction with teams in Adult and Community Learning, Museums, Communications and Public Affairs and the Historic Environment Team. A revised programme was agreed with the Heritage Fund which was adapted in light of Covid-19 restrictions. Further activities were included in the programme working with delivery partners (Co Lab) who already have established links with the community of Dudley. This has seen the successful 'Growing up in Dudley' project, which has gathered images and oral reminiscences, and 'Dudley Days' which held workshops with a small group of participants to create music inspired by connections with Dudley. Teaching resources have been produced as part of the programme and have been shared with schools. The project also works closely with the Historic Environment Team to produce information in the form of trails and leaflets to enhance understanding and appreciation of the historic environment, including a suite of guides, which are currently being drafted, to assist owners of historic buildings. The project continues to work with volunteers where possible and research has been carried out on the former Woolworth's building resulting in a new document produced for the Heritage Open Day in September 2022. A further document about Fountain Arcade has also been drafted and will be added to the suite of building leaflets included on the Dudley Heritage Open Days webpage, where the virtual tours of a number of buildings are available, and the Historic Environment Team's webpage. A new exhibition display in the form of 4 pull-up banners about the history of Dudley were produced for the Heritage Open Day and these are currently on display at the Museum. The programme has also included the installation of a blue plaque on the former School of Art to commemorate Percy Shakespeare, a 4-page insert

in the autumn (2021) edition of the Home magazine and the printing of the City ID map for Dudley. A training session for bricklaying students at Dudley College has also taken place in October, where 3 students received hands-on training from a conservation bricklaying specialist.

Brierley Hill High Street Heritage Action Zone

The High Street Heritage Action Zone Programme (HSHAZ) is a nationwide initiative designed to secure lasting improvements to historic high streets for the communities who use them. It is Government funded and run by Historic England with the aim of making the high street a more attractive, engaging, and vibrant place for people to live, work and spend time. It is designed to unlock the potential of high streets across England, fuelling economic, social, and cultural recovery. Brierley Hill High Street was one of 68 High Streets selected to receive a share of the fund.

The Brierley Hill High Street HAZ is a 4 year programme, due for completion by March 2024. At the start of the programme a grant of £1.8m was awarded by Historic England with £400,000 match funding coming from the Council, equating to an overall grant of 81.80% from Historic England and an overall budget of £2.2m. At the end of September 2021, this figure was increased with an additional grant of £242,171 from Historic England, which with the 18.20% match from the Council provides a total grant increase of £296,052.46 and an overall budget of just under £2.5m. The programme provides grant assistance to third parties to carry out repair, reinstatement and refurbishment works to historic buildings as well as grant assistance towards bringing vacant floorspace back into use. It also provides grant towards public realm improvements, plus there is a programme of complementary education and community engagement activities. The spend profile and the priorities for funding have been agreed and approved by Historic England.

Public Realm Programme and War Memorial

With respect to the public realm parts of the programme, for years one and two, the priority has been works to the Brierley Hill War memorial. The works to the memorial have been divided up into two phases. Phase 1 commenced on-site in August 2021 and focused on installing lighting, repairs and architectural reinstatement works to the Brierley Hill War Memorial and its immediate setting. Phase 2 commenced on-site late November 2021 and focused on the War Memorial Garden where significant stabilisation works to the embankment have been undertaken along with structural repairs to the intermediate walls that runs through its centre plus the laying out of a soft landscaping scheme. Works on both phases are now complete and we are now in the rectification period where any defects identified need to be remedied before final certificates can be issued.

In terms of public realm proposals for the Civic Hall Green and St Mary's Church, this has been out to public consultation along with the rest of the public realm proposals being delivered through the Future High Street Fund. A display of the proposals was provided at 'Your Home Your Forum' on the 31st October 2021 and plans of the proposals were erected on a display in Brierley Hill library along with information being made available on-line <https://www.regeneratingdudley.org.uk/brierley-hill-projects> The consultation ended on the 28th November 2022. Temporary road Traffic Management works for delivery of the scheme commenced on-site from the 8th January 2023 onwards, for more information click on this link: <https://connect.dudley.gov.uk/news/Pages/Brierley-Hill-town-centre-improvements.aspx>

Buildings Programme

As part of the original bid submission to Historic England, a number of historic buildings were identified to be a priority for grant assistance. Contact has now been established with the owners of all the priority projects and the majority of them are positively engaging with the Council and have now appointed a Conservation Accredited Architect in order to progress their proposals. Grants have been offered and accepted on two projects and four other building schemes are currently out to tender, grant offers will be made once the tender reports are received. Several other priority projects are in the process seeking the necessary planning consents and drawing up tender documentation. This part of the programme is very dependent on the acceptance of grants by building owners and on contractors being appointed and being able to manage time pressures (imposed by the tight spend window for the project), significant rising costs and material delays.

Community Programme

Community engagement and activities are also being positively progressed and developed in conjunction with Brierley Hill Community Forum, Friends of Marsh Park, Dudley Market, the Black Country Living Museum and also with teams in Adult and Community Learning (ACL), Museums, Communications and Public Affairs, Dudley Business First and the Historic Environment Team. There is in place an Activity Plan for the project. In the Autumn and winter of 2022 the focus has been on the Heritage Open Day/week which took place from 10th-18th September. An Architectural Heritage Trail for Brierley Hill was published along with a visitor print map for the town. Both have been distributed throughout the town centre with hard copies being made available in the Library, Market, Civic Hall and various other venues. Copies of the visitor print map have been distributed further afield in venues within an hour's drive of the town. In November of 2022 the main focus was on getting the war Memorial ready for Remembrance Sunday with the help of a lot of volunteers from the local community and from groups such as 'Crafting for Communities, Top Church

Training, Harry's Café, and ACL. In December 2022 a video was produced and launched by Historic England about one of the projects that has been funded through the High Street HAZ Community programme, the 'Brierley Hill Bell Ringers', it was promoted by the BBC on Midlands Today on 5th January 2023. For more information click on this link: <https://www.bbc.co.uk/news/uk-england-birmingham-64165568> and to view the video click this link: <https://www.youtube.com/watch?v=00pweEHzydA> Also in December 2022 the programme was able to provide support to the delivery of the Round Oak Steelworks event at Dudley Archives which was arranged to commemorate the 40th anniversary of its closure.

Cultural Programme

Other major element of the High Street Heritage HAZ is the development of a Cultural Programme in conjunction with Brierley Hill Community Forum. The Arts Council England, National Heritage Memorial Fund and Historic England are providing funding for the development and delivery of the HS HAZ Cultural Programme providing the total sum of £94,000. On 16th November a fifth Progress update report was submitted to Historic England by DMBC, prepared in conjunction with the Cultural Consortium Project Coordinator, this will result in a further interim payment from Historic England to the Council.

Work is now underway on delivery of a programme of cultural events and activities. One such project being 'Round Here'. Brierley Hill was one of six High Street Heritage Action Zones selected to take part in this National Commission (for more info click on this link: <https://historicengland.org.uk/get-involved/high-street-culture/round-here/#Midlands>), other successful High Street's being Weston-Super-Mare, Huddersfield, Tottenham, Chatham Inra and Barrow-in-Furness. 'Live Music Now' have release the fully produced and finished version of the song created with Brockmoor Primary School during the summer of 2022 called 'Beauty of Brierley Hill' and performed live on 10th July 2022 at Brierley Hill Civic Hall. The song is now available to view on YouTube <https://youtu.be/ANEyH2fpmVg> and Facebook https://m.facebook.com/story.php?story_fbid=pfbid0heLtuHw8pduE2TKyD49ffPTygNdinakaon5xqe2p2hS9tRR8ZVMAhcvn2tbipocwl&id=100081555706241&sfnsn=scwspmo.

