

## **Meeting of the Council**

**Monday, 27<sup>th</sup> February, 2023 at 6.00pm  
at Dudley Town Hall, St James's Road, Dudley**

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

### **Agenda - Public Session (Meeting open to the public and press)**

#### Prayers

1. Apologies for absence
2. To receive any declarations of interest under the Members' Code of Conduct
3. To confirm and sign the minutes of the meeting held on 28<sup>th</sup> November, 2022 as a correct record (Pages 9 - 13)
4. Mayor's Announcements
5. To receive reports from meetings as follows:

Meeting of the Cabinet dated 16<sup>th</sup> February, 2023

Councillor P Harley to move:

- (a) Capital Programme Monitoring (Pages 14 – 59)
- (b) Annual Review of the Constitution (Pages 60 – 65)

Councillor L Taylor-Childs to move:

- (c) Deployment of Resources: Housing Revenue Account and Public Sector Housing Capital (Pages 66 to 81)

Councillor S Keasey to move:

- (d) Dudley Council Pay Policy Statement 2023/24 (Pages 82 to 99)

Meeting of the Audit and Standards Committee dated 13<sup>th</sup> February, 2023

Councillor A Lees to move:

- (e) Treasury Management (Pages 100 to 121)

## 6. Notices of Motion

- (a) Planning Regulations – Renewable Energy

To consider the following notice of motion received from Councillor R Buttery on 9<sup>th</sup> June, 2022:

“That this Council, being mindful of the environment and the impact of fuel bills on homes and businesses, notes that as a borough we are constantly striving to find innovative ways to support our residents and our environment.

That representations be made to the Government requesting that national planning regulations are updated so that any domestic or commercial property, be it a new build or an extension that involves new roof space, be required to fit solar panels to the roof to a minimum of 30% roof area. This would help to generate electricity for that domestic or commercial property, thus reducing the bills for the user of the property and having a positive impact on the environment.

That the Director of Regeneration and Enterprise submit a report to the Climate Change and Environment Scrutiny Committee outlining the existing position and the planning policies Dudley currently has in place in relation to renewable energy.”

*NB: The above motion was moved by Councillor R Buttery and seconded by Councillor T Russon at the Council meeting on 10<sup>th</sup> October, 2022.*

*The following amendment was subsequently moved by Councillor K Casey and seconded by Councillor J Foster at the Council meeting on 10<sup>th</sup> October, 2022:*

“This Council wholeheartedly supports the need to move to more sustainable and environmentally friendly methods of energy generation, both locally and nationally, ensuring that as a borough and a country we are able to achieve our Net Zero targets as quickly as possible.

Therefore, in addition to the updating of planning laws to ensure new builds and extensions have a requirement for solar panels, and in line with our aims to reduce carbon emissions and meet our Net Zero targets, this Council wishes to express its deep concern and opposition to the Government’s recent lift on the ban relating to fracking activities and calls on them to re-evaluate and reverse their decision.

In line with our declaration of a climate emergency, this council recognises the seriousness of the climate crisis and that increasing our reliance on fossil fuels, not reducing it, which fracking does, is not a sensible way forward, and is one that will ultimately hinder our Net Zero ambitions.

The Council also acknowledges the very serious and wide range of concerns that residents have on this issue, the potential for Dudley and the Black Country to be a real focus for fracking activity in the coming 12 months given identified oil and gas reserves in what is known as the Worcester Basin, and the issues fracking activities have raised in areas where trials have already been taking place.

Therefore, instead of extending activities linked to fossil fuels, we call on the Government to reverse the lift on the ban and further accelerate investment and support for renewable methods of energy generation.

If this issue is to be taken as seriously as it needs to be, we also collectively make a call on Government to outline clearly what further investment and funding can be committed for local councils to assist with meeting Net Zero targets.

Dudley Council resolves to write to Government to:

- Outline our concerns and opposition to the lifting of the ban on fracking activities.
- Make a call that they look again and reverse their recent decision, and instead of extending fossil fuel exploration and usage, further accelerate investment in sustainable and renewable energy generation.
- Set out in detail what further financial support can be given to local councils like Dudley to ensure that we are able to achieve the collective aim of reaching Net Zero as quickly as possible.”

(b) Levelling Up

To consider the following notice of motion received from Councillor P Sahota on 29<sup>th</sup> June, 2022:

“On Monday 27<sup>th</sup> June, 2022, a report was presented to the Cabinet describing progress with levelling up bids made on behalf of the Borough's 5 MPs.

It was disappointing to note that the two opportunities - in the form of 2 rounds of bidding - have yet to produce any confirmed investment from Government.

It is particularly disappointing and of concern that for the two most deprived constituencies - Dudley South and Dudley North - there is even less detail about the steps being taken to address this and the success of levelling up investment arising from bids in a 'potential' round 3 is uncertain.

One reason given for this failure relates to the level of information and evidence required to justify each bid. Four of the 5 MPs belong to the party in Government, and include those holding

party and Government positions, which would suggest they have significant access to information and guidance. Therefore, it is unclear why the criteria for successful bids was not known or foreseen.

The people of Dudley have been seriously let down by this failure and, instead of levelling up Dudley, it risks further decline in those areas badly in need of this investment.

This Council undertakes to write to the Government outlining our concerns and to seek an urgent meeting with Government representatives leading on the levelling up agenda for advice and support to ensure that any round 3 bids made are successful.”

(c) Coronation of His Majesty King Charles III and Her Majesty The Queen Consort

To consider the following notice of motion received from Councillor P Dobb on 13<sup>th</sup> October, 2022:

“His Majesty King Charles III and Her Majesty The Queen Consort will celebrate their Coronation on 6<sup>th</sup> May 2023.

Dudley Council has an important role to play in facilitating the celebrations that will take place associated to this historic occasion, much like it has done for previous events such as Jubilees. Therefore, this Council resolves to once again support the waiver of temporary road closure license fees to enable communities to celebrate together with traditional street parties.

Additionally, the Leader of the Council is requested to explore opportunities for a large-scale event to take place to mark the occasion within the Dudley Borough, enabling borough residents to gather and celebrate this occasion in a similar fashion to other events throughout the year, such as Armed Forces Day.”

7. Questions from Members under Council Procedure Rule 11

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

**Distribution:** All Members of the Council



**Chief Executive**

**Dated: 17<sup>th</sup> February, 2023**

### **Meetings at Dudley Town Hall:**

#### **Health and Safety**

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- Do not attend if you feel unwell; if you have tested positive for Covid-19; if you are self-isolating or if you suspect that you are symptomatic.
- Windows/doors will be opened to provide adequate ventilation.
- Sanitise your hands when arriving and leaving the building and wash your hands regularly.
- Hand sanitiser and antibacterial wipes are available at various locations.
- People suffering from long term conditions or living with vulnerable people are encouraged to wear face masks in meeting rooms, communal areas and when moving around the building. Surgical masks are available at reception.
- All people are encouraged to be vaccinated to limit any potential ill-health effects.
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- In the event of the alarms sounding, please leave the building by the nearest exit. There are Officers who will assist you in the event of this happening, please follow their instructions.

## **Submitting Apologies for Absence**

- Elected Members can submit apologies by contacting Democratic Services (see our contact details below).

## **Private and Confidential Information**

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## **General**

- Public Wi-Fi is available in the Town Hall.
- Information about the Council and our meetings can be viewed on the website [www.dudley.gov.uk](http://www.dudley.gov.uk)

## **If you need advice or assistance**

- If you (or anyone you know) requires assistance to access the venue, or if you have any other queries, please contact Democratic Services - Telephone 01384 815238 or E-mail [Democratic.Services@dudley.gov.uk](mailto:Democratic.Services@dudley.gov.uk)

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**Minutes of the proceedings of the Council  
Monday, 28th November, 2022 at 6.00pm  
in the Council Chamber, Council House, Dudley**

**Present:**

Councillor S Greenaway (Mayor)  
Councillor A Goddard (Deputy Mayor)  
Councillors R Ahmed, S Ali, A Aston, M Aston, P Atkins, C Barnett, C Bayton, D Bevan, I Bevan, H Bills, R Body, D Borley, S Bothul, P Bradley, R Buttery, K Casey, B Challenor, S Clark, J Clinton, R Clinton, R Collins, J Cowell, T Creed, A Davies, P Dobb, P Drake, C Eccles, J Elliott, M Evans, K Finch, J Foster, M Hanif, D Harley, P Harley, A Hopwood, M Howard, L Johnson, S Keasey, I Kettle, E Lawrence, P Lee, A Lees, K Lewis, P Lowe, J Martin, P Miller, A Millward, S Mughal, N Neale, S Phipps, M Qari, K Razzaq, S Ridney, M Rogers, P Sahota, S Saleem, K Shakespeare, D Stanley, W Sullivan, A Taylor, E Taylor, L Taylor-Childs, M Westwood and T Westwood together with the Chief Executive and other Officers

**Prayers**

The Mayor referred, with deepest sympathy, to the tragic death of Ben Corfield. Sincere condolences were extended to Councillor D Corfield and his family at this deeply sad and difficult time. Condolences were also extended to the family of Liberty Charris who had died in the same incident.

The Mayor's Chaplain led the Council in prayer.

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38 **Apologies for Absence**

Apologies for absence were submitted on behalf of Councillors D Corfield, T Crumpton, S Henley, A Hughes, T Russon and Q Zada.

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39 **Declarations of Interest**

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

Councillor A Aston – Pecuniary interest in any matters directly affecting his employment by the West Midlands Ambulance Service.

Councillor M Evans and L Taylor-Childs - Any matters relating to Castle Hill development and all references to Dudley Zoo - Non-pecuniary interests as Members of Dudley and West Midlands Zoological Society Limited.

Councillor A Millward and D Stanley - West Midlands Combined Authority – Transport Delivery Committee - Non-pecuniary interest as Members of the Committee.

Councillor P Miller – Any matters relating to Adult Social Care – Non-pecuniary interest as his wife had visits from Gateway Dementia Centre in Brettell Lane.

Councillor K Casey – Any references to West Midlands Combined Authority – Pecuniary interest in any matters directly affecting his employment with West Midlands Combined Authority.

Councillor I Bevan – Any references to Dudley Group NHS Foundation Trust/Russells Hall Hospital – Pecuniary interest in any matters directly affecting his employment.

Councillor Q Zada – Any references to health issues and any matters affecting his portfolio of property investments. Pecuniary interest in any matters directly affecting his employment or his portfolio of property investments.

Councillors I Kettle and P Miller – Any references to West Midlands Fire and Rescue Authority - Non-pecuniary interests as Members of the Authority.

Councillor E Taylor - Minutes of the Health and Adult Social Care Scrutiny Committee - Non-pecuniary interest as her daughter was employed at Russells Hall Hospital.

Councillor N Neale - Minutes of the Health and Adult Social Care Scrutiny Committee or health issues generally - Pecuniary interest in any matters directly affecting her employment with Dudley Group of Hospitals (NHS) Foundation Trust.

Councillors S Ali, C Barnett, J Foster and P Sahota – Minutes of the Future Council Scrutiny Committee - Non-pecuniary interests as current Members of Trade Unions.

Councillor J Cowell – Minutes of the Housing and Public Realm Scrutiny Committee - Non-pecuniary interest as a Council tenant.

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#### 40 **Minutes**

##### **Resolved**

That the minutes of the meeting held on 10<sup>th</sup> October, 2022 be approved as a correct record and signed.

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#### 41 **Mayor's Announcements**

##### (a) **Christmas Gifts for Care Leavers**

The Mayor reported on the Christmas Gifts for Care Leavers Scheme and encouraged all Members to participate. An e-mail would be circulated to all Members of the Council.

##### (b) **Programme of Events**

The Mayor reported on the following:

- Christmas Carol Concert - 8<sup>th</sup> December, 2022 at St Mark's Church Pensnett.
  - Dudley and Brierley Hill Christmas Lights switch-on – 3<sup>rd</sup> December, 2022.
  - Mayor Making, Freedom and Alderman Event – 5<sup>th</sup> December, 2022.
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#### 42 **Capital Programme Monitoring**

A report of the Cabinet was submitted.

The recommendations of the Cabinet were moved by Councillor P Harley and seconded by Councillor S Clark.

During the debate, the Leader and Cabinet Members responded to questions and comments concerning the date of the reopening of the Woodside Day Centre; the monitoring of enforcement activity in connection with CCTV cameras in Lye; regeneration work undertaken in Brierley Hill and funding for the delivery of the Wednesbury to Brierley Hill Metro extension.

The motion was put to the meeting and it was

### **Resolved**

- (1) That the progress with the 2022/23 Capital Programme, as set out in Appendices A and B to the report submitted, be noted.
- (2) That the use of Disabled Facilities Grant to fund Housing Assistance Repairs be approved as set out in paragraph 5 of the report submitted.
- (3) That the capital budget for the new Storage Area Network proposed in the Medium Term Financial Strategy, as set out in paragraph 6 of the report submitted, be added to the Capital Programme subject to the approval of the revenue funding by Full Council in March, 2023.
- (4) That the capital budget for fire suppression works at the Energy from Waste facility be included in the Capital Programme as set out in paragraph 7 of the report submitted.
- (5) That, in connection with the Energy from Waste – Operations and Maintenance Contract Award, the Capital Programme (2023/24 to 2027/28) be amended to provide for an estimated £4.6m for life cycle and dilapidation costs over a five-year period, as set out in paragraph 8 of the report submitted.
- (6) That the expenditure for play equipment at Netherton Park be included in the Capital Programme, if the grant application is successful, as set out in paragraph 9 of the report submitted.
- (7) That the expenditure for the Woodside Day Centre project be funded from the Adult Personal Social Care budget and given its own line in the Capital Programme as set out in paragraph 10 of the report submitted.

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43 **Notices of Motion**

The Mayor reported that, following consultation with the Group Leaders, it had been agreed that the notices of motion previously submitted would be deferred for future consideration.

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44 **Questions under Council Procedure Rule 11**

The Mayor reported that, following consultation with Group Leaders, the Question Time session would be deferred until the next ordinary meeting of the Council. Any questions that could not reasonably be deferred could be sent by email to the Leader, Cabinet Members or Chairs.

