



Borough of Telford and Wrekin

Full Council Report

29 February 2024

Medium Term Financial Strategy 2023/24 – 2027/28: Capital Programme

Cabinet Member:	Cllr Nathan England - Cabinet Member: Finance, Customer Services & Governance
Lead Director:	Michelle Brockway - Interim Director: Finance & Human Resources
Service Area:	Finance & Human Resources
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Wards Affected:	All Wards
Key Decision:	Not Key Decision
Forward Plan:	Not Applicable
Report considered by:	SMT – 16 January 2024 Business Briefing – 25 January 2024 Cabinet – 16 February 2024 Full Council – 29 February 2024

1.0 Recommendations for decision:

It is recommended that Full Council approve:

- 1.1 The report and associated capital estimates for 2023/24 and 2024/25 to 2027/28, which incorporates the Capital Programme (Appendix A), the Planned Building Investment Programme 2024/25 (Appendix B), Asset Management Plan 2024 -2028 (Appendix C) and the Highways and Transport Capital Investment Programme 2024-2028 (Appendix D).

1.2 the following delegations, in line with the approved budgets and any variations or changes to schemes in these programmes which must remain within overall approved budgets, after consultation with the appropriate Cabinet Members:

- (i) Delegation to the Director: Prosperity & Investment to deliver the planned programme of works within the 'Asset Management Plan' and Planned Building Investment Programme (Appendix B).
- (ii) Delegation to the Director: Neighbourhood and Enforcement Services to deliver the Highways and Transport Capital Investment Programme (Appendix D).

2.0 Purpose of Report

2.1 The report details the revised capital programme for 2023/24 and the proposed capital programme for 2024/25 to 2027/28, together with the Planned Building Investment Programme and the Highways and Transport Capital Investment Programme.

3.0 Background

3.1 This report presents the Council's Capital Programme for 2023/24 to 2027/28 at a value of £420.4m that includes the proposed capital investments included in the overall budget strategy. The report also sets out the Council's proposed Planned Building Investment Programme, particularly focusing on 2024/25, Appendix B, and the Highways & Transport Capital Investment Programme 2024/25 – 2027/28, Appendix D.

The Planned Building Investment Programme for 2024/25 has been informed by the Asset Management Plan 2024-2028 (Appendix D) which sets out the framework for assessing and prioritising property related issues.

The programmes address our corporate priorities in conjunction with the medium term financial strategy.

The full revenue cost of the use of the Council's own resources and unsupported borrowing are built into the proposed Medium Term Financial Strategy.

4.0 Summary of main proposals

4.1 Strategic Overview

In the short to medium term, Telford & Wrekin Council is in a period of significant transformation and change. The drivers of this are:

- The retrenchment of public spending by the Government - the Council has faced the challenge of making significant savings, totalling £156.9m by the end of 2023/24, whilst trying to protect front-line services as far as possible. Our

Medium Term Financial Strategy sets out our response to this challenge and how these savings are being identified and delivered, and

- In June 2022, the Council's Cabinet agreed a refreshed Council Plan to deliver the organisation's vision to **'Protect, Care and Invest to Create a Better Borough'** as we begin to return to normality following the COVID-19 Pandemic.

The Plan identifies five priorities to deliver this vision which reflect our ambition and aspirations for the Borough and the outcomes we want to achieve. The five priorities are:

- **Every child, young person and adult lives well in their community**
- **Everyone benefits from a thriving economy**
- **All neighbourhoods are a great place to live**
- **Our natural environment is protected, and the Council takes a leading role in addressing the climate emergency; and**
- **A community-focused, innovative council providing efficient, effective and quality services**

At the heart of this is tackling the inequalities that exist in our communities. We will build a strong, clean economy where all our communities can prosper and are resilient and healthy. At the heart of this will be the action we take to protect our environment and our commitment to playing our part in tackling the climate emergency.

As an award winning co-operative council, our approach will always be informed by the views and voices of our residents, communities and partners. We will remain evidence led and community focused because this will shape and influence what we do and how we do it.

Capital investment clearly plays a key role in the achievement of our local priorities. Through our Capital Strategy and Asset Management Plan we seek to maximise the value and opportunities of our assets to take forward the delivery of emerging strategic priorities.

Our Capital Strategy and Asset Management Programme are not, however, just about 'concrete, tarmac, buildings etc.', they are about making a positive difference to the quality of local people's lives through specific projects, services, technology and facilities. In recent years, key initiatives have been progressed/delivered through targeted capital investment. Further information can be found in the Council Plan.