Public Sector Decarbonisation

As previously reported the council was awarded a grant of approximately £4.4m through the Public Sector Decarbonisation Scheme (PSDS) and managed by Salix, the purpose being to switch sites from carbon-intensive forms of heating such as oil and gas, to electrical forms of heating (air source heat pumps) with additional works including Solar photovoltaic (PV), battery storage and LED lighting upgrades where possible. The scheme covers Dudley Council House and Town Hall, Stourbridge Library, Himley Hall and

Ward House as well as the following schools: Amblecote, Caslon, Cotwall End, Glynne, Queen Victoria, Straits, Milking Bank and Wrens Nest Primary Schools.

Works commenced during the summer of 2021 with all the installations at the named schools and corporate sites. All works are now practically completed at the various locations (Education & Corporate) including Solar Panels LED Lighting and Air Source Heat Pumps, with the exception of some final testing and commissioning for some of the ASHP installations which is still on going. Due to increased usage of the Council House, the installation of the controls to the ASHP have been delayed temporarily.

Low Carbon Place Strategy

The Council was awarded approximately £2.5m European Regional Development Funding (ERDF) to deliver a project that will reduce carbon emissions. This is a joint project between Housing and Corporate Landlord Services that will reduce carbon emissions from council owned homes as well as corporate buildings such as the Council House. £2.5m of match funding is being met from existing HRA budgets. In November 2021 the council appointed a new central heating installer for council housing as the previous went into administration.

The programme recommenced slowly in December 2021 as the contractor mobilised. A project change request has been granted requesting a further 18 months be added to the programme deadlines, to enable this resultant delay to be accommodated which affects the Housing side of the programme. It should also be noted that where homes are sold under the Right to Buy scheme, but have had the benefit of the grant, the council is required to refund the capital impact of the grant. The programme of energy efficiency improvements to the corporate estate is nearing completion. The outstanding works of Solar PV at Halesowen Leisure Centre and optimised buildings at 4 Ednam and 3-5 St James, are due to be completed by the end of March 2023.

Very Light Rail (VLR)

Following a detailed review of the various issues, delays and variations previously reported the project Quantity Surveyor, RLB have now presented their assessment of the final account for the project which is indicating an overspend of approximately £890,000 against the available budget. This is based on formal project handover having taken place on 16 September 2022.

Works continue in closing out outstanding issues.

The project team have completed the paperwork to receive an additional £400,000 of ERDF funding which will be used to fund some of the overspend.

Metro Complementary Measures

The £9.1 million budget is to fund the works associated with the delivery of the Wednesbury to Brierley Hill Metro extension.

The legal agreement with Transport for West Midlands (TfWM) states that the Council will fund the complementary measures along the route including pedestrian crossings. The Council has also agreed with TfWM to fund the uplift of materials where the Metro is built through Dudley Town centre in order to provide high quality public realm. Large public realm interventions have been identified along the route at key stops, notably Station Drive (now Dudley Castle), Flood Street and Brierley Hill, to be funded by this programme of works. The £1million accelerated funding associated with the Towns Fund will be used to fund works to adopt Zoological Way, part of the works for the new loop road to access the Metro stop and some of the public realm work along Castle Hill.

Other interventions along the route, which the Council needs to fund, include creating a new wayfinding system to improve legibility, increase walking and cycling to tram stops and to provide a consistent recognizable branded signage across the borough to residents and visitors giving the information that is needed. The consultant to develop the wayfinding system has been appointed through the OJEU process and started work on the system in October 2020. Dudley print map is now available. The Brierley Hill map is being developed. The Wayfinding Legibility Strategy has been developed and the totems and figure posts are being designed. The intention is to cover the costs for the manufacturing and installation through a combination of UKSPF and CRSTS funding.

Midland Metro Alliance (MMA) are constructing the Metro extension for TfWM. In July 2022 the WMCA Board confirmed that costs had increased for the WBHE and therefore it will be phased. The first phase finishes at Flood Street, Dudley and will be open to passengers in Summer 2025.

The Council is continuing to work with TfWM to confirm the scope of the complementary measures, the uplift of materials and the public realm interventions given the change in delivery by TfWM.

Towns Fund

Dudley Town Centre is one of 100 towns invited by Government to bid for the £3.6bn Town Deal Fund. The aim of the Fund is to secure long-term economic growth and improved productivity. This will be achieved through investment in connectivity, land use, skills, and enterprise infrastructure. DMBC's successful bid was announced in July 2020 and, following a Full Business Case process, was fully confirmed in August 2022, allowing DMBC to draw down the main £25m grant from September 2022.

Full planning permission was granted for the scheme at November 2021 Planning Committee under application P21/1505. After a short period to confirm the application would not be called in by DLUHC the application planning consent was granted on 16 December 2021.

In the current macro-economic environment of high inflation, there are cost implications on the main construction period moving from 2023/24 to 2024/25. Cost modelling undertaken by independent cost consultant shows a £3-5m shortfall in funding for the consented 4332 m² building. Therefore, the DMBC and Dudley College are seeking funding from public bodies which benefit from the scheme including regional government and the NHS. The team are also seeking funding of specific items of equipment from private sector donors. If additional funding cannot be found, a contingency option has been agreed with partners to construct a 3618m² building, omitting floor four and plans for an NHS diagnostic hub. Current estimates show this option can be delivered within £25m Towns Fund award, however this estimate may increase as we update cost estimates to reflect increasing rates of forecasted inflation.

In March 2022 it was agreed that DMBC would use an insurance-backed alliancing contract provider that will provide contract documentation, facilitation and advisory services to Dudley MBC required to prepare and execute an insurance-backed alliancing construction contract. DMBC will be the lead authority for this contract for construction consultancy services. Total costs of using the IPI method of construction procurement will be up to £1.4m However, based on previous experience from Dudley College, we expect these costs will be balanced by significant savings over the course of the contract. These savings will principally come from insuring against cost overrun and a more transparent financial approach to contractor profit and costs.

CCTV

Phase 1 - Predominantly complete and operational. The only outstanding work is to the healthy hubs where 4 out of the 5 are still waiting fibre circuits. Installation of fibre circuits in progress and should be completed by 31st March 2023.

Phase 2 - reflects the initial extension of coverage approved at the outset of the project. The main problems faced in this phase have been access to staff and materials throughout the last 18 months. Additional public realm cameras in this phase include:

- Cameras in Sedgley Bilston Street – now completed and operational.
- Wolverhampton Street Dudley – the column has been erected but we are still waiting on Western Power for an installation date. Anticipated completion of connection in late November.
- Coronation Gardens – now completed and fully operational.
- Castle Gate – design work is complete. Columns have been erected, camera heads to be installed shortly. Waiting confirmation of power installations and fibre optic circuit.
- The cameras to Lye town centre have been completed and are operational
- All 12 deployable cameras are now in use.

Phase 3 - work includes the additional cameras requested and approved at Council in 2021, to be sited at:

- Kent Street Upper Gornal – column erected, and camera installed. Anticipated completion in late November Installation of fibre circuits in progress and should be completed by 31st March 2023.
- Shell Corner Halesowen – columns erected with one head and power connected. Anticipated overall completion in late November Installation of fibre circuits in progress and should be completed by 31st March 2023.
- Netherton High Street – completed.
- Wollaston traffic island – column erected, cameras, power and network yet to be completed. Anticipated completion late November Installation of fibre circuits in progress and should be completed by 31st March 2023.
- Toys Lane/Furlongs Road Colley Gate – location now agreed and works commissioned. Anticipated completion late November Installation of fibre circuits in progress and should be completed by 31st March 2023.
- Queensway Pedmore – column erected, and camera installed. Anticipated completion late November Installation of fibre circuits in progress and should be completed by 31st March 2023.
- Wynall Lane – column erected, and camera installed. Anticipated completion in late November Installation of fibre circuits in progress and should be completed by 31st March 2023.