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45 **Urgent Business**

There was no urgent business for consideration at this meeting.

The Mayor wished everyone a happy Christmas and a peaceful, healthy and prosperous New Year.

The meeting ended at 6.15 pm

MAYOR

## **Meeting of the Council – 27<sup>th</sup> 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 6<sup>th</sup> 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.

	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
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
<b>Total spend</b>	<b>120,235</b>	<b>151,423</b>	<b>122,153</b>
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
<b>Total funding</b>	<b>120,235</b>	<b>151,423</b>	<b>122,153</b>

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 31<sup>st</sup> 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 6<sup>th</sup> 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

<b>Service</b>	<b>Budget £'000</b>	<b>Forecast £'000</b>	<b>Variance £'000</b>	<b>Comments</b>
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	
<b>Total</b>	<b>120,235</b>	<b>121,517</b>	<b>1,282</b>	

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 6<sup>th</sup> 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 31<sup>st</sup> 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 28<sup>th</sup> November 2022. Temporary road Traffic Management works for delivery of the scheme commenced on-site from the 8<sup>th</sup> 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 10<sup>th</sup>-18<sup>th</sup> 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 5<sup>th</sup> 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 40<sup>th</sup> 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 16<sup>th</sup> 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 10<sup>th</sup> 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](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 m<sup>2</sup> 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 3618m<sup>2</sup> 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 31<sup>st</sup> 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 31<sup>st</sup> 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 31<sup>st</sup> 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 31<sup>st</sup> 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 31<sup>st</sup> March 2023.
- Queensway Pedmore – column erected, and camera installed. Anticipated completion late November Installation of fibre circuits in progress and should be completed by 31<sup>st</sup> 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 31<sup>st</sup> 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 15<sup>th</sup> 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 12<sup>th</sup> 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.

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

## 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.

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

### 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

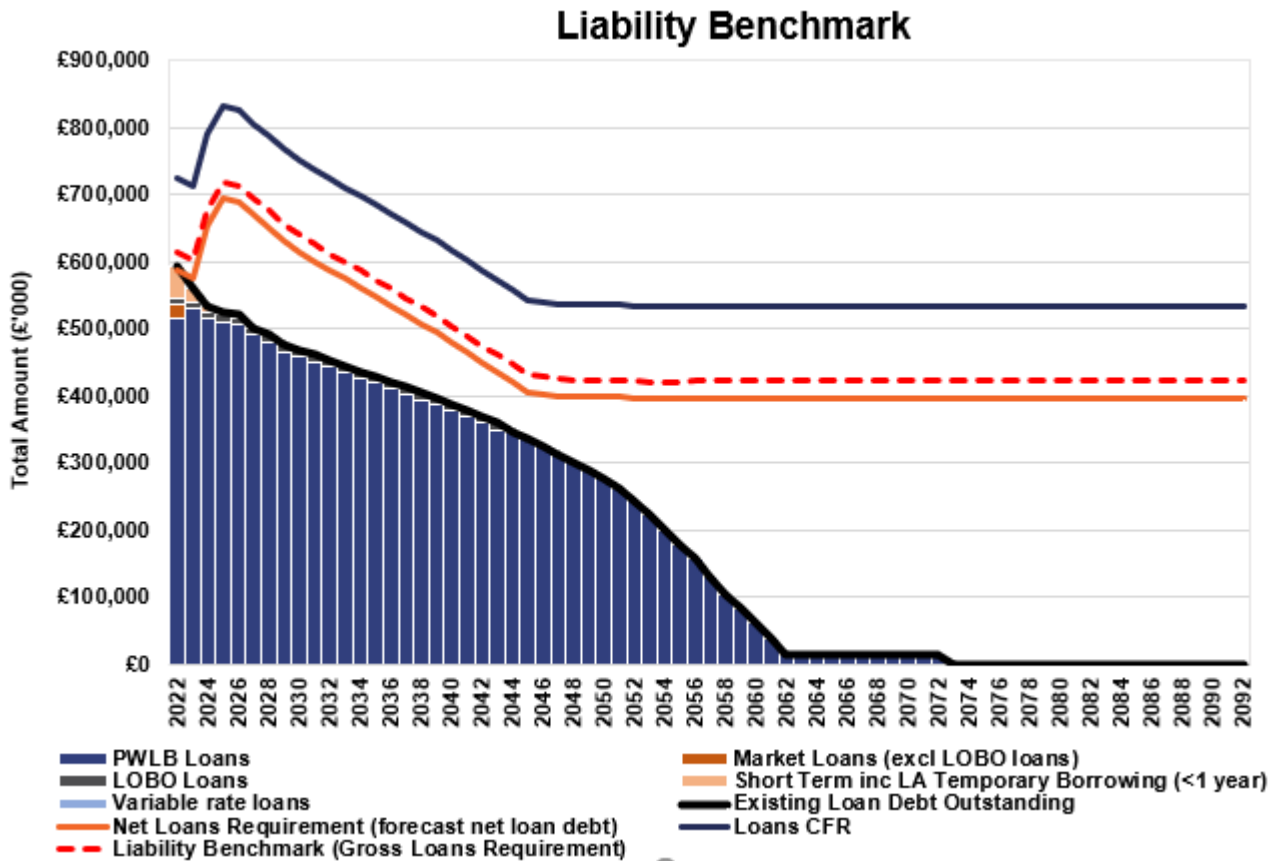
The revised Prudential Code introduced a new prudential indicator called the Liability Benchmark (LB). The Council is required to estimate and measure the LB for the forthcoming financial year and the following two financial years, as a minimum. There are four components to the LB:

- 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
<b>Authorised limit for external debt:</b>					
Borrowing	n/a	872	888	896	859
Other long term liabilities	n/a	12	12	11	10
<b>Total</b>	<b>n/a</b>	<b>884</b>	<b>900</b>	<b>907</b>	<b>869</b>
<b>Operational boundary:</b>					
Borrowing	n/a	735	825	825	782
Other long term liabilities	n/a	12	12	11	10
<b>Total</b>	<b>n/a</b>	<b>747</b>	<b>837</b>	<b>836</b>	<b>792</b>
<b>Actual External Debt:</b>					
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
<b>Total</b>	<b>694.4</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>

## 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:

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

## 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 31<sup>st</sup> 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</i> ) impact on Asset ( <i>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: _____

## **Meeting of the Council – 27<sup>th</sup> February, 2023**

### **Report of the Cabinet**

### **Annual Review of the Constitution**

#### **Purpose**

1. To consider the annual review of the Constitution. The full [Constitution](#) is available on the Council's website.

#### **Recommendation**

2. That the Council endorse the updates and amendments to the Constitution as set out in this report.

#### **Background**

3. The Council introduced the Constitution in May 2002. Section 37 of the Local Government Act 2000 requires the Council to keep the Constitution up to date. This is reflected in Article 15, which requires the Monitoring Officer to monitor and review the operation of the Constitution to ensure that the aims and principles are given full effect.
4. The Full Council is responsible for adopting and changing the Constitution. An exception to this is that, under Article 4.02(a), amendments to the Scheme of Delegation in Part 3 of the Constitution are approved by the Leader of the Council by way of a Delegated Decision Sheet. This is subject to the Leader of the Opposition Group being notified of any proposed changes before a decision is made by the Leader.

5. In addition, amendments to the Constitution can be made by the Monitoring Officer, from time to time, under powers delegated by the Council. Minute No. 12 of the Annual Council meeting of the Council on 19<sup>th</sup> May, 2022 authorises the Monitoring Officer to make any necessary and consequential amendments to the Constitution arising from decisions made by the Council and to reflect any ongoing restructuring activity, changes in legislative requirements, statutory provisions or associated regulations or guidance. Any changes made during the year are reflected in the current Constitution, which is available on the Council's website.
6. The Constitution promotes the Council's democratic governance arrangements. All previously approved amendments to the Constitution have been implemented. The Cabinet and Full Council are asked to endorse the specific amendments as referred to below:

#### Your Home, Your Forums

7. On 11<sup>th</sup> July, 2022, the Council approved a report on the [development of Community Forums](#), including the reduction in the number of Forums from 10 to 5 during the 2022/23 municipal year. It was acknowledged that the proposals for Forum meetings and the grants process would be the subject of ongoing review. The first cycle of meetings took place in October/November, 2022.
8. On 26<sup>th</sup> August, 2022, the Cabinet Member for Housing and Communities approved [Delegated Decision Sheet DPH/06/2022](#), including a decision that the name of Community Forums be changed to 'Your Home, Your Forum'. This has been reflected in Article 10 of the Constitution. A further cycle of Forum meetings is planned for late February/early March, 2023.
9. The Leader has indicated that moving forward the Cabinet Member for Public Health and Wellbeing will have responsibility for functions relating to libraries and archives and community development and engagement. Lead Officer responsibility for the Forums, including the administration of the Forum funding and grants, will continue to be allocated to the Director of Public Health and Wellbeing. Part 3 of the Constitution will be updated accordingly.

#### Planning Committee

10. With effect from the Annual Council Meeting on 19<sup>th</sup> May, 2022, the former Development Control Committee was redesignated as the Planning Committee. This has been reflected throughout the

Constitution, particularly in the Articles of the Constitution, the terms of reference, onward delegations and the Code of Practice for Members and Officers dealing with planning matters.

#### Climate Change and Environment Scrutiny Committee

11. The Climate Change and Environment Scrutiny Committee was established at the Annual Meeting of the Council on 19<sup>th</sup> May, 2022. The terms of reference were reported to the meeting of the Scrutiny Committee on 28<sup>th</sup> September, 2022. These terms of reference have now been incorporated in the Constitution under Part 4 (Scrutiny Committee Procedure Rules).

#### Code of Corporate Governance

12. On 26<sup>th</sup> September, 2022, the Audit and Standards Committee considered a report on the review of the Code of Corporate Governance. The updated document approved by the Committee has been incorporated in the Constitution under Part 6 (Codes and Protocols).

#### Restructure of the Public Realm Directorate

13. On 20<sup>th</sup> October, 2022, the Cabinet Member for Commercialisation and Human Resources approved Delegated Decision Sheet DPR/16/2022. A copy of this decision sheet, which contains exempt information, as it refers to a restructure implemented in accordance with the Council's Managing Employees at risk of redundancy policy, can be provided to any Member of the Council upon request.
14. The Decision Sheet approved a new organisational structure and the introduction of a Neighbourhood Operating Model for the Public Realm Directorate. The Interim Director of Public Realm was authorised to undertake formal consultation with Trade Unions and staff. In addition, it was agreed:
  - That the name of the Public Realm Directorate be changed to the Environment Directorate to better reflect the Directorate's strategic focus and responsibilities.
  - That the Council's Energy Team migrate from the Regeneration and Enterprise Directorate to the Environment Directorate and the Licensing Team be moved to the Public Health and Wellbeing Directorate.

15. The consequential amendments to the Constitution arising from the above decision will be implemented pursuant to the powers delegated to the Monitoring Officer to reflect any ongoing restructuring activity in the Constitution.
16. At this stage, however, there will be no changes to the designation of Cabinet Members and/or the relevant Scrutiny Committees. Any such amendments will be considered at the Annual Meeting of the Council in May, 2023.

#### Joint Negotiating Committee Handbook and Model Procedure Update

17. On 9<sup>th</sup> January, 2023, the Appointments Committee received a report on the [Joint Negotiating Committee \(JNC\) Handbook and Model Procedure Update](#) and proposals to ensure that the Council has appropriate delegations in place to enable compliance with the Model Procedure, as set out in the Handbook, and in statute.
18. The Appointments Committee approved arrangements for the delegation of authority to undertake and determine the initial 'filter test' in relation to Statutory Officers (as set out in the JNC Model Procedure). These delegations will be reflected in Part 3 of the Constitution (Responsibility for Functions) and in any required or consequential amendments to the Officer Employment Procedure Rules set out in Part 4 of the Constitution.

#### Ongoing Review of the Constitution

19. Maintaining and updating the Constitution is an ongoing duty of the Monitoring Officer. Work will continue to identify any required updates, consolidate various provisions, remove duplication or any content that is no longer relevant. A report on the Constitution is submitted to the Annual Council Meeting in May, where any amendments made to the document are confirmed.

#### Finance

20. Any costs arising from compliance with the Constitution are met from existing budgets.

#### Law

21. Section 37 of the Local Government Act 2000 requires the Council to keep its Constitution up to date.

## **Risk Management**

22. This report deals with the Council's Constitution and governance arrangements, which will ensure that the Council considers any ongoing material risks as part of the Council's Risk Management Framework.

## **Equality Impact**

23. The Constitution makes provision for the discharge of the Council's powers and duties relating to equality and diversity including the consideration of any specific implications of proposals affecting children and young people.

## **Human Resources/Organisational Development**

24. The ongoing review of the Constitution is undertaken within existing resources by the Monitoring Officer, supported by the Democratic Services Team. Regular monitoring and updating is necessary to ensure that the Constitution remains fit for purpose and underpins the efficient and effective operation of the Council's governance arrangements.

## **Commercial/Procurement**

25. The Constitution includes governance documents that set a framework in which the Council's commercial/procurement activity is properly undertaken. This includes the Council's Standing Orders relating to Contracts.

## **Environment/Climate Change**

26. Within our governance arrangements, the Council requires that all reports should include an assessment of the impact on the environment. The Council has declared a Climate Emergency and reports on individual proposals should address the impact on the Council's work to address Climate Change and achieve the Net Zero target by 2041. In addition, individual reports should consider how the proposals support the [United Nations sustainable development goals](#).
27. To reinforce the Council's commitment, the Leader established a specific Cabinet portfolio for Waste Management and Climate Change in May 2022. The Council also established the Climate Change and Environment Scrutiny Committee for the 2022/23 municipal year.



**Council Priorities**

28. This report deals with the Council’s Constitution, which underpins the delivery of key Council priorities including the Borough Vision, Council Plan and Future Council Programme.



