

## Meeting of the Cabinet – 15<sup>th</sup> December 2021

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

#### Capital Programme

##### Purpose of Report

1. To propose amendments to the Capital Programme.

##### Recommendation

- 2 That the additional costs identified for the Himley Road Homes for Sale scheme be approved and included in the Capital Programme as set out in paragraph 5.

##### Background

3.

	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Public Sector Housing	52,434	67,929	71,168
Private Sector Housing	5,730	9,846	1,483
Environment	13,972	6,012	5,000
Transport	14,698	2,000	2,000
Regeneration and Corporate Landlord	35,500	14,964	9,001
Culture, Leisure and Bereavement	18,130	127	0
Schools and SEND	12,076	9,239	7,000
Social Care, Health and Well Being	277	605	0
Digital, Commercial and Customer Services	781	738	738
<b>Total spend</b>	<b>153,598</b>	<b>114,460</b>	<b>96,390</b>
Revenue	5,611	811	974
Major Repairs Reserve (Housing)	25,025	25,309	25,621
Capital receipts	19,078	22,960	10,447
Grants and contributions	50,148	11,423	8,928
Capital Financing Requirement	53,736	50,957	50,420
<b>Total funding</b>	<b>153,598</b>	<b>111,460</b>	<b>96,390</b>

4. Amendments to the Capital Programme are in normal circumstances made by Council following approval by Cabinet. The proposed amendment below is urgent and cannot reasonably be deferred to the next available meeting of the Council. It can therefore be approved by Cabinet as allowed by the Council's Constitution in these circumstances. The decision will be reported to Council for information.

5. Himley Road Homes for Sale

Costs have increased by £0.150m on this scheme, from £0.9m to £1.050m, in part owing to construction industry inflation and the current unstable market, but also because additional works are required to address poor ground conditions that have been identified following the detailed surveys. These include additional works on substructures, ground stabilisation, drainage and boundary retaining works. A proposed £40,000 has also been included for enhancements to the specification for private sale, which may not be required.

Estimated sales income has also increased by £0.150m, so that the forecast one-off capital return on the scheme remains £0.3m, which would reduce underlying borrowing requirements. Should the sale proceeds be insufficient to repay the borrowing, any shortfall will need to be met immediately from revenue resources. The risks have been assessed, including viability and market demand, as well as the benefits of regenerating the locality and increasing the offer of good quality housing in these areas.

It is proposed that the budget for the Himley Road Homes for Sale project be increased by £0.150m to £1.050m and the Capital Programme updated accordingly

## Finance

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

## Law

7. 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

8. 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**

9. These proposals comply with the Council's policy on Equality and Diversity.
10. With regard to Children and Young People:
  - 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.

## **Commercial / Procurement**

11. 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.

## **Council Priorities**

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



**Kevin O'Keefe**  
**Chief Executive**

**Iain Newman**  
**Chief Officer, Finance and Legal**

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## **List of Background Papers**

Relevant resource allocation notifications.