The original location at Jews Lane/Eve Lane in Upper Gornal has now been reconsidered and it is proposed to site a fixed camera in Roseville instead. West Midlands Police are also in favour of this revision. Site was surveyed on 15th November with final recommendations to be provided on completion of Phase 3.

Dudley Interchange

Transport for West Midlands (TfWM) has secured all the funding for the Interchange. Gateley Hamer are appointed to manage the CPO process. Counsel advice recommended that the CPO is split into two - one for the Interchange and associated highways works and another for the Portersfield scheme and highway works.

At the September 2021 Cabinet it was agreed that DMBC will use its CPO powers to purchase Farm Foods, the Photographic Studio on Birmingham Street and the properties required for the associated highways. As a result of the need to CPO properties the start date for the Interchange has been moved to Spring 2024, Completion is expected Summer 2025. Work was delayed as counsel recommended that a single planning application is required for both the building and the highway works. New planning application has been submitted. Updated report in relation to the CPO was approved at June Cabinet. Approval was granted by Planning Committee on 12th September.

In December Gateley Hamer submitted the CPO to the Planning Casework Unit (PCU) for confirmation by the Secretary of State. The next step will be that the PCU informs Gateley Hamer what representations it has received in the relation to the CPO, and whether it intends to hold a public inquiry. The PCU will appoint an inspector and notify us of a 'relevant date' from which the CPO timetable starts to run.

An alternative location for the Interchange around Coronation Gardens during construction has been identified.

Dudley Town Centre Highways Infrastructure (Portersfield Development)

As reported previously the WMCA has conditionally approved funding to support changes to the highways Infrastructure to create access to the Portersfield development site and improve access to the wider Town Centre. This funding amounts to £6.0m. In addition to early design work, some site clearance was carried out to allow for intrusive site investigation to provide information to support the design process. In terms of any land acquisition required for highway changes this will be covered under a CPO that will be required for the overall development of the site. Highway design work relating to realigning Trindle Road was previously frozen to avoid any abortive spend until the review of the overall development site has been completed. Alternative highway options, including high quality sustainable access measures, are currently being reviewed as part of the overall development aspirations.

Black Country Blue Network 2

Sedgley Beacon, Holloway Street (phase 1&2) and Castle Hill are all in progress. Sedgley Beacon should be completed in January 2023. Ecological surveys have been completed for Turls Hill and Coseley. Procurement exercise was carried out, but tenders came in too high therefore we are having to re-tender based on rescheduled work programme. It is still anticipated that the projects can be delivered in the timescales (project due to end June 23) but will be very tight and will require close monitoring.

Refurbishment of Dudley Council House Campus

Essential maintenance work is now well underway. Roofing works are progressing well, asbestos removal is complete and the new air source heat pumps have been installed at the rear of 4 Ednam to serve the Council House campus.

Building and ICT work to the new collaboration room in the ground floor link corridor has been completed; furniture being delivered in January for the room to become useable in February. The churn of people, furniture, and equipment from the senior leadership areas on the first floor has been completed and work is now in progress, phase 1 due to complete in early April 2023. Further phases include:

- **Phase 2** - Basement and remaining 1st and 2nd floor areas – churn April, then contractor starts on site 1st May and completes 18th August 2023
- **Phase 3** - Ground floor incl. reception – churn July, then contractor starts on site 21st August and completes 22nd Dec 2023
- **Phase 4** - Old Police Building – churn December 2023, then contractor starts 2nd Jan 2024 and completes 17th May 2024
- **Phase 5** - Car Park – contractor starts 20th May and completes 9th August 2024

Brierley Hill (Future High Streets)

The Council secured £9.99m from the Future High Streets Fund in December 2020. This is to support a programme of activity at Brierley Hill, to be implemented in the period 2021 to 2026. The key objectives are to improve footfall, reduce vacancy rates and improve the diversity of shops and facilities. All Future High Streets Funding has to be drawn down by 2023/24. DMBC match funding, identified through existing approvals, will be used to fund projects within the latter part of the programme. The overall investment value of the programme is in the region of £44m.

Project summaries:

Public Realm and Connectivity Improvements (£4.75m) - Funding to connect the new Midland Metro terminus to the High Street, improve existing public realm connectivity between key buildings and provide new public spaces and pocket parks. Lead designer appointed in the autumn of 2021 to prepare and consult on proposals. The majority of the public realm works will be implemented during 2022/23 and 2023/24. Phasing of works around the Midlands Metro terminus to be reviewed, following West Midlands Combined Authority's decision in July 2022 to delay the implementation of Metro works from Dudley to Brierley Hill. Improvement works at the High Street commenced on site on 4 January 2023 and will run until the spring of 2024.

Key Retail Sites (£1.048m) - The owner of the Moor Centre has failed to secure planning approval to move the car parking from the rear of the site to the front. As the result, the Council's acquisition and redevelopment of the rear car park cannot be progressed within the Future High Street spend timescales. Following consultation with the Department for Levelling Up, a formal Project Change Request was submitted in September 2022 to move funding from the Moor Centre to support the public library (£365k) and public toilet refurbishment works (£194k). Tenders for both of these projects are double the original estimates. This is the result of materials shortages, the high rate of inflation and transportation costs. The remainder of funding (£489k) will be transferred to the public realm programme where similar cost increases are expected. The Department for Levelling Up approved this project variation in January 2023 (as per paragraph 13 of the main report). The refurbishment works to the Library and Public Toilets are expected to commence in March and will complete in June 2023.

Infrastructure and Air Quality Improvements (£255,000) - Future High Streets will provide support to amend two highway junctions at Venture Way. The intention is to improve pedestrian connectivity between the High Street and medical centre; reduce queuing traffic which has resulted in movement delays; and improved air quality levels. The works have now completed.

Addressing Housing Need (£3.55m) - Discussions are underway to acquire 10 acres of brownfield land known as Daniels Land and the High Plateau. These are two long-term vacant sites, formerly part of the Round Oak Steel Works that have remained undeveloped for over 40 years. Future High Streets funding will support site remediation and preparation costs. Dudley Council's Housing Department will then construct up to 220 new mixed tenure homes to meet local housing needs. An urban design study has been prepared that will inform the preparation of an architect's brief. This will allow detailed design proposals to be progressed for the sites.

Following INTU shopping centres entering administration, discussions have continued with Sovereign Centros which is the current managing agent acting on behalf of the creditors. The intention is to phase initial activity around the construction of the Metro rail viaduct that crosses the sites. A valuation has been agreed by the Council and creditors. Early construction of the Metro viaduct and Embankment tram halt is key to delivery of the housing redevelopment project. West Midlands's Combined Authority's decision in July 2022 to delay the Metro link from Dudley to Brierley Hill has severely impacted upon the delivery programme and the proposed redevelopment works are unable to proceed within the FSHF timescale. The Housing Department's capital programme has been reduced and it is now unlikely the Council will proceed with the acquisition and redevelopment project. As the result, a review is being undertaken of how much of the Future High Streets funding can be reallocated to replacement projects within the programme in the period to 2023/24. This could include the introduction of new project activity, although this will need to be accompanied by an economic appraisal report that confirms value for money. Discussions are also being held with West Midlands Combined Authority and Homes England over their acquisition of the land and the introduction of a more flexible funding package to remediate the sites and provide infrastructure. A second Project Variation Request will be submitted to the Department of Levelling Up in spring 2023.