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**Leader of the Council**

## **Meeting of the Council – 27<sup>th</sup> February, 2023**

### **Report of the Cabinet**

### **Deployment of Resources: Housing Revenue Account and Public Sector Housing Capital**

#### **Purpose**

1. This report deals with the following issues:
  - The latest Housing Revenue Account (HRA) financial forecasts for 2022/23.
  - The setting of rents for Council homes for 2023/24.
  - The setting of the HRA budget for 2023/24.
  - The update of the capital expenditure budget for strategic investment and necessary programmed maintenance of the Council's housing stock for 2022/23 to 2027/28.
  - Approval of the Medium-Term Financial Strategy.

#### **Recommendation**

2. That the Council:
  - Note the latest HRA outturn forecast for 2022/23 (paragraphs 5 - 9 and Appendix 1).
  - Note the increase in rents for HRA dwellings by 7% from 3<sup>rd</sup> April, 2023 (paragraphs 10 - 13).
  - Approve the HRA revenue budget for 2023/24 (paragraph 18 and Appendix 2).
  - Approve the public sector housing revised capital budgets for 2023/24 to 2027/28 attached as Appendix 3, noting consultation arrangements outlined in paragraph 4
  - Authorise the Director of Housing and Communities and the Director of Finance and Legal to bid for and enter into funding arrangements for additional resources to supplement investment in the public sector housing stock as outlined in paragraphs 19 to 28

and Appendix 3 and that expenditure funded from such resources be added to the Capital Programme.

- Authorise the Director of Housing and Communities, in consultation with the Cabinet Member for Housing and Communities, to manage and allocate resources to the capital programme as outlined in paragraphs 19 to 28 and Appendix 3.
- Confirm that all capital receipts arising from the sale of HRA assets (other than any receipts that may be specifically committed to support private sector housing) should continue to be used for the improvement of Council homes (paragraphs 19 to 28 and Appendix 3).
- Authorise the Director of Housing and Communities to continue to buy back former right to buy properties, to buy other properties, and to buy land where required to assemble a viable site for housing development, subject to a robust assessment of good value for money and sustainability in terms of lettings, maintenance and major works (paragraphs 19 to 28 and Appendix 3)
- Authorise the Director of Housing and Communities to procure and enter into contracts for the delivery of the Capital Programme, as outlined in paragraphs 19 to 28 and Appendix 3.
- Endorse the HRA medium term financial strategy.

### **Background**

3. The HRA is a ring-fenced revenue account and deals with landlord functions associated with public sector housing. The costs of improvement and programmed maintenance of the Council's housing stock are treated as capital expenditure and are accounted for separately.

### **Budget Consultation**

4. Officers have met with the Board of the Dudley Federation of Tenants' and Residents' Associations (DFTRA) and the Housing Board in January 2023 to discuss proposals for rent levels and sundry charges in 2023/24 onwards and the priorities in the HRA budget, including the capital programme. These proposals were also detailed in the Review of Housing Finance report, which was presented to Cabinet in December 2022 and formed the basis of a report to the Housing and Public Realm Scrutiny Committee in January 2023.

## HRA Outturn Forecast 2022/23

5. The current budget for 2022/23 approved by Cabinet on 17th February 2022 shows a deficit on the HRA of £1.8m at 31st March 2023. This included a 3.99% rent increase. There are now a number of variations expected to the budget and further details are shown in Appendix 1.
6. The balance brought forward from 2021/22 was £6m, compared to the £3.5m originally budgeted. This was reported to Cabinet on 27<sup>th</sup> June 2022.
7. The original 2022/23 budget and the latest forecast for 2022/23 are shown in the following table. The latest forecast shows a deficit of £3.8m leaving a reserves balance of £2.2m at 31<sup>st</sup> March 2023 as outlined in Paragraph 11.

	<b>Budget 22/23 £m</b>	<b>Forecast 22/23 £m</b>	<b>Variance 22/23 £m</b>
<b>Total income</b>	<b>-93.4</b>	<b>-92.4</b>	<b>1.0</b>
<b>Expenditure</b>			
Access & Prevention	2.4	2.1	-0.3
Finance	2.3	2.2	-0.1
Housing Options	5.4	5.4	0.0
Management & Admin	7.2	7.3	0.1
Tenancy & Estates	7.0	7.0	0.0
Strategy	1.1	1.0	-0.1
Technical adjustments	-2.7	-1.9	0.8
Responsive & cyclical repairs	27.5	29.3	1.8
Depreciation and impairments of fixed assets	25.3	24.1	-1.2
Interest Payable	17.5	17.7	0.2
Other Expenditure	2.2	2.1	-0.1
<b>Total expenditure</b>	<b>95.2</b>	<b>96.2</b>	<b>1.0</b>
<b>Total: surplus or deficit for the year</b>	<b>1.8</b>	<b>3.8</b>	<b>2.0</b>

8. The latest forecast for 2022/23 includes the following key variations to the budget:

- Reduced income due to voids being higher than budgeted, stock profiling and other differences £1.0m.
- Increased management costs due to the proposed pay award. The budget assumed a 2% pay award. The actual pay award is £1,925 on all scale points equating to 7% overall £0.8m.
- Increased borrowing costs due to rising interest rates £0.2m and other staff variances £0.2m due to Interim arrangements and temporary posts.
- Increased revenue repairs and maintenance costs due to inflationary increases, energy prices and pressure on voids £1.0m, offset by reduced depreciation costs due to more capitalised works relating to the fabric of the building and depreciated over a longer period of time -£1.2m.

9. The impact on HRA balances is shown below:

	<b>Budget £m</b>	<b>Latest Forecast £m</b>
Forecast Balance at 31 March 2022	3.5	3.5
2021/22 outturn (as reported to June Cabinet)		2.5
<b>Balance at 31<sup>st</sup> March 2022</b>	3.5	6.0
Planned use of balances	-1.8	-1.8
Forecast variance against budget 2022/23		-2.0
<b>Balance at 31 March 2023</b>	<b>1.7</b>	<b>2.2</b>

### Rent Increase

10. The self-financing system introduced in April 2012 for Housing assumed that rent increases would be in line with government guidance at the time relating to social housing rents: that is, a maximum increase of September CPI plus 1%. September CPI as

announced on 19th October was 10.1% which would allow weekly rents to be increased by 11.1% compared to 2022/23 levels.

11. The Government recently conducted a consultation on proposed rent caps for social landlords, the outcome of that consultation was announced in the Autumn Statement and introduced a rent cap increase of 7% for 2023/2024.
12. The full rent increase of 7% is being implemented to partly mitigate the impact of inflationary increases on pay, utilities and the cost of borrowing.
13. The current average rent for 2022/23 is £83.49, the proposed increase of 7% for 2023/24 will move average rents to £89.33 an average increase of £5.84 per week.

<b>Year</b>	<b>Rent increase %</b>	<b>Average weekly rent</b>	<b>Weekly Increase on 22/23</b>
<b>2023/24</b>	+7%	£89.33	£5.84

#### Medium Term Financial Strategy 2023/2024 to 2025/2026

14. Inflationary pressures are expected to continue into 2023/24, with assumed pay awards of 4% for 2023/24 and 2% thereafter. Borrowing costs are expected to remain high in the short term and utility prices are assumed to increase in line with inflationary increases.
15. The proposed HRA budget for 2023/24 to 2025/26 is shown in Appendix 2. This budget is based on implementing the maximum allowed 7% rent increase which would take effect from 3<sup>rd</sup> April 2023, building in additional resources to meet inflationary pressures.
16. Despite the proposed rent increase of 7% in 2023/24 and an assumed 3% increase in subsequent years, the HRA was expected to have deficits of £2.6m, £3.8m and £5.1m in each year respectively, before any specific spending or savings were identified as per the following table.

	<b>23/24 £m</b>	<b>24/25 £m</b>	<b>25/26 £m</b>
<b>2022/23 Base Income</b>	<b>(93.4)</b>	<b>(93.4)</b>	<b>(93.4)</b>
Rent increase (7%, 3%, 3%)	(6.4)	(9.5)	(12.5)
Void level adjustments	0.3	0.4	0.4
Stock profile adjustments	0.8	1.9	2.5
Other income	0.0	0.0	0.0
<b>Base budget forecast income</b>	<b>(98.7)</b>	<b>(100.6)</b>	<b>(103.0)</b>
<b>2022/23 Base Expenditure</b>	<b>95.2</b>	<b>95.2</b>	<b>95.2</b>
Pay Award	2.6	3.1	3.7
Interest rates rise & borrowing	1.0	0.4	0.6
General Inflation	2.5	5.7	8.6
<b>Base budget forecast expenditure</b>	<b>101.3</b>	<b>104.4</b>	<b>108.1</b>
<b>Base budget deficit</b>	<b>2.6</b>	<b>3.8</b>	<b>5.1</b>

17. In order to return the HRA to a surplus and sustainable position, a number of savings and growth proposals were prepared and prioritised before being presented at the HRA budget summit on 22<sup>nd</sup> November. These proposals are outlined in the following table.

	<b>23/24 £m</b>	<b>24/25 £m</b>	<b>25/26 £m</b>
<b>Base budget deficit (+) / Surplus (-)</b>	<b>2.6</b>	<b>3.8</b>	<b>5.1</b>
<b>Proposed Savings</b>			
Transfers to grants	(0.1)	(0.1)	(0.1)
Transfers to General Fund	(1.3)	(1.3)	(1.3)
Recharges for damages	(0.2)	(0.3)	(0.5)
Increase leaseholder fee	(0.1)	(0.1)	(0.1)
Reduce social decorations	(0.1)	(0.1)	(0.2)
Review garden clearance	(0.2)	(0.3)	(0.3)
Freeze vacancies	(1.0)	(1.0)	(1.0)
Remove Voluntary Repayment of Principal	(0.1)	(0.3)	(0.5)
Introduction of service charges	0.0	(1.9)	(1.9)

Reduce borrowing costs by reducing the existing capital programme	(0.3)	(0.9)	(2.1)
<b>Total Proposed Savings</b>	<b>(3.4)</b>	<b>(6.3)</b>	<b>(7.9)</b>
<b>Additional Spending</b>			
Grounds Maintenance in Communal areas	0.0	0.3	0.3
Cleaning in flatted communal areas	0.0	0.7	0.7
<b>Total Additional Spending</b>	<b>0.0</b>	<b>1.0</b>	<b>1.0</b>
<b>Net Savings and Growth</b>	<b>(3.4)</b>	<b>(5.3)</b>	<b>(6.9)</b>
<b>Revised deficit (+) / Surplus (-)</b>	<b>(0.8)</b>	<b>(1.5)</b>	<b>(1.8)</b>
<b>Balances b/f</b>	<b>2.2</b>	<b>3.0</b>	<b>4.5</b>
<b>Balances c/f</b>	<b>3.0</b>	<b>4.5</b>	<b>6.3</b>

#### Detailed 2023/24 Budget Proposals

18. The following revenue budget allocations to services are now recommended to the Council. Latest budgets for the MTFs are shown at Appendix 2.

	<b>2023/24 £m</b>
<u>Income</u>	
Dwelling rents	-96.2
Non-dwelling rents	-0.8
Charges for services and facilities	-0.2
Contributions towards expenditure	-1.1
Interest on balances	-0.1
<b>Total income</b>	<b>-98.4</b>
<u>Expenditure</u>	
Finance	2.5
Housing Options	5.6
Management & Admin	9.0
Tenancy & Estates	7.0
Strategy	1.2
Technical adjustments	0.4
Responsive and cyclical repairs (Maintenance)	20.5
Programmed Investment Works (Development)	6.3



Depreciation and impairments of fixed assets	25.7
Interest payable	17.7
Revenue contribution to capital expenditure	0
Other expenditure	1.7
<b>Total expenditure</b>	<b>97.6</b>
<b>Surplus (-) / Deficit (+) in year</b>	<b>-0.8</b>
<b>Surplus brought forward</b>	<b>-2.2</b>
<b>Surplus carried forward</b>	<b>-3.0</b>

### Public Sector Housing Capital Programme

19. In February 2022, a five-year housing public sector capital programme was agreed, which reflected enhanced investment using the HRA's new borrowing flexibility. The five-year capital programme was developed based upon the themes set out within the Council's ten year Housing Asset Management Strategy (HAMS) approved by Cabinet in October 2019. The HAMS details the Council's strategic approach to managing and maintaining our properties, whilst also delivering and providing new homes and housing solutions to help meet the projected levels of social housing need.
20. In light of the changing economic climate and the impact of the 7% rent cap announced in the Autumn Statement the HRA capital and revenue budgets are under pressure and consequently the five year capital programme has been reviewed to ensure that planned investment prioritises works which will ensure the safety and quality of our existing homes. The revised capital programme reflecting latest forecasts is shown at Appendix 3.
21. To ensure a viable HRA, the capital programme for 2023/24 to 2025/26 includes a reduction in borrowing which, while reducing revenue spend on interest repayments, requires capital investment in certain elements of the themes within the HAMS to be either reduced or, in some cases, put on hold. In summary, capital borrowing and investment over the next three financial years will prioritise:
- Ensuring regulatory compliance and building safety
  - Ensuring adequate investment in void properties to reduce void loss and meet an acceptable void standard.

22. We will invest, where financially possible, in measures which improve the efficiency of our homes, seeking to reduce fuel poverty and poor energy efficiency.
23. We will ensure that we meet our financial obligations arising out of contractual arrangements with suppliers and, where possible, will seek to honour commitments to match funding.
24. While building new homes provides additional rental income to the HRA, we recognise that we will need to build less new homes that we had planned to in the next three financial years in order to divert capital spend to fund our compliance, repair and housing quality priorities and obligations.
25. While we retain our aspirations to build new homes, remodel existing stock and invest in community improvements, we cannot do this at the detriment of our priorities set out above so while we will continue to plan for investment on new homes and remodelling, we do so recognising that these plans will be put on hold until investment in our priorities is complete or until we are in a position to increase borrowing to widen out our capital programme and realign it with the themes within our HAM.
26. Grant funding will be accessed where possible to support investment. The Council continues to be qualified as a Homes England Investment Partner and is also qualified to participate in the new Affordable Homes Programme 2021 – 26.
27. The proposed five year capital programme at Appendix 3 sets out a reduced capital programme developed in line with these principles. The financial consequences to the HRA revenue budget have also been factored into our Medium Term Financial Strategy.
28. The proposed capital programme continues to follow the principles approved in February 2022 and reflects the priorities of the Council Plan, and the Housing Asset Management Strategy 2019 – 2029, while acknowledging the need to have a more targeted approach to capital investment reflecting the reduced borrowing capacity. A revised capital programme reflecting latest forecasts is shown at Appendix 3.

## **Finance**

29. This report is financial in nature and relevant information is contained within the body of the report.

## **Law**

30. HRA finances are governed by Section 74-78B and 85-88 in Part IV of the Local Government and Housing Act 1989. Sections 167-175 in Part VII of the Localism Act 2011 abolish the HRA Subsidy system (Sections 79-84 in Part IV of the Local Government and Housing Act 1989) and introduce self-financing. The HRA also has to be mindful of the Department of Levelling Up, Housing and Communities guidance on the operation of the HRA ring-fence published in November 2020.

## **Risk Management**

31. The proposals in this report are based on a number of estimates, assumptions and professional judgements, which are subject to continuous review:
- i. that pay inflation does not vary materially from current forecasts;
  - ii. that cash limited non-pay budgets will be managed so as to absorb any price inflation not specifically provided for in 2023/24 and any inflationary pressures in 2024/25 and 2025/26 will be no more than the amount provided for;
  - iii. that borrowing costs remain within existing forecasts;
  - iv. that government policy on maximum rent increases for future years will revert back to CPI plus 1%;
  - v. that there will be no material losses to the Council as a result of loans, guarantees and/or grant clawback;
  - vi. that the savings proposals set out in paragraph 34 will be delivered as planned;
  - vii. that there will be no other unplanned expenditure (including any resulting from demographic, legislative or case law pressures) or shortfalls in income, which cannot be met from reserves.
  - viii. that the HRA maintains a sufficient level of reserves to sustain its financial resilience
32. The assumptions set out above are subject to uncertainty. In the event that outcomes are more negative than the assumptions in this report, then action (to reduce levels of expenditure or increase income) may become urgent.

33. The Corporate Risk Register recognises the risk that the Council may be unable to set and/or manage its budget so as to meet its statutory obligations within the resources available. Uncertainty around inflation, interest rates, and rent cap consultation could have a significant impact on the Councils ability to provide landlord services. In view of the worsening outlook, this risk has been elevated to the maximum rating of 25 (Extreme). The forecasts and proposals in this report improve the outlook. However, significant risks and uncertainties remain. The risk rating will be reviewed in due course once the budget proposals have been finalised.

### **Equality Impact**

34. In line with the Public Sector Equality Duty, Heads of Service have been asked to identify which savings proposals for 2023/24 may have a significant impact on people who share a protected characteristic and to complete equality impact assessments on these proposals in order to establish the extent of the impact. Following this review, there are no new savings proposals for 2023/24 which have been identified as having a significant equality impact, requiring any mitigation.

### **Human Resources / Organisational Development**

35. The employers' flat rate pay offer is (in percentage terms) more valuable at the bottom end of the scale than at the top end, reflecting the fact that the cost of living crisis impacts most severely on low income households.

### **Commercial / Procurement**

36. This report relates to our statutory functions as a social housing landlord and there are no direct commercial implications.


### **Environment / Climate Change**

37. While the current financial position requires us to review budgets to focus upon ensuring the safety and regulatory compliance of Dudley MBC homes, all works will take into consideration the environmental impact and will seek to reduce carbon and tackle fuel poverty wherever possible to do so. The Council also remain committed to exploring all opportunities to source additional grant funding to support HRA investment in improving the energy efficiency of Council homes and reducing carbon emissions.

## **Council Priorities and Projects**

38. This report relates to our statutory functions as a social housing landlord and will contribute to the health, wellbeing, and safety of our tenants. The report supports our aims for Housing summarised in the Council Plan:

- the provision of excellent services for tenants
- offering high quality housing
- supporting vulnerable people

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

.....  
**Leader of the Council**

## Appendix 1

### HRA Budget and Forecast 2022/23

	Original Budget 2022/23 £m	Latest Forecast 2022/23 £m	Forecast Variance 2022/23 £m	Comment
<b>Income</b>				
Dwelling rents	-91.0	-89.8	1.2	Higher void losses budgeted 1.8%, actual 2.4% £0.6m, stock profile differences: 62 Properties not in management £0.3m, other £0.3m
Non-dwelling rents	-0.9	-0.7	0.2	Reduced telecoms income
Charges for services and facilities	-0.2	-0.2	0.0	
Contributions towards expenditure	-1.3	-1.5	-0.2	Increased volume of leaseholder recharges
Interest on balances	0.0	-0.2	-0.2	Increased interest rates 0.5% budgeted, 1.5% actual
<b>Total income</b>	<b>-93.4</b>	<b>-92.4</b>	<b>1.0</b>	

	<b>Original Budget 2022/23 £m</b>	<b>Latest Forecast 2022/23 £m</b>	<b>Forecast Variance 2022/23 £m</b>	<b>Comment</b>
<b><u>Expenditure</u></b>				
Access & Prevention	2.4	2.1	-0.2	Pay award pressure £0.1m, offset by recharges for GF services (£0.3m)
Finance	2.3	2.3	0.0	Vacancies (£0.1m) offsetting pay award impact £0.1m
Housing Options	5.4	5.4	0.0	Pay award pressures £0.3m partially offset by vacancies and other savings (£0.3m)
Management & Admin	7.2	7.3	0.1	Interim costs £0.1m
Tenancy & Estates	7.0	7.0	0.0	Vacancies (£0.3m) offsetting pay award pressure £0.3m.
Strategy	1.1	1.0	-0.1	Vacancies (£0.1m)
Technical adjustments	-2.7	-1.9	0.8	Staff turnover Savings not realised.
Responsive & cyclical repairs	27.5	29.3	1.8	Increased major repair costs £0.9m and voids costs £0.9m
Depreciation and impairments of fixed assets	25.3	24.1	-1.2	Nature of capital works reviewed and depreciated over a longer period of time.
Interest Payable	17.5	17.7	0.2	Increasing interest rates 0.5% budgeted, 1.5% actual
Other Expenditure	2.2	2.1	-0.1	Pension recharge lower than budgeted
<b>Total expenditure</b>	<b>95.2</b>	<b>96.2</b>	<b>1.0</b>	
Surplus (-)/ Deficit (+) in year	<b>1.8</b>	<b>3.8</b>	<b>2.0</b>	

## Appendix 2

### HRA Proposed Budgets for 2023/24 and Draft Budgets for 2024/25 to 2025/26

	2023/24 £m	2024/25 £m	2025/26 £m
<u>Income</u>			
Dwelling rents	-96.2	-98.2	-100.5
Non-dwelling rents	-0.8	-0.8	-0.8
Charges for services and facilities	-0.2	-2.2	-2.2
Contributions towards expenditure	-1.1	-1.2	-1.4
Interest on balances	-0.1	-0.1	-0.1
<b>Total income</b>	<b>-98.4</b>	<b>-102.5</b>	<b>-105</b>
<u>Expenditure</u>			
Finance	2.5	2.7	2.7
Housing Options	5.6	5.6	5.7
Management & Admin	9.0	9.2	9.4
Tenancy & Estates	7.0	8.1	8.3
Strategy	1.2	1.2	1.3
Technical adjustments	0.4	1.0	1.3
Responsive and cyclical repairs (Maintenance)	20.5	20.8	21.1
Programmed Investment Works (Development)	6.3	6.6	6.9
Depreciation and impairments of fixed assets	25.7	26.2	26.7
Interest payable	17.7	17.9	18
Revenue contribution to capital expenditure	0	0	0
Other expenditure	1.7	1.7	1.8
<b>Total expenditure</b>	<b>97.6</b>	<b>101</b>	<b>103.2</b>
<b>Surplus (-) / Deficit (+) in year</b>	<b>-0.8</b>	<b>-1.5</b>	<b>-1.8</b>
<b>Surplus brought forward</b>	<b>-2.2</b>	<b>-3.0</b>	<b>-4.5</b>
<b>Surplus carried forward</b>	<b>-3.0</b>	<b>-4.5</b>	<b>-6.3</b>



## Appendix 3

### Proposed capital programme 2022/23 to 2027/28

Thematic Programme	2022/23 latest £m	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m
Maintaining Existing Homes	15.3	14.7	14.2	14.3	13.8	16.0
Major Works to Empty Homes	13.3	9.1	9.4	9.7	10.0	10.3
Building Safety	0.0	6.0	4.5	4.5	3.9	2.8
Independent Living	16.2	5.1	4.0	3.0	3.0	3.0
Energy, Decarbonisation and Fuel Poverty	7.4	4.4	4.0	4.0	4.0	4.0
Community and Estate Improvements	2.0	1.8	1.4	1.4	1.4	1.4
New Council Housing	7.9	17.5	12.5	5.8	9.8	7.3
Strategic Asset Management	1.3	1.2	0.8	1.4	0.9	0.9
<b>Total</b>	<b>63.4</b>	<b>59.7</b>	<b>50.8</b>	<b>44.1</b>	<b>46.8</b>	<b>45.9</b>

### Resources

	2022/23 latest £m	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m
Borrowing	0.0	9.0	6.0	0.0	0.0	0.0
Major repairs reserve	23.9	25.5	26.0	26.5	27.1	27.6
Usable capital receipts	32.7	21.6	17.2	16.1	18.7	17.2
Other (grants)	6.8	3.6	1.6	1.5	1.1	1.1
<b>Grand Total</b>	<b>63.4</b>	<b>59.7</b>	<b>50.8</b>	<b>44.1</b>	<b>46.8</b>	<b>45.9</b>

## **Meeting of the Council – 27<sup>th</sup> February, 2023**

### **Report of the Cabinet**

### **Dudley Council Pay Policy Statement 2023/24**

#### **Purpose of report**

1. Dudley Council is required to produce an annual Pay Policy Statement in order to comply with sections 38 and 39 of the Localism Act 2011. The Statement must articulate the Council’s policies towards a range of issues relating to the pay of the workforce, particularly the most senior staff (or “chief officers”) and the relationship of their pay to the lowest paid employees.

#### **Recommendation**

2. That the Pay Policy Statement for 2023/2024 be approved.

#### **Background**

3. Under provisions contained in the Localism Act 2011, the Council is required to prepare an annual Pay Policy Statement setting out its policies towards a range of issues relating to the pay of its workforce including:
  - the remuneration of “chief officers”;
  - the remuneration of the lowest paid employees;
  - the relationship between the remuneration of chief officers and that of other employees.

4. The Council has clearly established policies and processes for the determination of the pay and grading of its employees and these are summarised in the Pay Policy Statement, which has to be approved by a resolution of Full Council no later than 31<sup>st</sup> March 2023.
5. The NJC and JNC pay negotiations for a national pay award in 2023/24, effective from 1<sup>st</sup> April 2023, are ongoing.
6. Following approval of the pay policy, data on all senior salaries in 2023/2024 will be published prior to 31<sup>st</sup> March, 2023 alongside data required by the Local Government Transparency Code 2015 will also be available by 31<sup>st</sup> March, 2023.
7. Following the Restriction of Public Sector Exit Payments Regulations 2020 being revoked on 19<sup>th</sup> March 2021, Statutory guidance on the making and disclosure of Special Severance Payments by local authorities in England was published on 12<sup>th</sup> May 2022.

### **Finance**

8. Financial implications of the Pay Policy will be fully reflected in the Council's Medium- Term Financial Strategy, which is to be presented to the Council in March 2023.

### **Law**

9. It is a requirement of Section 38 of the Localism Act 2011 that an annual Pay Policy Statement be prepared and approved by Local Authorities. The Act prescribes information to be included in the statement, its manner of publication and the requirement for the Council to act in accordance with its approved Policy Statement.

### **Risk Management**

10. No material risks have been identified.

### **Equality Impact**

11. The Pay Policy highlights the relationship between the highest and the lowest salary levels and confirms that the Council has a pay ratio that is within the Hutton report. The Council is committed to publishing equal pay information on an annual basis.

**Human Resources/Organisational Development**

- 12. As well as meeting the Council’s legal obligations, the annual Pay Policy Statement supports effective employee relations through the provision of clarity and transparency in its arrangements for the payment of its employees.

**Commercial/Procurement**

- 13. There are no commercial or procurement implications arising from this report.

**Environment/Climate Change**

- 14. There are no environment or climate change implications arising from this report

**Council Priorities and Projects**

- 15. Dudley Council’s ability to deliver its priorities is dependent on its workforce and the pay policy summarises the policies and processes for the determination of the pay and grading of employees.



.....  
**Leader of the Council**

# Dudley Council

## Pay Policy Statement

### 2023-2024



## **Contents**

1. Introduction and Purpose
2. Legislative Framework
3. Pay Structure
4. Senior Management Remuneration
5. Recruitment to Senior Management Positions
6. Additions to Salary of Chief Officers
7. Payments on Termination
8. Publication
9. Lowest Paid Employees
10. Accountability and Decision Making

Annex 1 - Dudley Council – Organisation chart Annex

Annex 2 - Dudley Council - NJC Pay Spine

Annex 3 – Employee distribution across DNJC grades (including employees of the Council and community and voluntary controlled schools)

## **1.0 Introduction and Purpose**

- 1.1** The purpose of this Policy Statement is to clarify the Council's strategic stance on pay in order to provide direction for members and officers making detailed decisions and to provide the citizens of Dudley with a clear statement of the principles underpinning decisions on the use of public funds.
- 1.2** Under Section 112 of the Local Government Act 1972, the Council has the "power to appoint officers on such reasonable terms and conditions as the authority thinks fit".
- 1.3** This Pay Policy Statement (the "Statement") sets out the Council's approach to pay policy in accordance with the requirements of Sections 38 to 43 of the Localism Act 2011 and associated guidance. This excludes staff employed on teachers' terms and conditions of employment which are set nationally and support staff working in schools where the Council is not the employer. Workers engaged on a casual basis are also excluded.
- 1.4** The Statement provides transparency with regard to the Council's approach to setting the pay of its employees by identifying:
- the methods by which salaries of employees are determined;
  - the detail and level of remuneration of its most senior staff i.e. 'chief officers', as defined by the relevant legislation;
  - the remuneration of the lowest-paid employees;
  - the relationship between the remuneration of 'chief officers' and that of other employees;
  - the persons or bodies responsible for ensuring the provisions set out in this Statement are applied consistently throughout the Council and recommending any amendments to the Full Council.
- 1.5** The Statement sits alongside the Pay Arrangements Policy 2019, which sets out the Council's approach to pay and reward, including temporary payments for additional responsibilities and temporary market forces supplement payments.
- 1.6** An annual Pay Policy Statement is produced for each financial year, in accordance with the relevant legislation prevailing at that time, for approval by a resolution of Full Council. This Statement covers the period 1st April 2023 to 31<sup>st</sup> March 2024.
- 1.7** Once approved by the full Council, the statement will come into immediate effect and will be published by no later than 1 April each year, subject to review on a minimum of an annual basis in accordance with the relevant legislation prevailing at that time.