Public Library (£308,000) - refurbishment of Brierley Hill public library and ground floor housing department reception area. Scheme designs have been the subject of community consultation and have been well received. Freeholder approval has been received in-principle for the refurbishment works. Tenders are significantly over budget due to inflation and increases in the cost of building materials. A Project Variation Request was submitted in September 2022 to move funding from the Moor Centre to support the project. If approval is forthcoming, the library refurbishment works will commence in February 2023.

Public Toilets (£80,000) - Reopening of public toilets to support the High Street visitor return following the coronavirus pandemic, and the provision of welfare facilities for Metro tram drivers. Midland Metro Alliance is making an additional contribution of £38,000 to support the works. Feasibility designs finalised that will also include changing facilities after discussions with stakeholder groups. Tenders are significantly over budget due to inflation and increases in the cost of building materials. A Project Variation Request was submitted in September 2022 to move funding from the Moor Centre to support the project. If approval is forthcoming, the toilet refurbishment works will commence in February 2023.

In addition to the Future High Streets Fund award, the Council has secured further investment from the West Midlands Combined Authority. This is to acquire land to support implementation of the High Street Link. A funding agreement between WMCA and DMBC completed in March 2022. This is a

long-term vacant gap site where there is the opportunity to provide a new connection from the High Street to the Metro terminus and Health Centre. A start on site for the pedestrianisation works is expected in the autumn of 2023.

A Town Board has now been established to oversee the various interventions underway in Brierley Hill. These include the Future High Streets Fund, Heritage Action Zone, and delivery of the Midland Metro. It includes Mike Wood MP, DMBC and business, community, and educational sector representatives. The Town Board meets on a quarterly basis.

Schools

Schools Basic Need Projects

Now that the project at Wordsley School and Crestwood Schools are now complete, focus is now on ensuring there are sufficient secondary school places in the Halesowen area. Talks with Halesowen Secondary Heads is ongoing.

Numbers for both primary and secondary school places continue to be closely monitored and processes are in place to recommend capital projects to address any projected growth across both sectors.

Special Educational Needs and Disability (SEND) Projects

We are continuing the process of re-profiling our special school and mainstream provision to bring it more closely in line with the current SEND pupil cohort and the special provision capital funding is a key component in this process.

In addition to funds carried forward from previous years, we have received a further allocation of capital funding for SEND. Projects to be funded are still being scoped with the need for detailed feasibility studies to be undertaken but is likely to include further expansion within our maintained special schools. A tender process has now been completed to establish a further primary SEMH base. This tender has now been concluded and the base will be established at Caslon primary school. The base is now operational, and work continues to create an outside play area exclusively for the base.

CIPFA Prudential Indicators

The indicators set out below are specified in the CIPFA *Prudential Code for Capital Finance in Local Authorities* (“the Code”), which is required to be complied with as “proper practice” by Regulations issued consequent to the Local Government Act 2003. They are required to be set and revised through the process established for the setting and revising of the budget, i.e. by full Council following recommendation by the Cabinet. Indicators for the forthcoming and following years must be set before the beginning of the forthcoming year, but may be revised at any time following due process.

The first group of indicators (1-5) are essentially concerned with the prudence and affordability of the Council’s capital expenditure and borrowing plans in the light of resource constraints. The remaining indicator (6) is primarily concerned with day-to-day borrowing and treasury management activity. Indicator 5 is a new requirement in the revised Prudential Code which was published in December 2021.

The proposed figures for each indicator have been developed in the light of the Council’s overall resource position and medium term financial strategy and have regard to the following matters as required by the Code:

- Service Objectives;
- Stewardship of Assets;
- Value for Money;
- Prudence and Sustainability;
- Affordability;
- Practicality.

Affordability and prudence are specifically addressed by the indicators set out below. The other matters listed form a fundamental part of the Council’s budget setting, management, and monitoring procedures - as summarised in the Financial Management Regime (FMR) which forms part of the Constitution - and with particular relevance to capital expenditure, set out in more detail in the Council’s Capital Strategy.

Appropriate procedures have been established for proper management, monitoring, and reporting in respect of all the indicators, and the risks associated therewith.

Indicators set for 2022/23, 2023/24 and 2024/25 this time last year have been reviewed and where necessary are proposed to be updated to reflect latest forecasts.

1. Estimated and Actual Capital Expenditure

This indicator forms the background to all the other indicators, given that the overall rationale of the prudential system is to provide flexibility for borrowing to fund capital investment. Estimated capital expenditure is required to be calculated for the next 3 financial years, and actual expenditure stated for the previous financial year, with totals split between HRA and non-HRA capital expenditure.

Subject to the other proposals in this report being agreed, together with those contained in reports elsewhere on the agenda, the proposed indicators are as follows.

	2021/22 £m Actual	2022/23 £m Revised Estimate	2023/24 £m Revised Estimate	2024/25 £m Revised Estimate	2025/26 £m Estimate
Non - HRA	66.8	51.7	85.1	55.0	17.8
HRA	38.4	63.4	59.7	50.8	44.1
Total	105.2	115.1	144.8	105.8	61.9

2. Estimated and Actual Capital Financing Requirement (CFR)

The Capital Financing Requirement is a measure of the Council's underlying need to borrow to fund its capital expenditure once other sources of funding - grants, capital receipts and revenue - have been taken into account. The CFR increases when expenditure is incurred, and reduces when provision is made to repay debt.

The proposed indicators consistent with the level of capital expenditure set out above are as follows.

	2021/22 £m Actual	2022/23 £m Revised Estimate	2023/24 £m Revised Estimate	2024/25 £m Revised Estimate	2025/26 £m Estimate
Non - HRA	270.0	259.2	312.5	333.8	318.2
HRA	470.2	470.2	479.2	485.2	485.2
Total	740.2	729.4	791.7	819.0	803.4

3. Gross Debt and the Capital Financing Requirement.

In order to ensure that in the medium term, debt can be incurred only for capital purposes, this indicator requires that gross external debt does not (except in the short term) exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for the current and next two financial years. Note that debt for this purpose excludes ex West Midlands County Council debt managed on behalf of other authorities.

It is anticipated that this requirement will be met for the years 2022/23 to 2025/26.

4. Estimated and Actual Ratio of Capital Financing Costs to Net Revenue Stream

This indicator is intended to demonstrate the affordability of capital investment decisions in terms of the ratio of capital financing costs to overall resources, expressed as a percentage. The proposed indicators consistent with the level of capital expenditure set out above are as follows.

	2021/22	2022/23	2023/24	2024/25	2025/26
	%	%	%	%	%
	Actual	Revised Estimate	Revised Estimate	Revised Estimate	Estimate
Non - HRA	8.7	8.5	9.4	11.7	12.2
HRA	46.4	44.8	43.7	42.3	42.0

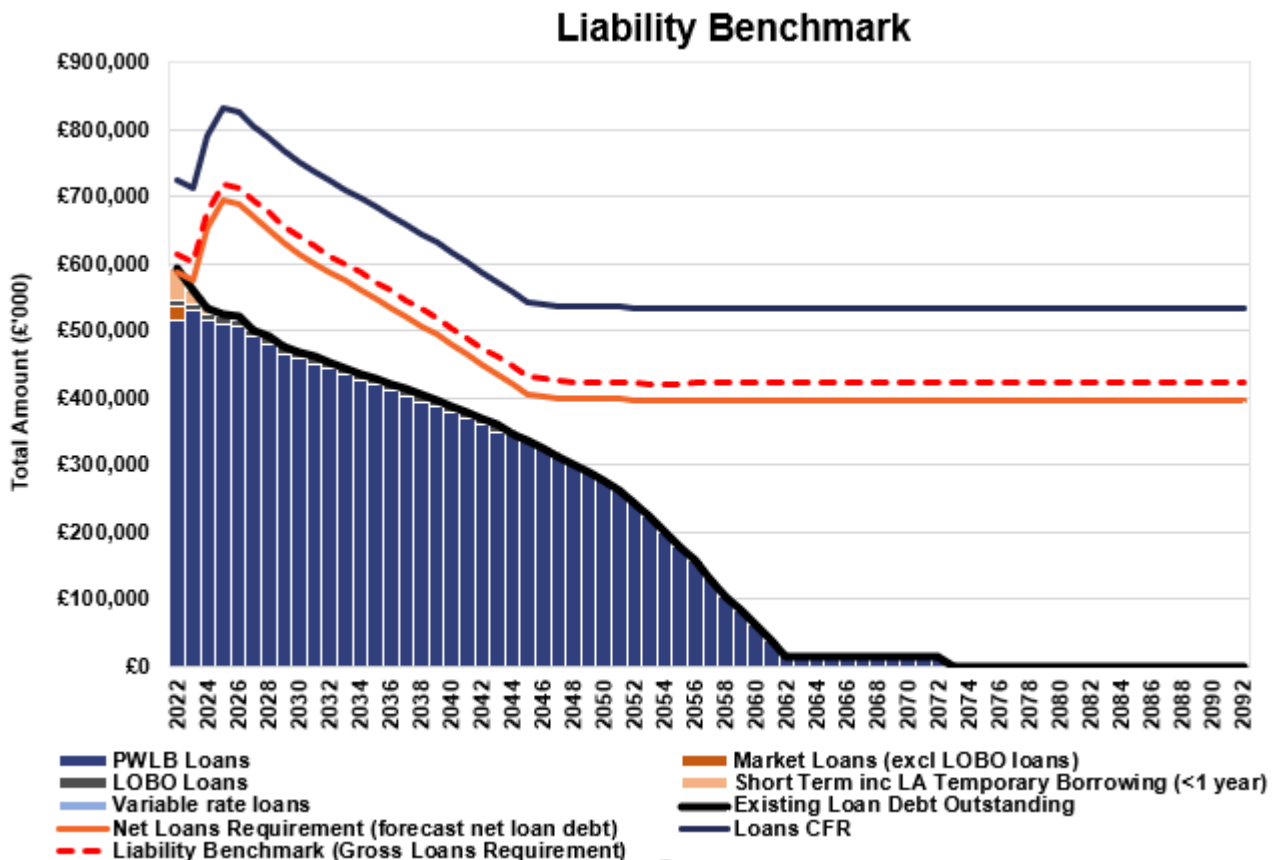
5. The Liability Benchmark

The revised Prudential Code introduced a new prudential indicator called the Liability Benchmark (LB). The Council is required to estimate and measure the LB for the forthcoming financial year and the following two financial years, as a minimum. There are four components to the LB:

- Existing loan debt outstanding – the Council’s existing loans that are still outstanding in future years,
- Loans capital financing requirement (CFR) – this will include only approved prudential borrowing
- Net loans requirement – this is the Council’s gross loan debt less treasury management investments at the last financial year end projected into the future
- Liability benchmark – (also known as the gross loans requirement) which is the net loans requirement plus short-term liquidity allowance.

As the chart shows there is currently a gap between the existing loan debt outstanding and liability benchmark this indicates that further borrowing is likely

to be required in the next few years.



5. The Authorised Limit, Operational Boundary, and Actual 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 (as per. section 3 of the Local Government Act 2003) that should not be breached under any circumstances. The proposed limits set out below have been calculated to take account of the Council's capital expenditure and financing plans and allowing for the possibility of unusual cash movements. If this limit is likely to be breached, it will be necessary for the Council to determine if it is prudent to raise the limit, or to instigate procedures to ensure that such a breach does not occur.

The Operational Boundary for external debt is a management tool for day-to-day monitoring, and has also been calculated with regard to the Council's capital expenditure and financing plans allowing for the most likely, prudent, but not worst case scenario for cash flow. Temporary breaches of the operational boundary, due to variations in cash flow, will not be regarded as significant.

Both the Authorised Limit and the Operational Boundary are split between conventional borrowing and “other long term liabilities” such as leases and other capital financing arrangements which would result in the related assets appearing on the Council’s Balance Sheet. Such arrangements would include for example finance leases for the procurement of vehicles. Provided that the total Authorised Limit and Operational Boundary are not exceeded, the Director of Finance and Legal may authorise movement between the constituent elements within each total so long as such changes are reported to the next appropriate meeting of the Cabinet and Council.

Note that debt for these purposes includes ex West Midlands County Council debt managed on behalf of other authorities.

	2021/22	2022/23	2023/24	2024/25	2025/26
	Actual	Revised	Revised	Revised	
	£m	£m	£m	£m	£m
Authorised limit for external debt:					
Borrowing	n/a	872	888	896	859
Other long term liabilities	n/a	12	12	11	10
Total	n/a	884	900	907	869
Operational boundary:					
Borrowing	n/a	735	825	825	782
Other long term liabilities	n/a	12	12	11	10
Total	n/a	747	837	836	792
Actual External Debt:					
Borrowing	680.0	n/a	n/a	n/a	n/a
Other long term liabilities	14.4	n/a	n/a	n/a	n/a
Total	694.4	n/a	n/a	n/a	n/a

Dudley MBC Capital Strategy

Background - The CIPFA Prudential Code for Capital Finance in Local Authorities

1. The Local Government Act 2003 introduced a system of “Prudential Borrowing” which allows councils to set their own borrowing limits subject to criteria of prudence, affordability, and sustainability. The CIPFA Prudential Code sets out the indicators that authorities must use, and the factors they must take into account, to demonstrate that they have fulfilled this objective.
2. The recently updated Code requires that: “In order to demonstrate that the authority takes capital expenditure and investment decisions in line with service objectives and properly takes account of stewardship, value for money, prudence, sustainability and affordability, authorities should have in place a Capital Strategy that sets out the long-term context in which capital expenditure and investment decisions are made and gives due consideration to both risk and reward and impact on the achievement of priority outcomes.”
3. The Strategy will be updated and approved by Full Council at least annually, along with the indicators required by the Prudential Code.

Capital Expenditure

4. A simple definition of Capital Expenditure is that expenditure which gives a future benefit or service potential to the Council for a period of more than one year. It is accounted for separately from revenue (day-to-day) expenditure and funded from different sources from revenue expenditure.
5. More specifically, expenditure that can be capitalised includes:
 - purchase, reclamation, enhancement or laying out of land;
 - purchase, construction, preparation, enhancement or replacement of roads, buildings and other structures;
 - purchase of plant, machinery, vehicles, furniture & equipment (including ICT hardware);
 - purchase of ICT software programmes;
 - grants (and some loans) to third parties for any of the above.
6. During its life, an asset may pass through up to four basic stages:
 - a. Acquisition or construction;
 - b. Ongoing management and maintenance;
 - c. Major enhancement;

d. Obsolescence, decommissioning and disposal.
Phases (a) and (c) may necessitate capital expenditure.

7. Capital expenditure extends further than direct acquisition and expenditure on assets by the Council. It also includes property and equipment that is leased for a significant part of its useful life or where the lease payments amount to a significant part of its value. Entering into such leases, and other similar credit arrangements, will therefore form part of the Council's capital expenditure and must be authorised by Council and included in the Capital Programme (see process below) *before* any lease is entered into.