## **2.0 Legislative Framework**

- 2.1** In determining the pay and remuneration of its employees, the Council will comply with all relevant employment legislation. This includes the Equality Act 2010, Part Time

Employment (Prevention of Less Favourable Treatment) Regulations 2000, The Agency Workers Regulations 2010 and where relevant, the Transfer of Undertakings (Protection of Employment) Regulations. With regard to the equal pay requirements contained within the Equality Act, the Council ensures there is no pay discrimination within its pay structures for employees covered by the National Joint Council for Local Government Services and that all pay differentials can be objectively justified through the use of equality proofed Job Evaluation mechanisms which directly relate salaries to the requirements, demands and responsibilities of the role.

### **3.0 Pay Structure**

- 3.1** The salary information reported in this Statement are as at 1 April 2022 and are subject to any cost of living increase as negotiated by the appropriate national bodies.
- 3.2** The pay negotiations for 2023/24, effective from 1 April 2023, are ongoing through the appropriate collective bargaining mechanisms.
- 3.3** Most of the workforce (other than teachers) are employed on the National Joint Council (NJC) for Local Government Services terms and conditions of employment. Based on the application of the Local Government Single Status and LGE Job Evaluation Schemes, the Council uses the NJC nationally negotiated pay spine (grades 1 to 12) and a local pay spine (grades 13-18) as the basis for its local grading structure. Annex 3 shows the distribution of staff across the grading structure.
- 3.4** Chief Officer posts are evaluated taking into account advice from the regional employers' organisation. At a national level, basic pay increases are negotiated through the Joint National Committee (JNC) on a collective bargaining basis and normally chief officer pay awards reflect those of the NJC for Local Government Services.
- 3.5** The remaining employees are employed on other nationally defined rates. This includes those subject to:
- National agreements reached by the Soulbury Committee for certain education-related jobs (43 employees).
  - Joint Negotiating Committee (JNC) Craft for Local Authority Craft and Associated Employees (197 employees).
  - JNC Youth and Community Workers (18 employees).
- 3.6** In addition, where services have transferred into the Council from other organisations, including Public Health staff in 2013, employees have remained on their existing terms and conditions of employment, in accordance with employment legislation, unless they have subsequently transferred to NJC terms and conditions of employment as part of a review and restructure of their service area.
- 3.7** All other pay related allowances are the subject of either nationally or locally negotiated rates, having been determined from time to time in accordance with collective bargaining mechanisms and/or as determined by Council Policy. In determining its grading structure and setting remuneration levels for all posts, the Council takes



account of the need to ensure value for money in respect of the use of public expenditure, balanced against the need to recruit and retain employees who can meet the requirements of providing high quality services to the community, delivered effectively and efficiently and at times at which those services are required.

- 3.8** New appointments will normally be made at the minimum of the relevant grade, although this can be varied where necessary to secure the best candidate. From time to time, it may be necessary to take account of the external pay market in order to attract and retain employees with particular experience, skills and capacity. Any additional payments will be made in accordance with the Council's Policy and Procedure for Market Forces Supplements (Appendix 2 of the Pay Arrangements Policy 2019). The Policy and Procedure outlines the criteria, which must be met for payment of a market forces supplement, including the approval process by senior management and the Cabinet Member for Commercialism and Human Resources. The Council will ensure the requirement for such is objectively justified by reference to clear and transparent evidence of relevant market comparators, using appropriate data sources available from within and outside the local government sector. Market forces supplements when used will be time limited and subject to review. All posts receiving a market forces supplement will be reported in this annual Statement.
- 3.9** The Council has agreed to pay the Foundation Living Wage, from 1 April each year, where the NJC pay rates are lower than the Foundation Living Wage. From 1 April 2023 the minimum NJC hourly rate will be £10.60 and the Foundation Living wage is £10.90 per hour. The Council will pay a supplement on the two NJC points which are lower than £10.90 whilst the NJC 2023 pay award is negotiated and implemented.”
- 3.10** The following chief officer posts are in receipt of a Market Forces Supplement:
- Director of Children's Services
  - Director of Adult Social Care
- 3.11** Although not management posts, there are two Consultant in Public Health / Consultant in Public Health Medicine posts – basic salary range £87,753 - £110,709 per annum. In addition, there are national monetary Clinical Excellence Awards for which they may apply. Any such allowances are met by the national body, Public Health England. These posts report to the Director of Public Health and Well Being.

#### **4.0 Senior Management Remuneration**

- 4.1** For the purposes of this statement, senior management means 'chief officers' as defined within S43 of the Localism Act and section 4(1) of the Local Government and Housing Act 1989 which defines designated, statutory and non-statutory positions. The posts falling within the statutory definition are set out below, in Table 1, with details of their basic salary as at 1st April 2022<sup>1</sup>
- 4.2** Table 1 lists the 13 chief officer posts and 3 officers who report directly to the head of paid service as defined within S43 of the Localism Act that make up 0.21 % of the 7330 people employed by the Council (excluding schools).

<sup>1</sup> Data to populate this was run on 11 January 2023 based on Chief Officers in post and expected to be in post with effect from 1st April 2023 and the latest pay table as at 1 April 2022

<b>Title</b>	<b>Grade/point</b>	<b>Pay Range Minimum (£)</b>	<b>Pay Range Maximum (£)</b>
Chief Executive	Chief Officer/6	184,557	184,557
Deputy Chief Executive	Chief Officer/5	155,351	155,351
Director of Children's Services (includes a market supplement of £30,970 and a payment for statutory duties of £10,534)	Chief Officer/3	143,910	143,910
Director of Adult Social Care (includes a market supplement of £25,921 and a payment for statutory duties of £10,534)	Chief Officer/3	138,861	138,861
Director of Health & Wellbeing (including a payment for statutory duties of £10,534)	Chief Officer/3	112,940	112,940
Director of Finance & Legal (including a payment for statutory duties of £10,534)	Chief Officer/3	112,940	112,940
Director of Digital, Customer & Commercial Services	Chief Officer/3	102,406	102,406
Director of Regeneration & Enterprise	Chief Officer/3	102,406	102,406
Director of Public Realm	Chief Officer/3	102,406	102,406
Director of Housing	Chief Officer/3	102,406	102,406
Service Director for Early Help, Schools and SEND	Chief Officer/3	102,406	102,406
Service Director for Children's Social Care	Chief Officer/3	102,406	102,406
Lead for Law & Governance (including a payment for statutory duties of £10,534)	Grade 17	86,711	90,132
<b>Officers who report direct to Head of Paid Service</b>			
Assistant Director – People & Inclusion	Grade 18	83,402	88,900
Head of Communications and Public Affairs	Grade 16	69,707	74,050
Head of Chief Executives Office	Grade 13	50,471	54,070

An organisation structure chart showing the current senior management structure for the Council can be found in Annex 1 of this Policy Statement.

- 4.3** The Lead for Law and Governance is the designated statutory Monitoring Officer role defined under section 5(1) of the Act and the post reports to the Director of Finance and Legal.

4.4 The Chief Executive is employed under the terms and conditions of the Joint Negotiating Committee for Chief Executives, the Deputy Chief Executive, Directors and Service Directors are employed under the terms and conditions of the Joint Negotiating Committee for Chief Officers.

## 5. **Recruitment to Senior Management Positions**

5.1 The Council's Policy and Procedures with regard to recruitment of 'Chief Officer' posts is set out within the Officer Employment Procedure Rules as contained in Part 4 of the Council's Constitution. When recruiting to all posts the Council will take full and proper account of its own Equality and Diversity, Recruitment and Redeployment Policies, including any particular requirements for those who have transferred into the Council, e.g. Public Health. The determination of the remuneration to be offered to any newly appointed Chief Officer will be in accordance with the pay structure and relevant policies in place at the time of recruitment. Where the Council is unable to recruit to a post at the designated grade, it may consider the use of temporary market forces supplements in accordance with its relevant policies.

5.2 The terms of reference of the Council's Appointments Committee, contained within the Council's Constitution, include:

- Recommending to the Full Council on the appointment of the Chief Executive;
- Recommending to the Full Council any new appointments or severance packages that exceed a threshold of £100,000 (excluding pension payments);
- The appointment of the Deputy Chief Executive and Directors.

5.3 Where the Council remains unable to recruit to a Chief Officer post under a contract of employment, or there is a need for interim support to provide cover for a vacant substantive post, the Council may, where necessary, consider and utilise engaging individuals under 'contracts for services'. These will be sourced through a relevant procurement process, and in accordance with HMRC rules, ensuring the Council is able to demonstrate the maximum value for money benefits from competition in securing the relevant service.

5.4 Market forces supplements/recruitment allowances are paid where it is justified in order to recruit and fulfil a role or to retain an officer within a role.

## 6. **Additions to Salary of Chief Officers**

6.1 The Council does not apply any bonuses or performance related pay to any of its Chief Officer posts.

6.2 In addition to basic salary, set out below are details of other elements of 'additional pay', which are chargeable to UK Income Tax and do not solely constitute reimbursement of expenses incurred in the fulfilment of duties:

- Fees are paid for deputy returning officer duties in accordance with the rates approved by the Council and increased in line with national pay awards. Employees who act as deputy returning officers at local elections are currently paid a fee of £78 per ward.
- A mileage allowance is paid to all employees using their own vehicle for work purposes. The rate is 45p per mile (or, where applicable, the NHS mileage rate is 67p per mile). Mileage rates are taxable above an approved amount (known as MAP) and this is set by HMRC.
- The Council may consider granting an honorarium (of an amount dependent upon the circumstances of each case) to Chief Officers who perform duties outside the scope of their role over an extended period. Any requirement for an honorarium will be dealt with through evaluation of the additional duties. Such a temporary arrangement would need to be approved by the relevant Cabinet Member in consultation with the Chief Executive and formalised in a Decision Sheet and would be in the interests of efficient administration of a service(s).
- By law, all staff are entitled to 5.6 weeks holiday (28 days for a full-time employee; this is inclusive of bank holidays). The statutory provision was designed to give employees paid time away from the work environment and there are sound health and wellbeing reasons for them to have that time. For those reasons contracting out of the minimum holiday entitlement by paying them instead is not allowed. The Local Government Association specifies that holidays should be taken within the year to which they relate therefore the Council encourages employees to use their annual leave throughout the year. Untaken annual leave is reimbursed through payment only where an employee has not taken a proportionate amount of leave when exiting the Council's employment.

## **7. Payments on Termination**

- 7.1** The Council's approach to statutory and discretionary payments on termination of employment of staff, prior to reaching normal retirement age, is set out within policies on managing employees at risk of redundancy, the discretionary severance payments scheme and any policies adopted in accordance with Regulations 5 and 6 of the Local Government (Early Termination of Employment) (Discretionary Compensation) Regulations 2006 or as amended, and Regulations 12 and 13 of the Local Government Pension Scheme (Benefits, Membership and Contribution) Regulations 2007 or as amended. For employees who transferred from the NHS, the NHS Agenda for Change Staff Handbook and NHS Pension Regulations apply.
- 7.2** Any other payments falling outside the provisions, or the relevant periods of contractual notice shall be subject to a formal decision made by the Full Council or relevant elected members, committee or panel of elected members with delegated authority to approve such payments.
- 7.3** The Constitution states that any severance packages for employees leaving the Council that exceed £100,000 (excluding pension payments) should be the subject of a recommendation by the Appointments Committee to full Council.

## **8. Publication**

8.1 Upon approval by the Full Council, this Statement will be published on the Council's website. Reference is made to the Council's Constitution, which is also available on the Council's website. In addition, for posts where the full-time equivalent salary is at least £50,000, the Council's Annual Statement of Accounts will include a note setting out the total amount of:

- salary, fees or allowances paid to or receivable by the person in the current and previous year;
- any bonuses so paid or receivable by the person in the current and previous year;
- any sums payable by way of expenses allowances that are chargeable to UK income tax;
- any compensation for loss of employment and any other payments connected with termination;
- any benefits received that do not fall within the above.