Strategic Context

8. Dudley Council has clear ambitions and plans, focussed on delivering priority outcomes for our communities and committed to ensuring that we build a Council which is fit for the future. The Council Plan sets out four priorities and these are:

- Dudley – the borough of opportunity;
- Dudley – the borough of ambition and enterprise;
- Dudley – the safe and healthy borough and
- Dudley borough – the destination of choice.

These priorities aim to give a clearer focus on the Council's regeneration plans, work to become a destination of choice for tourism, to address housing and educational needs and to be a place where communities can lead stronger, safer and healthier lives.

9. The Council Plan is supported by Directorate plans that provide more detailed information on the service actions we are taking to deliver our priorities. The plans are reviewed annually in support of the Council Plan.
10. The Capital Strategy is one of the means by which the priorities of the Council Plan will be achieved. We recognise that to accomplish our goals, best possible use needs to be made of existing public sector assets, while resources available for new investment must be deployed as efficiently and effectively as possible.

Links to other Strategies and Plans

11. The Capital Strategy is consistent with the Council's other strategies and plans. Of particular relevance is the Corporate Estate Strategy which reflects the key Council Plan aims, recognising that good asset management should help the Council to

- Empower communities and engender civic pride;

- Improve the economic wellbeing of an area;
- Increase co-location, partnership working and the sharing of knowledge;
- Reduce carbon emissions and improve environmental sustainability;
- Prioritise and align resources with the Customer Connect initiative to deliver exceptional services for citizens of and visitors to Dudley.

12. The Estate Strategy comprises 3 main parts:

- The current position of the Council's estate;
- Its desired future position;
- How we propose to deliver it.

The current strategy is currently being updated and is expected to be reviewed in April 2023.

Partnership and External Funding

13. The Strategy not only covers all aspects of Capital expenditure within the Council, but also those areas where the Council works in partnership – for example using its own resources as match funding to maximise the overall resources available for its own and its partners' priorities.

14. It also informs the bidding for additional capital resources (e.g. from Central Government and other sources of external grant funding).

Capital Priorities

15. The Council's current capital investment priorities, including those where it is working in partnership, are as follows.

Public Sector Housing

16. Priorities:

- Planned programmes of expenditure to keep our homes in good order by providing efficient investment in key building components such as roofs, electrics, kitchens, and bathrooms.
- Ensuring that as many of the Council's homes as are economically viable are available for occupation to a reasonable standard.
- Improving fuel poverty and energy efficiency for residents and contributing towards decarbonisation and the climate change emergency.
- Delivering social care programmes in residents' homes and improvements in sheltered schemes which increase the ability for residents to live independently in their own homes.
- Delivering regeneration, environmental and community safety improvements to our estates.
- Strategic stock investment and de-investment programmes in accordance with the Housing Asset Management Strategy 2019 – 2029 and providing

necessary investment at affordable levels for communal facilities in flatted developments.

- Providing new affordable social housing within the borough.
- Providing an efficient repair service to undertake all statutory and compliance responsibilities, cyclical and routine maintenance.

Private Sector Housing

17. Priorities:

- Continued use of loan, grant and other forms of financial solutions to assist vulnerable occupiers living in the private sector to remain independent in their homes through property repair, improvement and adaptation.
- Winter Warmth / Energy Advice Service providing advice, practical support, equipment, and repairs to ensure all vulnerable occupiers keep warm, healthy and heat their homes efficiently.
- Continued use of loan, grant, and other forms of financial solutions to bring long term empty private properties back into use.
- Sustaining our improved performance in delivering adaptations for disabled persons through use of Mandatory Disabled Facilities Grants.
- Provision of rent deposit guarantees / loans to private sector landlords / potential tenants to facilitate access to accommodation for persons in need.
- Developing homes for private sale.

Highways and Transport

18. The Transport Capital Programme supports maintenance and improvement works on the Council's highway infrastructure and its associated assets, including street lighting, the repair and maintenance of pavements and public rights of way, structures, bridges and retaining walls.

19. Through effective asset management, the Council will continue to maximise opportunities offered by new technology using innovative ways of maintaining and improving its highway network.

20. By working with the Department for Transport, Transport for the West Midlands and the wider Combined Authority, West Midlands partners, local partners and the community, external funds will continue to be sought for existing and new projects. We will also, using Government Grants, continue to invest and improve the Borough's transport networks to ensure their safety, efficiency and minimise their environmental impact particularly associated with traffic congestion and air quality.

21. Current priorities:

- Delivery of the Highway Maintenance Programme for roads and pavements.
- Investment in the Street Lighting Infrastructure (to generate greater energy efficiency).
- Works on highway structures, bridges and retaining walls.
- Integrated Transport (minor schemes designed to improve the safety and increase the capacity of the highway network and encourage sustainable modes of travel).
- Completion of major and minor highway schemes and other projects.

Economic Regeneration

22. External funds are maximised to support the delivery of key economic regeneration projects and initiatives. Previously this has included the Heritage Lottery Fund, European Regional Development Fund (ERDF), Growing Places, Local Growth Fund, Get Building, Future High Streets Fund and Towns Fund, and funding accessible via the West Midlands Combined Authority.

23. More recently the Government launched the Levelling Up White paper in March 2022, which included as a central pillar, £2.6 billion of funding via the UK Shared Prosperity Fund (UKSPF) for local investment to March 2025 with the primary aim being 'to build pride in place and increase life chances across the UK aligning with the Levelling Up White paper missions. UKSPF is the replacement funding for European Structural Investment Funds which sees currently funded projects ending in December 2023. The West Midlands, via the Combined Authority (WMCA) has been allocated £88.4million with local authorities having funding devolved using a 70:30 methodology. Regeneration & Enterprise have been working with internal and external stakeholders to develop Dudley UKSPF priorities for the 3 year programme running from April 2022 to March 2025 which includes a capital funding allocation.

24. External Funding has already been secured to support the regeneration of Dudley Town Centre through the Townscape Heritage Initiative, for the development of Castle Hill as a major tourism cluster and to deliver public realm improvements in Dudley Town Centre.

25. The Council will continue to seek to maximise the use of external funds through its engagement with external partners including the WMCA, as part of the Trailblazer Devolution Deal discussions, Homes England, in addition to seeking to bid direct to Government for new funding streams including the Levelling Up Fund.

26. The Metro Extension through Dudley to Brierley Hill is potentially an economic regeneration game changer for Dudley. It will help to realise the following key benefits:

- Support our housing regeneration priorities through improved connectivity to areas of housing development opportunity.
- Support economic regeneration by improving accessibility to major employment sites including Castle Hill; Dudley Town Centre; DY5 Enterprise Zone; the Merry Hill Centre; Brierley Hill Town Centre as well as improving access to key visitor attractions such as the Black Country Living Museum and Dudley Zoological Gardens.
- Encourage modal shift from private car by delivering a high quality and reliable public transport service.
- Support an integrated transport network through providing seamless interchange.

The Council is working with Transport for West Midlands (TfWM) to facilitate delivery of the Metro, and this may also involve capital expenditure on Urban Realm and Highways measures to complement the Metro

27. TfWM is also proposing the creation of a new Transport Interchange for Dudley Town Centre which will replace the existing Bus station and link with Metro and potentially Sprint. Further information regarding this project can be found in Appendix B.

28. A recurring budget funded mainly by borrowing will be used for structural maintenance of Council buildings which cannot be met from other resources. Projects arising from the Council's Estate Strategy, including those in pursuance of the "One Public Estate" strand of the Council's Transformation agenda will also be progressed subject to value for money assessment.

Environmental Services

29. Current priorities are:

- Possible alternative sites for the Household Waste Recycling Centre.
- Ongoing programme for replacement of vehicles used to deliver services including exploring wider use of electric vehicles.
- Delivery of the Green Spaces Asset Management Plan.
- Promote and develop our open spaces and nature reserves through Geopark status and accreditation.