## **9. Lowest Paid Employees**

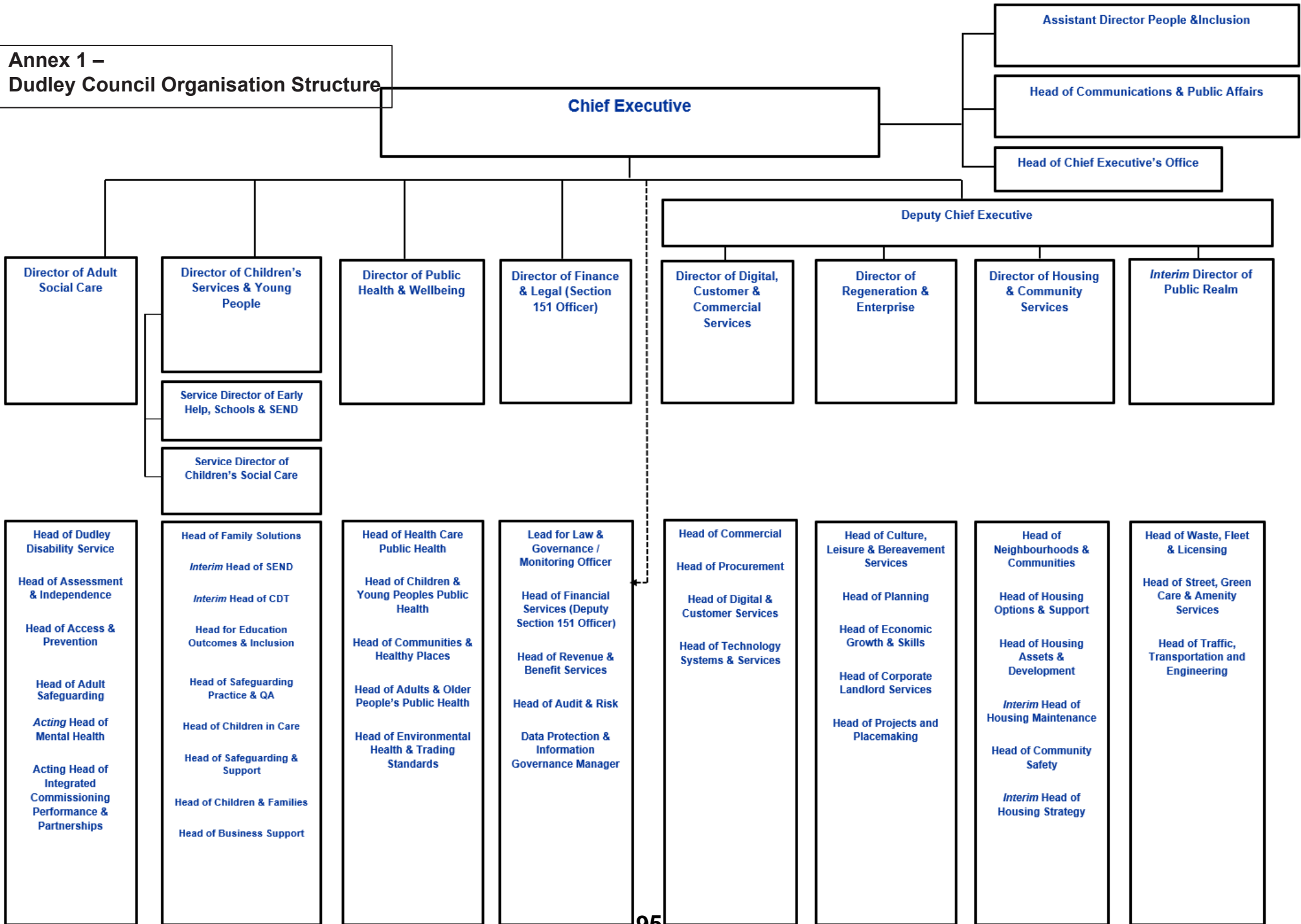
- 9.1 As referred to above, there are a number of national pay scales covering different groups of employees.
- 9.2 The lowest paid persons employed under a contract of employment with the Council are employed on full time (37 hours) equivalent salaries in accordance with the minimum spinal column point currently in use within the Council's NJC grading structure which is £20,258 per annum.
- 9.3 The Council employs Apprentices who are not included within the definition of 'lowest paid employees' as they are employed under the terms, conditions and pay rates applicable to the relevant apprenticeship scheme. Apprentices are paid in accordance with the National Minimum Wage, according to age. The relationship between the rate of pay for the lowest paid and Directors/'Chief Officers' is determined by the processes used for determining pay and grading structures as set out earlier in this Policy Statement.
- 9.4 The statutory guidance under the Localism Act 2011 recommends the use of pay multiples as a means of measuring the relationship between pay rates across the workforce and that of senior managers, as included within the Hutton 'Review of Fair Pay in the Public Sector' (2010). The Hutton review was asked by the Government to explore the case for a fixed limit on dispersion of pay through a requirement that no public sector manager can earn more than 20 times the lowest paid person in the organisation. The report concluded that the relationship to median earnings was a more relevant measure, and the Local Government Transparency Code 2015 requires the publication of the ratio between highest paid salary and the median average salary of the whole of the authority's workforce.

- 9.5** The current pay levels within the Council defined the multiple (rounded to the nearest whole number):
- between the lowest paid full time equivalent employee and the Chief Executive as 1:9
  - between the lowest paid employee and average Deputy Chief Executive/Director as 1:6
  - between the median (average) full time equivalent earnings and the Chief Executive as 1:8
  - between the median (average) full time equivalent earnings and average Deputy Chief Executive/Director as 1:5
- 9.6** As part of its overall and ongoing monitoring of alignment with external pay markets, both within and outside the sector, the Council will use available benchmarking information as appropriate. The Council participates in the Local Government Earnings Survey, which provides pay bill and average pay rate information for all local government employees (excluding Teachers) in England and Wales.

**10. Accountability and Decision Making**

In accordance with the Council's Constitution, the Full Council, the relevant Committee and elected members or officers with delegated authority are responsible for decision making in relation to the recruitment, pay, terms and conditions and severance arrangements for employees of the Council. These are contained in Part 4, Officer Employment Procedure Rules, of the Constitution. The full terms of reference of the Appointments Committee are set out in Part 3.

**Annex 1 –  
Dudley Council Organisation Structure**





## Annex 2 – National Joint Council Pay Spine

The Dudley Council pay spine is based on nationally negotiated rates through the National Joint Council.

The table below sets out the Main Salary Grades effect from 1<sup>st</sup> April 2022.

<b><u>Grade</u></b>	<b><u>NationalJointCouncil values</u></b>	<b><u>NationalJointCouncil values</u></b>	<b><u>NationalPay SpinalColumn Points(SCP)</u></b>
	<b><u>Payrangeminimum</u></b>	<b><u>Payrangemaximum</u></b>	
<b>Grade 1</b>	£20,258	£20,258	1
<b>Grade 2</b>	£20,258	£20,441	1-2
<b>Grade 3</b>	£20,812	£21,189	3-4
<b>Grade 4</b>	£21,575	£21,968	5-6
<b>Grade 5</b>	£22,369	£24,054	7-11
<b>Grade 6</b>	£24,496	£26,845	12-17
<b>Grade 7</b>	£27,344	£30,151	18-23
<b>Grade 8</b>	£31,099	£33,820	24-27
<b>Grade 9</b>	£34,723	£37,261	28-31
<b>Grade 10</b>	£38,296	£41,496	32-35
<b>Grade 11</b>	£42,503	£45,495	36-39
<b>Grade 12</b>	£46,549	£49,590	40-43



<b><u>Locally Agreed Senior Grades**</u></b>					
<b>Grade 13</b>		£50,471		£54,070	50-53
<b>Grade 14</b>		£55,433		£59,034	54-57
<b>Grade 15</b>		£61,159		£67,581	58-61
<b>Grade 16</b>		£69,707		£74,050	62-65
<b>Grade 17</b>		£76,177		£79,598	66-69
<b>Grade 18</b>		£83,402		£88,900	70 - 73

### **Footnotes**

\* Where applicable, a supplement will be paid to bring employees in line with the Real Living Wage

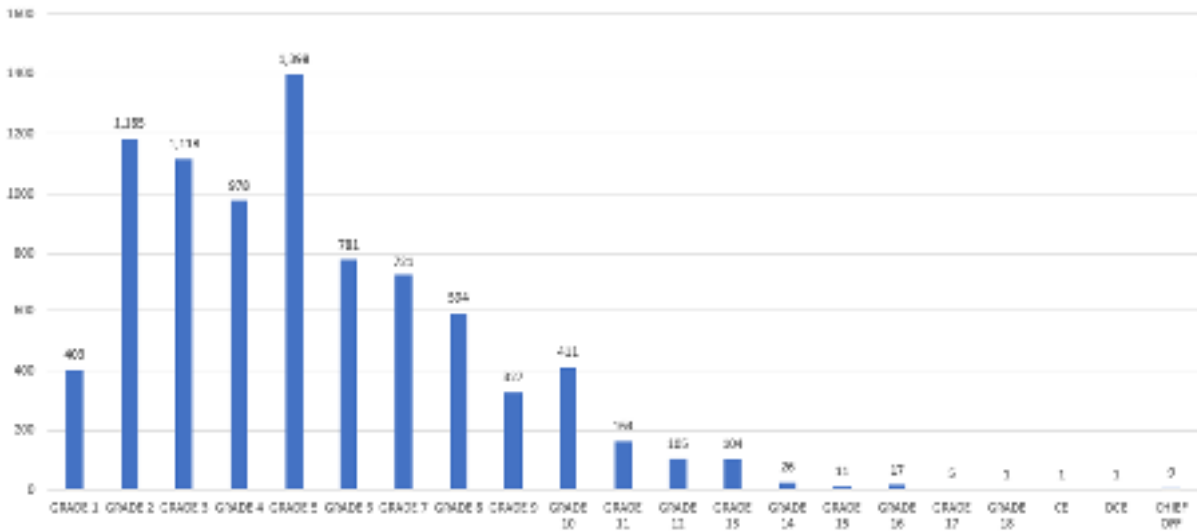
\*\* Senior grades 13 – 17 are locally agreed as part of the Collective Agreement implemented in 2012.

The above rates are subject to any pay award agreed for April 2022.

### Annex 3

#### Employee distribution across DNJC grades

(including employees of the Council and community and voluntary controlled schools)



Payment Table	Grade	Number of Contracts
DNJC 2021	GRADE 1	403
DNJC 2021	GRADE 2	1,185
DNJC 2021	GRADE 3	1,118
DNJC 2021	GRADE 4	978
DNJC 2021	GRADE 5	1,398
DNJC 2021	GRADE 6	781
DNJC 2021	GRADE 7	721
DNJC 2021	GRADE 8	594
DNJC 2021	GRADE 9	327
DNJC 2021	GRADE 10	411
DNJC 2021	GRADE 11	164
DNJC 2021	GRADE 12	105
DNJC 2021	GRADE 13	104
DNJC 2021	GRADE 14	26
DNJC 2021	GRADE 15	11
DNJC 2021	GRADE 16	17
DNJC 2021	GRADE 17	5
DNJC 2021	GRADE 18	1
CHIEF EXECUTIVE	CE	1
CHIEFS	DCE	1
CHIEFS	CHIEF OFF	9

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**Note:**

**It is important to note that the Treasury Strategy Statement is adopted by the Council, based upon advice from its external treasury advisors, and accordingly the Strategy is tailored to meet the specific and unique needs of the Council. All financial information contained within this Report and Statement should not be used by any individual or organisation as a basis for making investment or borrowing decisions. The Council and its treasury advisors will not accept any liability on behalf of any individual or organisation that seeks to act on the financial information contained within this Report and Statement.**

**Meeting of the Council – 27<sup>th</sup> February, 2023**

**Report of the Audit and Standards Committee**

**Treasury Management**

**Purpose**

1. The purpose of this report is:
  - To outline treasury activity in the year 2022/23 up to the end of December 2022.
  - To seek approval of the Treasury Strategy Statement 2023/24.

**Recommendations**

2. It is recommended:
  - That the treasury activities in 2022/23 outlined in this report be noted.
  - That the Treasury Strategy 2023/24, attached as Appendix 2, be approved.
  - That the Director of Finance and Legal be authorised to affect such borrowings, repayments and investments as are appropriate and

consistent with the approved Treasury Strategy and relevant guidance.

## **Background**

3. Treasury Management entails the management of the Council's cash flows, its borrowings and investments, the management of the associated risks and the pursuit of the optimum performance or return consistent with those risks.
4. The Council undertakes treasury management activity on its own behalf and as administering authority for the West Midlands Debt Administration Fund (WMDAF). We are responsible for administering capital funding of £740m on our own account and another £78m on behalf of other West Midlands councils in respect of the WMDAF. The treasury function is governed by the Council's Treasury Policy Statement and Treasury Management Practices.
5. Our borrowing and investment activities in the current year have been undertaken in the context of increasing interest rates. The Bank Base Rate has been increased a number of times since the previous Treasury Management report was taken to this Committee (see Appendix 2 for more information).
6. Appendix 2 contains some detailed economic commentary but in summary the Monetary Policy Committee is expected to increase interest rates further to counter inflationary pressures (which are expected to fall slowly through 2023 and 2024).
7. CIPFA released the new editions of the Treasury Management Code and Prudential Code in December 2021. Due to the timing of the release, local authorities were not required to comply with the reporting requirements of the codes until 2023/24. The main changes relate to further restrictions and reporting requirements for commercial investments as well as the introduction of a liability benchmark which we have added into our prudential indicators for 2023/24.
8. In November 2020 HM Treasury prohibited access to Public Works Loans Board loans for the purpose of funding investments purely for commercial income, and the revised code prohibits local authorities any new commercial investments altogether with immediate effect. The revised code requirements on commercial investments do not impact on Dudley MBC as we already have a long-standing policy to refrain from investing in assets purely for revenue income or other financial return (see Section 7 of the Treasury Management Strategy).

## Treasury Activity 2022/23 - Dudley Fund

9. Treasury activities in the current year have been undertaken in the context of the Treasury Strategy Statement 2022/23 approved by Audit Committee and Full Council in February 2022. In that document we anticipated that long term borrowing would be required in the next 12 months due to cashflow need.
10. Our investments up to 5<sup>th</sup> January 2023 have averaged £22.5m. The average return on these investments since the start of the year was 1.15% (however the weighted average interest rate of investments held at 6<sup>th</sup> January 2023 was 3.02%). All investments were placed with institutions that satisfied the criteria for credit-worthiness set out in the Treasury Strategy Statement 2022/23. The performance of our investments is largely dependent on movements in short-term (up to one year) rates. Our investment activity for 2022/23 (to date) is set out in more detail in Appendix 1.
11. The returns outlined above have been achieved without compromising on the security of the Council's investments. We have maintained and continue to maintain an approved investment list that sets the highest rating standards. We have an account with the Government's Debt Management Office (DMO) which provides maximum security but relatively low returns. We use this account extensively due the fact that we have strict credit criteria in our Investment Strategy for non-government counterparties.
12. The average value of long-term borrowings up to the end of December 2022 was £587.3 million. The average rate of interest on these borrowings was 3.76% and they were due to mature on dates ranging from the current year to 2072. To date five new loans have been taken out in 2022/23. All of these loans were with PWLB; one for £15m at a rate of 3.87% with a duration of 50 years, one for £10m at a rate of 4.03% with a duration of 6 years and most recently 3 loans taken in January for £5m each at a rate of 4.13% with maturity dates in 2029.
13. We are monitoring cash flows and interest rates closely and anticipate that, due to the Council's capital programme, planned use of reserves and loan maturities, further borrowing is likely to be taken by the end of the 2022/23 financial year.

## Treasury activity 2022/23 - WMDAF

14. The Council has taken 4 short term loans in the year to date to manage daily cash flow for the WMDAF. The average value of the borrowing has been £2.6m at an average rate of 2.3% for an average duration of 151 days. The latest estimate of interest payable by members of the WMDAF in 2022/23 is 5.3%.
15. The Council has made two short term investments in the year to manage daily cash flow for the WMDAF. The average value of the investments have been £2.5m at an average rate of 1.5% for an average duration of 18 days.

## Treasury Strategy Statement 2023/24

16. The Treasury Strategy Statement covers our latest capital funding requirements, our view of interest rate movements and our strategy for borrowing and investment in the light of that view. As such, it needs to be reviewed annually. The proposed Treasury Strategy Statement for 2023/24 is attached as Appendix 2.
17. Our expectations for interest rates advised by our treasury advisors Link Group, which will be subject to continuous review with our treasury advisors, are as follows:
  - **Short-term rates.** The Bank Rate is expected to rise to 4.25% by March 2023 but drop down to 4.00% by March 2024.
  - **Medium-term rates.** 5-year PWLB certainty rate is expected to be 4.20% in March 2023 and drop slightly to 3.90% by March 2024.
  - **Long-term rates.** 50-year PWLB certainty rate is expected to be 4.30% in March 2023 and drop to 3.90% by March 2024.
18. The Local Government Act 2003 introduced a system of “prudential borrowing” allowing councils to set their own borrowing limits subject to criteria of prudence and affordability. These criteria are set out in more detail in the Chartered Institute of Public Finance & Accountancy (CIPFA) Prudential Code which specifically requires us to set a number of prudential indicators. The proposed indicators that relate to treasury management are set out in the Treasury Strategy Statement.
19. In order to protect the Council’s position if an individual or organisation were to act upon the views expressed in this report, we have deemed it necessary to produce a disclaimer which is shown as a note at the head of the report and Appendix 2.

## **Finance**

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

## **Law**

21. The Council has adopted CIPFA's Treasury Management in the Public Services: Code of Practice 2021 which requires the Council to approve a treasury management strategy before the start of the financial year and provide a mid-year update on treasury management activity. In addition, the Department for Levelling Up, Housing and Communities (DLUHC) issued revised Guidance on Local Authority Investments in 2010 that required the Council to approve an investment strategy before the start of each financial year. This report fulfils the legal obligation under the Local Government Act 2003 to have regard to both the CIPFA code and the DLUHC guidance.

## **Risk Management**

22. Treasury Management, by its nature entails the management of financial risks, specifically credit risk for investments which is mitigated by limiting acceptable counterparties to those of the highest credit quality and imposing counterparty limits for non-government institutions; and interest rate risk which is mitigated by prudential indicators detailed in Appendix 2.

## **Equality Impact**

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

## **Human Resources / Organisational Development**

24. There are no Organisational Development/Transformation implications associated with this report.

## **Commercial / Procurement**

25. The over-riding purpose of the Council's Treasury Strategy is day to day cash management and not income generation. The strategy prioritises security and liquidity of cash investments over yield. Once those are met, we aim to secure the maximum yield from our investments held with the small number of counterparties that meet the strict criteria laid out in our Annual Investment Strategy.

## **Environment / Climate Change**



26. The Council is required to consider environmental, social and governance considerations when making investments. It will not invest in fossil fuel companies.

**Council Priorities and Projects**

27. Treasury Management supports the Council’s capital investment priorities as set out in the approved Capital Strategy.



.....  
**Chair of the Audit and Standards Committee**

Investment Activity 2022/23 to 5<sup>th</sup> January 2023

Counterparties	Number of investments	Average value £ million	Average rate %	Average duration (days)
Debt Management Office	177	14.76	1.82	10
Other Local Authorities	None	N/A	N/A	N/A
Bank of Scotland Call Account	n/a	0.04	0.00	Call
Santander Call Account	n/a	4.17	0.60	Call
Santander Notice Account	n/a	0.02	1.03	35 day notice
HSBC Call Account	n/a	3.20	0.05	Call
HSBC Notice Account	n/a	0.02	1.39	30 day notice
Barclays Call Account	n/a	0.31	0.21	Call

**Note:**

It is important to note that the Treasury Strategy Statement is adopted by the Council, based on advice from its external Treasury advisors, and accordingly the Strategy is tailored to meet the specific and unique needs of the Council. All financial information contained within this Report and Statement should not be used by any individual or organisation as a basis for making investment or borrowing decisions. The Council and its Treasury advisors will not accept any liability on behalf of any individual or organisation that seeks to act on the financial information contained within this Report and Statement.

## **DUDLEY METROPOLITAN BOROUGH COUNCIL TREASURY STRATEGY STATEMENT 2023/24**

### **1.0 Introduction**

1.1 This Treasury Strategy Statement details the expected activities of the treasury function in the financial year 2023/24. The suggested strategy is based upon officers' views of interest rates as advised by external advisors, supplemented with leading market forecasts. It should be noted that the use of expert external advisors does not remove the responsibility of members and officers for treasury management functions and that those functions cannot be delegated to any outside organisation. The strategy covers:

- the current portfolio position
- prudential and treasury indicators
- prospects for interest rates
- temporary investment strategy
- requirements and strategy for long-term borrowing
- debt rescheduling and premature repayment opportunities
- treasury implications for the Housing Revenue Account (HRA)

### **2.0 Current Portfolio Position**

2.1 The Council's estimated debt position as at 1st April 2023 is as follows:

	<b>£m</b>
Long-term debt:	
- PWLB fixed rate	571.3
- PWLB variable rate	0.0
- Market fixed rate	31.0
- Market LOBO*	10.0
Short-term debt	20.0
<b>Total debt</b>	<b>632.3</b>

\*Lenders Option Borrowers Option (LOBO). This loan was at a fixed rate of 4.6% until February 2009 after which the rate may be varied at the lender's option. If the lender exercises this option to vary the rate then we, as the borrower, have the option to repay the loan.

2.2 The average rate of interest on the above debt is expected to be 3.87%.

2.3 The average level of investments held by the Council during 2022/23 to December 2021 was £22.6m. Cashflow monitoring indicates that long term borrowing is likely to be required in the next 12 months.

2.4 The Council also administers the debt of the former West Midlands County Council on behalf of the West Midlands districts. The estimated debt position at 1st April 2023 is as follows:

	£m
Long-term debt:	
- PWLB fixed rate	55.5
- Market LOBO	10.0
Short-term debt	1.5
<b>Total debt</b>	<b>67.0</b>

2.5 The average rate of interest charged to the West Midlands fund is expected to be 5.30%.

### 3.0 Prudential & Treasury Indicators

3.1 Under the Local Government Act 2003 and the Prudential Code for Capital Finance in Local Authorities, local authority capital spending and its borrowing to fund that spending is limited by what is affordable, prudent and sustainable. The Prudential Code sets out a number of indicators that enable the authority to assess affordability and prudence. The following indicators are relevant for the purposes of setting an integrated treasury management strategy.

#### 3.2 Treasury Indicators in the Prudential Code

The Prudential Code requires that the total external debt does not exceed the Authorised Limit for external debt and only exceeds the Operational Boundary for external debt temporarily on occasions due to variation in cash flow.

These external debt indicators are intended to ensure that levels of external borrowing are affordable, prudent and sustainable. The

authorised limit for external debt is a statutory limit (section 3 of the Local Government Act 2003) that should not be breached under any circumstances. It has been calculated to take account of the Council's capital expenditure and financing plans and allowing for the possibility of unusual cash movements. The operational boundary for external debt 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. Actual external debt represents the closing balance for borrowing and other long-term liabilities.

	2021/22	2022/23 Revised	2023/24 Revised	2024/25 Revised	2025/26 Revised
	£m	£m	£m	£m	£m
Authorised limit for external debt :		872	888	896	859
Borrowing	n/a				
Other long term liabilities	n/a	12	12	11	10
<b>Total</b>	n/a	884	900	907	869
Operational boundary :	n/a	735	825	825	782
Borrowing					
other long term liabilities	n/a	12	12	11	10
<b>Total</b>	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
<b>Total</b>	<b>694.4</b>	n/a	n/a	n/a	n/a

### 3.3 Gross Debt and the Capital Financing Requirement

This is a key indicator of prudence. In order to ensure that over the medium-term debt will only be for a capital purpose, the local authority should ensure that debt does not, except in the short term, exceed the total of capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the

current and next two financial years.

The Council has met this requirement in 2022/23 and expects to do so in future years. This view takes into account current commitments, existing plans and the proposals in the approved budget.

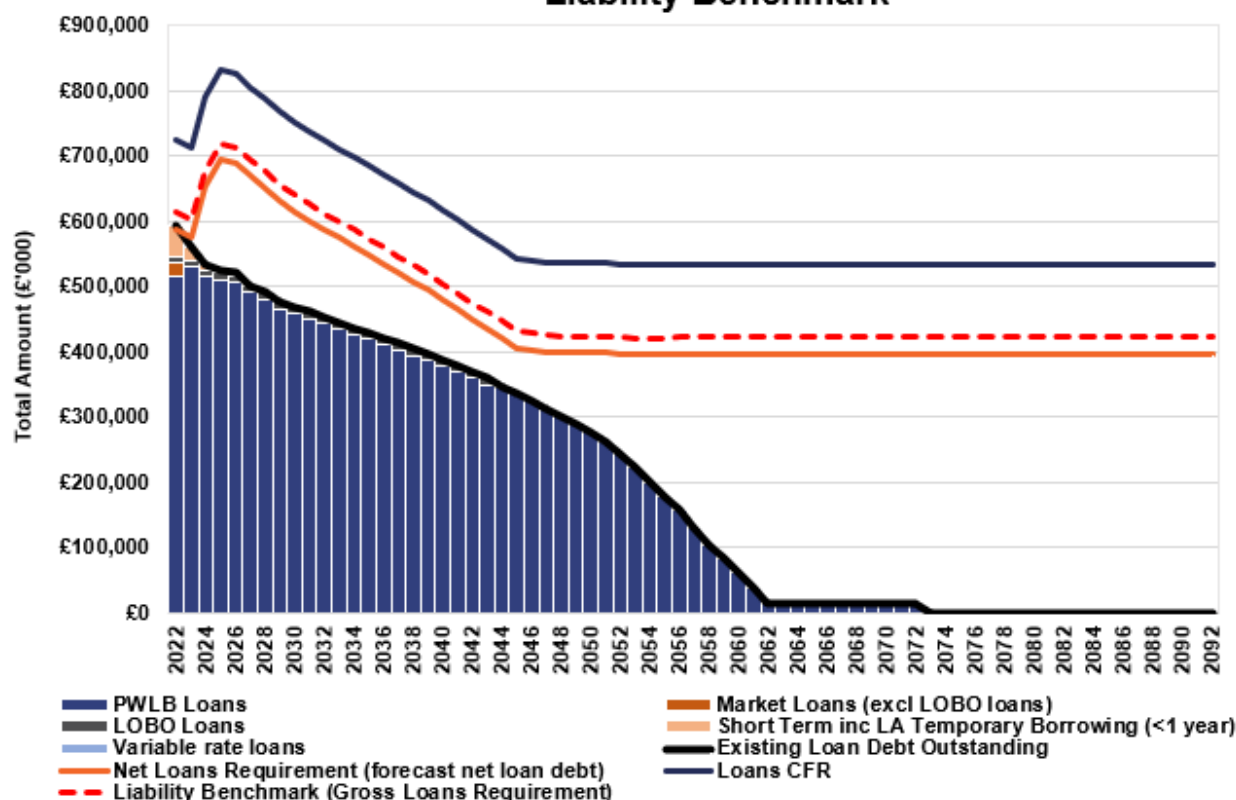
### 3.4 Liability Benchmark

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 likely to be required in the next few years.

## Liability Benchmark



### 3.5 Interest rate exposures

These indicators allow the Council to manage the extent to which it is exposed to changes in interest rates. The upper limit for fixed interest reflects the fact that it is possible to construct a prudent treasury strategy on the basis of using only fixed rate debt and investments, so long as the maturity dates of these debts and investments are reasonably spread. The same does not apply to variable rates where a 100% exposure could lead to significant year on year fluctuations in the cost of debt. The upper limit for variable rate exposure allows for the use of variable rate debt to offset our exposure to changes in short-term rates on our portfolio of investments. This limit reduces over time as our strategy is to gradually reduce our level of investments.

	2022/23	2023/24	2024/25	2025/26
Upper limit for fixed interest rate exposure	100	100	100	100
Upper limit for variable rate exposure	10	10	10	10

### 3.6 Maturity structure of borrowing and investments

The maturity structure of fixed rate borrowing is designed to protect against excessive exposures to interest rate changes in any one period, in particular over the course of the next ten years.

<b>Dudley MBC Maturity Indicator</b>	<b>Upper Limit %</b>	<b>Lower Limit %</b>
Under 12 months	15	0
12 months and within 24 months	15	0
24 months and within 5 years	20	0
5 years and within 10 years	25	0
10 years and above	100	50

<b>West Midlands Debt Administration Fund Loan Maturity Indicator *</b>	<b>Upper Limit %</b>	<b>Lower Limit %</b>
Under 12 months	55	25
12 months and within 24 months	55	20
24 months and within 5 years	40	0

\* The WMADF will close in March 2026 so no new long term loans will be required. The above indicator is based on the maturity of the remaining loans in the fund.