- Develop a new sustainable Waste Strategy that is compliant with the emerging national picture.

Cultural

30. Current priorities are:

- New burial sites to be identified across the borough.
- A new children's play area and on-site café facility at Himley.
- Refurbishment of the Red House Glass Cone.

Schools

31. The key investment priorities for the use of available capital resources (mainly funded by a number of Government grants) are:

- Maximise the efficient and effective use of resources in collaboration with partners to improve service delivery.
- Work in joint partnership with schools to target available resources in accordance with the asset management programme.
- Address the backlog of urgent repairs and maintenance identified by condition surveys for all schools using fair and transparent prioritisation processes.
- Continue to address the issues of Basic Need requirements ensuring sufficient school places across the primary and secondary schools sector (maintained and non-maintained) through effective place planning processes.
- Continue to develop the infrastructure required to improve the Special Educational Needs (SEN) provision including the issues of Basic Need requirements ensuring sufficient school places for Special Schools in line with the SEND Strategy.
- Continue to maximise bidding opportunities for external funding to replace or upgrade those school buildings with the most urgent need as identified by the principles of Asset Management Planning.
- Ensure the continuing delivery of the Directorate's asset management plan in accordance with DfE requirements especially for the collation of robust data on school places and condition.
- Ensure revisions to regulations and guidance for school buildings are adhered to and complied with.

Social Care, Health and Well Being

32. Working in partnership to address the Borough's Extra Care Housing needs.

Commercial and Customer Services

33. Ongoing programme for replacement and upgrading of ICT infrastructure used to deliver services.

Capital Programme

34. The detailed Capital Programme for the Council's own expenditure on acquisition, development and maintenance of the assets required to deliver service outcomes will be updated on an ongoing basis in accordance with the Governance processes set out below. Taking into account the Council's capital grant allocations, together with affordable levels of "prudential" borrowing and locally generated capital resources in the form of capital receipts and contributions from revenue budgets, the Capital Programme currently being proposed is as follows:

	2022/23	2023/24	2024/25	2025/26
	£'000	£'000	£'000	£'000
Public Sector Housing	63,401	59,665	50,816	44,114
Private Sector Housing	7,640	10,871	1,459	71
Environment	5,943	16,907	3,000	3,000
Transport	10,880	6,615	2,000	2,000
Regeneration and Corporate Landlord	11,987	16,613	23,106	11,359
Culture, Leisure & Bereavement	2,566	5,029	1,900	0
Schools and SEND	8,822	27,598	22,600	0
Social Care, Health and Well Being	884	200	0	0
Digital, Commercial and Customer Services	1,465	1,285	913	1,393
TOTAL	113,588	144,783	105,794	61,937

Property Investment

35. The Council will incur capital expenditure on acquisition or development of property only where the primary purpose is service delivery and/or regeneration, and in the case of the latter then only where a development would not happen without Council involvement, and the potential regeneration gain justifies any financial or other risks. It will not invest in property for the sole or primary purpose of revenue income or other financial return.

Sources of Funding

Grants & Contributions

36. These are mainly provided by Central Government Departments or other Public Sector Agencies and are usually to fund specific projects or broader categories of spend, in line with the funder's priorities. They may be received in response to specific bids, or on a formula allocation basis. They may also require match funding from the Council's other capital resources, or from other local partners or spending beneficiaries.
37. To a lesser extent, contributions may be available in the form of "Section 106" planning agreements, Community Infrastructure Levy, or otherwise from local business partners.
38. Some Government capital grant funding is scheme specific to the extent that it cannot be used for anything else ("ringfenced") but is often only notionally allocated to specific areas of spend. Thus it can be spent at the Council's discretion, the only real condition usually being that it must be spent on capital rather than revenue items. However the Council has generally followed a process where such resources are (internally) earmarked to the relevant service area.

Revenue & Reserves

39. To the extent that revenue resources and reserves are available once day-to-day spending needs have been covered, these may be used to fund capital expenditure.

Borrowing (commonly known as Prudential Borrowing)

40. The Council can borrow to fund capital expenditure so long as it has sufficient revenue resources to service the resulting debt charges – principal and interest.
41. Any proposals to fund capital expenditure from borrowing where the revenue costs can be met from existing resources (e.g. "spend to save" type initiatives) are considered by Cabinet and Council in the same way as any other capital projects.
42. Any proposals to fund capital expenditure from borrowing where the revenue costs cannot be met from existing resources must be considered along with other revenue budget pressures as part of the annual revenue budget setting and MTFS review process in the light of overall revenue resource availability.

Capital Receipts

43. Assets (usually land and buildings) no longer required for the provision of services may be declared “surplus to requirements” and sold. The detailed disposal process is set out in the Corporate Estate Strategy.
44. Proceeds from disposals of General Fund assets do not constitute available capital resources, but generate revenue savings by repaying existing borrowing or as a substitute for new borrowing (see above) that would otherwise be required. Proceeds from Right to Buy sales and other Public Sector Housing disposals are currently earmarked for Housing investment.

Budget and Medium Term Financial Strategy

45. As set out above, any proposals to fund capital expenditure from borrowing where the revenue costs cannot be met from existing resources must be considered along with other revenue budget pressures as part of the annual revenue budget setting and MTFS review process in the light of overall revenue resource availability.
46. Likewise capital projects generating net savings may be brought forward, along with other savings proposals, as part of the overall budget and MTFS review process.
47. All forecast debt charges and other revenue costs arising from approved new capital spend (together with debt charges arising from past expenditure funded from borrowing, and the revenue costs of ongoing maintenance of existing assets) will be included in the revenue budget and MTFS of the General Fund or HRA as appropriate.

Treasury Management Strategy

48. Long term borrowing requirements to fund overall capital expenditure not met from other means - the “Capital Financing Requirement” (including the extent to which this can be met internally rather than from external borrowing) and short term cashflow requirements in respect of the Capital Programme and funding, are taken into account in the Council’s Treasury Management Strategy. At 31st March 2022, long term borrowing and similar liabilities for the Council’s own purposes (i.e. excluding debt managed on behalf of other authorities), amounted to £593m. This compared with long term assets held to the value of £1,827m.

Affordability and Risk

49. The Capital Strategy sets out the framework within which individual capital projects are approved for inclusion in the Capital Programme and does not in itself authorise any capital expenditure. Affordability and risks are considered when proposals are brought forward for such inclusion. This will include risks relating to the capital expenditure itself, funding of that expenditure (e.g. grant availability and conditions), and ongoing revenue costs and/or income.
50. Risks relating to (treasury) management of borrowing to fund capital expenditure and overall revenue resource availability to fund debt charges and other revenue costs arising from capital expenditure are explicitly recognised in the Treasury Management Strategy and the overall MTFs (General Fund and HRA) as appropriate.

Governance

Inclusion of projects in the Capital Programme

51. All proposals to include projects in the Capital Programme must be approved by full Council following recommendation by Cabinet. This applies regardless of the source(s) of funding for the project.
52. The only exceptions to the requirement that all capital projects be approved by full Council are:
- i. In cases of urgency, a project may be included in the Capital Programme by Cabinet alone (if the decision cannot wait until the next meeting of Full Council).
 - ii. In cases of urgency, a project may be included in the Capital Programme by the Leader of the Council in consultation with the Director of Finance and Legal – using the Decision Sheet process (if the decision cannot wait until the next meeting of Cabinet). The Decision Sheet will need to cover the same issues as would be required for reporting to Cabinet (see below), and must also include an explanation of why the normal processes cannot be followed. If the degree of urgency is such that the normal requirements of the Constitution with regard to public notice and “call-in” would prejudice the delivery of the project, approval of the Chair of the appropriate Scrutiny Committee (to waive notice) and Mayor (to waive call-in) will also be required.

Note however that these “urgency” procedures are intended to be used only in exceptional circumstances and are not intended as a substitute for proper project planning. Use of the procedures is reported to the next available Council, or Cabinet & Council meetings as appropriate.

- iii. Other specific standing authorisations have been given to include particular categories of expenditure in the Capital Programme without individual Cabinet approval. These include:
- School projects funded wholly from delegated budgets or fundraising activities (subject to prior approval by the Director of Children’s Services & the Director of Finance and Legal).
 - Various categories of project funded by s106 monies.
 - Regeneration projects in certain areas subject to availability of external funding.
 - Parks & Open Spaces projects funded as a result of “Friends” bids.
 - ICT Strategy projects.
 - Projects funded from a number of regular Government funding allocations.
 - Community Infrastructure (CIL) funded projects approved by Cabinet.

Responsible Officers

53. Directors will identify a Responsible (Lead) Officer for each project who will take overall responsibility for coordinating all aspects of the project from initial proposal through to post completion review.
54. The Responsible Officer role is key to the efficient operation of the Council’s Capital Programme. Responsible Officer details will be held on the Council’s financial systems, and any change must be notified to the relevant accountant so that these can be amended.

Justification

55. Prior to the inclusion of *any* project in the Capital Programme, each proposal must be justified against the following criteria:
- i. Contributes towards the delivery of the Council's strategic objectives, e.g. as set out in the Council Plan.
 - ii. Contributes towards the achievement of a specific priority/objective(s) as set out in a Directorate Service Plan, and/or arises from agreed capital strategies e.g. Housing Investment Programme, Local Transport Plan, and/or assists the Council to meet its statutory objectives or respond to new legislative requirements, and/or contributes to the achievement of Best Value.
 - iii. Can be supported by a coherent funding strategy; will minimise use of the Council's own resources.

- iv. Has a clear and well thought out brief which defines the objectives of the project and specifies any issues which are time critical; is otherwise achievable within the financial year concerned.
- v. Has been fully evaluated against alternative methods of achieving the same objectives, and alternative funding sources. (See Option Appraisal section below.)

Option Appraisal

- 56. Every capital project must be evaluated against alternative methods of achieving the same objectives.
- 57. Options appraisal must be an integral part of the decision-making process and the scale and nature of a project will determine the level of options appraisal detail needed to make a decision.

Prioritisation

- 58. In order that the limited resources available for capital investment are used in the most effective way, it is essential that robust and consistent prioritisation processes are used to determine which projects proceed.
- 59. In theory, it would be possible devise a methodology for prioritising *all* potential capital projects against the resources available - to maximise the total benefit of the Council's capital Investment as a whole. In reality however, this would pose major problems, not least the difficulty in devising a prioritisation methodology which could fairly compare and score bids for schemes of all magnitudes and degrees of complexity across the whole range of Council services.
- 60. Some Government capital grant funding is scheme specific to the extent that it cannot be used for anything else ("ringfenced") but is usually only notionally allocated to specific areas of spend. Thus it can be spent at the Council's discretion, the only real condition usually being that it must be spent on capital rather than revenue items.
- 61. However the Council has generally followed a process where such resources are (internally) earmarked to the relevant service area, but with an emphasis on demonstrating appropriate prioritisation *within* service programmes, and *within* spend headings.
- 62. It is the responsibility of the relevant Directors to make sure that such prioritisation is robust and stands up to scrutiny. Prioritisation should include formal scoring mechanisms or other objective methods wherever possible and appropriate.

Where a project relies on council resources prioritisation is achieved by including the revenue costs in the budget pressures process for consideration against other pressures in light of the overall resource position.

63. It should in particular be noted that even where capital resources are earmarked to particular spend areas, there is usually still a large degree of flexibility concerning allocation to specific projects. Likewise, where resources are being bid for (see below) there will usually be discretion over which particular projects are submitted. In such circumstances it is just as important in gaining best value from available resources to ensure that robust prioritisation is undertaken before bids are submitted.
64. Note that prioritisation and option appraisal are not the same – but are two distinct elements of the overall project selection process. Option appraisal is concerned with choosing the best way of achieving an objective, e.g. how to increase safety on a particular road. Prioritisation is concerned with which projects go ahead within limited resources, e.g. which road safety projects should proceed first.

Reporting

65. At the initial stage of project development, an Asset Decision Proforma (ADP) - see Appendix 1 – is completed in conjunction with Corporate Landlord Services (CLS) to capture key project information. Note that this proforma, and the requirement for CLS input relates to all major property decisions, and is not restricted to capital programme approvals. Any issues must be resolved before proceeding to the next stage of the process.
66. Each meeting of the Cabinet receives a Capital Monitoring Report which includes the details of proposals to include projects in the Capital Programme. (Exceptionally there may be a stand-alone report where a major project / service area is involved. In such cases a Proforma should still be completed and submitted as above.)
67. If following receipt of tenders, it is clear that costs will exceed the approved budget – or if any other circumstances change that materially affect the scheme as approved by Cabinet & Council – it will be necessary to report back to Cabinet & Council, in order for the budget to be amended, or any other changes approved.

Project Management & Monitoring

68. Capital expenditure must be in compliance with all relevant Standing Orders, Financial Regulations and Codes of Practice. Directors must ensure that all Responsible Officers are aware of these requirements, and that Responsible Officers are competent in Project Management skills.
69. Expenditure on and progress of each project will be monitored regularly.

Project Review

70. A post completion review of each major capital project should be undertaken by the appropriate Director to ensure all lessons learned are documented and shared with relevant officers.

ASSET DECISION PROFORMA

Key Data

Directorate:	Division:
Lead (Responsible) Officer:	Phone:
Asset <i>(include address, accurate site plan and photos as necessary)</i> :	
Brief description of project <i>(i.e. acquisition via purchase or lease; alteration; extension; major refurbishment; change of use / relocation; disposal via sale or lease)</i> :	

Outcomes

Benefits to service delivery <i>(quantified hard and soft benefits to the Council anticipated from project, including benefits to customers and partners, e.g. shared use)</i> :
Link to Strategic Objectives <i>(refer to specific Community / Council Plan objectives)</i> :
Link to Directorate Asset Plan <i>(refer to specific action / objective)</i> :
Confirmation of consideration of ensuring improved energy efficiency for the asset by planned works <i>(Yes/no - describe outcome)</i>
<i>(For alteration and refurbishment) impact on Asset (i.e. value, useful life, flexibility of use)</i> :

Background Processes

Provide details of scoring mechanism or other process used to prioritise this project:
Provide details of option appraisal undertaken in accordance with Standing Orders <i>(including consideration of alternative sites and alternative delivery methods, together with costs/benefits of each)</i> :

Results of Feasibility Study:
Results of Risk Assessment <i>(including identification of key risks)</i> :
Results of Consultation:

Financial

<i>(For acquisition, alteration, refurbishment)</i> - capital cost: £'000 - to be funded from £'000
Financial year(s) of proposed spend:
<i>(For disposal)</i> - expected proceeds: £'000 - costs of disposal: £'000
<i>(For all proposals)</i> implications for revenue expenditure <i>(and if net cost, how funded)</i> : - costs: £'000 - savings: £'000

Signed: _____ (Responsible Officer)	Date: _____
Signed: _____ (Accountant)	Date: _____
Signed: _____ (on behalf of Corporate Landlord Services)	Date: _____
Signed: _____ (Director)	Date: _____