### 3.7 Upper Limit for total principal sums invested over 364 days

The purpose of the limits for principal sums invested for periods longer than 364 days is to contain the Council's exposure to the possibility of loss that might arise as a result of having to seek early repayment of principal sums invested. On the basis of prudent treasury management the proposed upper limit on principal maturing in any one year for sums invested for over 364 days is £10m.

## 4.0 Economic Background

4.1 The current economic backdrop is one of stubborn inflationary pressures, the easing of COVID restrictions in most developed countries and the Russian invasion of Ukraine. The combination of these has led to greater volatility in the Bank Rate (and PWLB rates) throughout 2022. The Monetary Policy Committee (MPC) has raised the Bank Rate throughout 2022 and the most recent increase took the Bank Rate to 4.00% in February 2023. The market expects the rate to increase further (up to 4.5% by May 2023) but to then fall gradually through the second half of 2023/24 and beyond.



4.2 The CPI inflation figure for the final quarter of 2022 peaked at 11.1%, however as further increases in gas and electricity price caps are pencilled in for April 2023 it is possible that inflation will reach even higher levels before it is expected to drop down later in 2023.

4.3 Although UK unemployment fell to a 48-year low in 2022 of 3.6% the predictions for GDP are that there will be further contraction. This is the same for all major worldwide economies.

## 5.0 Prospects for Interest Rates

5.1 The Council's Treasury Advisor, Link Asset Services, has provided the following forecast :

	<b>December 2022 (Actuals)</b>	<b>December 2023 (Forecasts)</b>	<b>December 2024 (Forecasts)</b>	<b>December 2025 (Forecasts)</b>
<b>Bank Rate</b>	3.50%	4.50%	3.25%	2.50%
<b>5yr PWLB rate</b>	4.20%	4.00%	3.50%	3.10%
<b>10yr PWLB rate</b>	4.30%	4.10%	3.60%	3.30%
<b>25yr PWLB rate</b>	4.60%	4.40%	3.90%	3.50%
<b>50yr PWLB rate</b>	4.30%	4.10%	3.60%	3.20%

5.2 As per 4.1 The Bank rate was increased to 4.00% in February 2023, Link are expecting the rate to increase further in 2023 but to peak at 4.50%. The difficulty then is when to start reducing the rate. This will depend on the inflation levels - cut too soon, and inflationary pressures may well build up further; cut too late and any downturn or recession may be prolonged.

5.3 Link Asset Services will continue to monitor economic data releases and information released by the Monetary Policy Committee (MPC) who set the Bank Rate. The economy is also obviously impacted by the ongoing conflict between Russia and Ukraine and tensions between other countries could also have a negative economic impact.

5.4 Our overall strategy will be based on the projections above. However, we will maintain flexibility to take account of unexpected variations from our forecast.

## 6.0 Annual Investment Strategy

- 6.1 Our investment activities are subject to government guidance issued under Section 15(1) (a) of the Local Government Act 2003. This section of the Treasury Strategy Statement constitutes an “Annual Investment Strategy” produced in accordance with the guidance.
- 6.2 The Council holds invested funds, representing income received in advance of expenditure plus balances and reserves held. We have a policy of keeping cash balances at minimum levels by maximising the use of internal borrowing to finance capital expenditure.
- 6.3 Both the CIPFA Code and the Department for Levelling Up, Housing and Communities (DLUHC) require the Council to invest its funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return or yield. The Council’s primary objective in relation to the investment of public funds remains the security of capital. The liquidity or accessibility of the Council’s investments followed by the yields earned on investments is important but are secondary considerations.

### 6.4 Strategy for “specified investments”

6.4.1 The Council will make use of specified investments (as defined within the terms of the government guidance). These are investments that satisfy the following conditions:

- a) The investment is denominated in sterling and any payments or repayments in respect of the investment are payable only in sterling.
- b) The Council may require that the investment be repaid or redeemed within 12 months of the date on which the investment was made.
- c) The making of the investment is not defined as capital expenditure by legislation.
- d) The investment satisfies either of the following conditions:
  - I. The investment is made with the UK government, a local authority, a parish council or a community council, or
  - II. The investment is made with a body or in an investment scheme of high credit quality.

6.4.2 The Council will be prepared to lend to the West Midlands Combined Authority. Such lending will be as part of arrangements agreed with the Combined Authority and other constituent authorities.

6.4.3 For the purpose of this strategy a body or investment scheme is deemed to be of high credit quality if it has minimum short-term ratings of F1 (Fitch), P1 (Moody's), and A1 (Standard and Poors).

6.4.4 The Council will also limit risks by applying lending limits and criteria for "high credit quality" as shown below:

<b>Specified Investments Counterparty</b>	<b>Minimum Short-term Credit Rating*</b>	<b>Maximum Investment per Counterparty</b>	<b>Time Limit</b>
UK Banks	F1+/P1/A1+	£20m	3 months
	F1/P1/A1	£15m	1 month
UK Local Authorities	n/a	£20m	12 months
UK Government	n/a	none	none

\*Fitch/ Moody's /S&P rating agencies respectively. Institutions must have the requisite rating at 2 of the 3 agencies.

6.4.5 Since the financial crisis of 2008, the Council has not allowed investments in non-UK institutions. The existing strategy is based on the implicit assumption that the UK Government would support a failing UK bank. This factor is less relevant in light of the Financial Services (Banking Reform) Act 2013 and proposed regulations. That said, current cash flow predictions do not suggest that there is any compelling need to widen the investment strategy to non-UK institutions and so there is no proposal to change.

6.4.6 The Council understands that credit ratings are good, but not perfect, predictors of investment default. Full regard will therefore be given to other available information on the credit quality of the organisations in which it invests, including credit default swap prices, financial statements, information on potential government support and reports in the quality financial press. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may meet the credit rating criteria.

6.4.7 When deteriorating financial market conditions affect the creditworthiness of all organisations, this is not generally reflected in credit ratings, but can be seen in other market measures. In these circumstances, the Authority will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the required level of security. The extent of these restrictions will be in line with prevailing financial

market conditions. If these restrictions mean that insufficient commercial organisations of high credit quality are available to invest the Authority's cash balances, then the surplus will be deposited with the UK Government, via the Debt Management Office for example, or with other local authorities. This will cause a reduction in the level of investment income earned, but will protect the principal sum invested.

6.4.8 The only indicators with prescriptive values remain to be credit ratings. Other indicators of creditworthiness are considered in relative rather than absolute terms.

6.4.9 If conditions in the financial markets worsen during 2023/24 or other factors indicate that increased security of Council funds is required, the Director of Finance and Legal Services may impose tighter restrictions on the type of investments and institutions used by the Council, than those detailed in this strategy.

6.4.10 The Council currently banks with HSBC; however the Council is changing banks during 2023/24 to Lloyds Plc. At the present time, both HSBC and Lloyds Plc meet the minimum credit criteria. Even if the credit rating of the Council's main bank falls below the Council's minimum criteria the main bank will continue to be used for short term liquidity requirements (overnight and weekend investments) and business continuity arrangements.

## 6.5 *Strategy for "non-specified investments"*

6.5.1 Non-specified investments are those that do not meet the criteria for a specified investment detailed in 6.4.1 above. The Council does not intend to make any investments denominated in foreign currencies, or any that are defined as capital expenditure by legislation such as company shares. Neither is there an intention to make new long term investments, especially in the light of maximising the length of any non-government investment to 3 months irrespective of its credit quality. Therefore the Council will not place its funds with non-specified investments.

## 6.6 *Liquidity of investments*

6.6.1 In determining the maximum period for which investments may be held, we will have regard to our most recent cash-flow forecast. We will not enter into an investment where our cash-flow forecast indicates that, as a result of that investment, we would be forced to borrow money at a later date that we would not otherwise have had to borrow.

## 6.7 *Environmental, Social & Governance (ESG) Considerations*

6.7.1 The Council is required to consider environmental, social and governance considerations when making investments. It will not invest in fossil fuel companies.

## 7.0 **Policy on Non-Financial Investments**

7.1 Investment in non-financial assets including property is not part of the Council's Treasury Management Strategy. The Council will incur capital expenditure on acquisition or development of property only where the primary purpose is regeneration and/or service delivery, and 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.

7.2 The only non-treasury investments currently held by the Council are shares held with Birmingham Airport which were valued at £16.8m at 31<sup>st</sup> March 2022. These are held as a service type investment as they were not purchased in order to generate a financial return; rather they are for regeneration purposes only. There are no current plans to make any further non-treasury investments.

## 8.0 **Policy on the Use of Financial Derivatives**

8.1 A financial derivative is a contract whose value is based on, or "derived" from, an underlying financial instrument such as a loan. Local authorities have previously been able to make use of financial derivatives embedded into loans and investments, both to reduce interest rate risk (e.g. forward deals) and to reduce costs or increase income at the expense of greater risk (e.g. LOBO loans).

8.2 The general power of competence in Section 1 of the Localism Act 2011 removes much of the uncertainty over local authorities' use of standalone financial derivatives (i.e. those that are not embedded into a loan or investment). The CIPFA Code requires authorities to clearly detail their policy on the use of derivatives in the annual strategy.

8.3 The Council does not intend to use standalone financial derivatives (such as swaps, forwards, futures and options). Should this position change, the Council may seek to develop a detailed and robust risk management framework governing the use of derivatives, but no change in strategy will be made without full Council approval.

## **9.0 Requirements and Strategy for Long-Term Borrowing**

- 9.1 The primary factor in determining whether we undertake new long-term borrowing will be cash flow need. We will seek to minimise the time between borrowing and anticipated cash flow need, subject to the need to maintain day to day liquidity.
- 9.2 The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources available for investment. The Council's strategy is to maintain borrowing and investments at a minimum (well below their underlying levels) thereby maximising the use of internal borrowing. This keeps borrowing costs lower than they would otherwise be and keeping cash balances low reduces credit risk.
- 9.3 The balance sheet forecast indicates a requirement to increase the level of external borrowing in the medium and long term. Our interest rate expectations (outlined in 5.1) provide a variety of options on the type of borrowing we will undertake:
- That short-term variable rates will be good value compared to long-term rates and are likely to remain so for potentially at least the next couple of years. Best value will therefore be achieved by borrowing short term at variable rates in order to minimise borrowing costs in the short term.
  - That the risks intrinsic in the shorter term variable rates are such, when compared to historically relatively low long term fixed funding, which may be achievable in 2023/24, that the Council will maintain a stable, longer term portfolio by drawing longer term fixed rate funding at a marginally higher rate than short term rates.
- 9.4 Against this background caution will be adopted with the 2023/24 treasury operations. The Director of Finance and Legal Services will monitor the interest rate market and adopt a pragmatic approach to changing circumstances.

Sensitivity of the forecast - The main sensitivities of the forecast are likely to be the two scenarios below. In conjunction with the treasury advisers, we will continually monitor both the prevailing interest rates and the market forecasts, adopting the following responses to a change of sentiment:

- If it were felt that there was a significant risk of a sharp rise in long and short term rates, perhaps arising from a greater than expected increase in world economic activity, then the portfolio position will be re-appraised with the likely action that fixed rate funding will be drawn whilst interest rates are still relatively cheap.
- If it were felt that there was a significant risk of a sharp fall in long and short term rates, due to growth rates remaining low or weakening, then long term borrowings will be postponed.

9.5 With respect to the West Midlands Debt, variances due to timing differences between the maturity profile of the debt and repayments from authorities can be managed by short term borrowing in 2023/24.

9.6 The approved sources of long-term and short-term borrowing are:

- Public Works Loans Board
- Any institution approved for investments (above)
- Any other bank or building society authorised to operate in the UK
- UK public and private sector pension funds (except the West Midlands Pension Fund)

In addition, capital finance may be raised by finance leases and similar arrangements which may be classed as debt liabilities.

## **10.0 Debt Rescheduling and Premature Repayment Opportunities**

10.1 We may consider rescheduling or premature repayment with the following aims:

- the generation of cash savings at minimum risk
- in order to help fulfil the strategy outlined in 9 above
- in order to enhance the balance of the long-term portfolio (by amending the maturity profile and/or the balance of volatility)

10.2 Any rescheduling or premature repayment will be reported to an appropriate committee at the meeting following its implementation.

## **11.0 HRA Self Financing**

11.1 On 1<sup>st</sup> April 2012, the Council notionally split each of its existing long-term loans into General Fund and HRA pools. In the future, new long-

term loans borrowed will be assigned in their entirety to one pool or the other. Interest payable and other costs/income arising from long-term loans (e.g. premiums and discounts on early redemption) will be charged/ credited to the respective revenue account.

- 11.2 Differences between the value of the HRA loans pool and the HRA's underlying need to borrow (adjusted for HRA balance sheet resources available for investment) will result in a notional cash balance which may be positive or negative. An average of this notional balance will be calculated annually and interest transferred between the General Fund and HRA at an internally determined rate of interest, adjusted for risk.

## **12.0 Training**

- 12.1 CIPFA's Code of Practice requires the Director of Finance and Legal Services to ensure that all members tasked with treasury management responsibilities, including scrutiny of the treasury management function, receive appropriate training relevant to their needs and understand fully their roles and responsibilities. Relevant training is provided by Link Asset Services to the members of the Audit & Standards Committee and other members of the Council.
- 12.2 The Council recognises the importance of ensuring that all staff involved in the treasury management function are fully equipped to undertake the duties and responsibilities allocated to them. It will therefore seek to appoint individuals who are both capable and experienced and will provide training for staff to enable them to acquire and maintain an appropriate level of expertise, knowledge and skills. The Director of Finance and Legal Services will recommend and implement the necessary arrangements.

## **13.0 Treasury Management Advisors**

- 13.1 The Council uses Link Asset Services as its external treasury management advisers. The Council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon our external service providers.
- 13.2 It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Council maintains the quality of the service with its advisors by holding regular meetings and tendering periodically for the provision of treasury management advice.



13.3 The Council receives the following services from Link Asset Services:

- a. Credit advice
- b. Investment advice
- c. Technical advice
- d. Economic & interest rate forecasts
- e. Workshops and training events for officers and members