4.2 Capital Programme: 2023/24 – 2027/28

During 2024/25, we are planning to invest **£179.8m** as part of a **£420.4m** medium-term capital programme, to build and improve the facilities, assets and infrastructure to support the delivery of these objectives. This investment has been secured primarily through a combination of Government grants and supported borrowing allocations, use of the Council's own resources (capital receipts), and Prudential

Borrowing by the Council. Over the planning period, our capital programme is as follows:

Capital Programme by Priority Area (£m)	Total	2023/24	2024/25	2025/26	2026/27	2027/28	Later Years
Adult Social Care	1.113	0.991	0.122	0.000	0.000	0.000	0.000
Communities, Customer & Commercial Services	19.928	4.819	8.100	3.009	2.000	2.000	0.000
Corporate Items	26.688	1.500	7.769	7.419	5.000	5.000	0.000
Education & Skills	40.766	9.295	21.137	10.334	0.000	0.000	0.000
Finance & Human Resources	0.475	0.095	0.095	0.095	0.095	0.095	0.000
Housing, Employment & Infrastructure	23.342	9.529	13.813	0.000	0.000	0.000	0.000
Neighbourhood & Enforcement Services	33.153	17.696	8.557	2.300	2.300	2.300	0.000
Policy & Governance	0.402	0.081	0.135	0.062	0.062	0.062	0.000
Prosperity & Investment	274.561	46.041	120.070	74.867	25.183	8.400	0.000
Total	420.428	90.047	179.798	98.086	34.640	17.857	0.000

Supporting Telford & Wrekin’s role as a focus for continued growth and development underpins all our priorities. This is very much a ‘capital’ agenda – though it must be supported by the day-to-day delivery of high quality and efficient service for the community whilst also improving services - and we will look creatively to utilise local resources such as the Council’s land assets and land owned by other partners, and external funding and investment to turn vision into reality.

4.3 Capital Planning Framework

The Council’s Capital Strategy is driven by our shared Vision for the Borough and our Priorities. All our plans and spending proposals (both capital and revenue) are developed within a partnership framework. The Capital Strategy is seen as a key opportunity to:

- drive forward the Vision and Priorities for the Borough,
- influence the development of the Borough and the actions of other agencies,
- work in partnership with other bodies to pursue national and regional objectives,
- ensure that funding mechanisms are used effectively and external funding maximised, and
- maintain and improve the condition and suitability of our assets.

A key feature of our approach is that capital and revenue expenditure are considered together through one integrated Medium Term financial strategic planning framework and process. The Capital Programme process brings together all aspects of capital planning and management. It guides and acts as the focus for all work on capital issues. The capital programme process is given firm leadership at:

- officer level by the Senior Management Team, the senior officer Capital Programme Board; and
- member level by the Cabinet.

Progress and the outcomes of capital expenditure are also considered by the Council's scrutiny committees as part of their service and financial performance monitoring role. They also input specifically to the strategy development process through scrutiny of the Draft Budget Strategy.

(i) Approach

Our approach to the Capital Programme Process is described below. This process is continually evolving and has been developed to enable the Council to respond effectively to the developments in Capital and Asset Management Planning.

The Prudential Code of Borrowing requires us to look at capital and revenue spend in an integrated way. Under this regime, the Council has much more freedom to invest in capital projects as long as the borrowing is determined to be affordable, prudent, sustainable and represents value-for-money. The prudential system of capital finance makes the capital strategy a much more integral and essential part of the annual budget setting process and medium term financial strategy; developed through an emerging 3-year forward planning framework which brings together service and financial planning priorities and proposed developments to support delivery of our priorities.

(ii) Capital Programme Process

a) Strategic Review of Needs

We annually review plans and priorities for capital spending. This is done as part of the annual corporate planning process and the outcome of major policy and/or service reviews. In seeking to determine priorities for investment and action, it is important to understand the key issues, needs and opportunities that need to be addressed. The Council Plan 2020 – onwards “**Our Programme to Protect, Care and Invest to create a better borough**” and Vision map these out in detail.

The result is a clear strategic view of priorities which identifies both **pressures and developments** in terms of:

- Projects required to progress the Vision for the Borough – whether partner, Council or joint (developments);
- Projects required to meet service priorities (pressures and developments);
- Maintenance spending required on assets (pressures).

This process is done collaboratively through dialogue with partners and is also informed by the Council's consultation strategy. This framework encourages a joined-up focus on outcomes, on major strategic initiatives and partnership working. The outcome is a broadly-based overview of capital spending priorities, business needs and opportunities, and outcomes to be realised.

b) Strategic Consideration of Priorities, Resources and Resource Implications

The financial implications of new capital spending requirements are carefully assessed within the Medium Term Financial Strategy in terms of:

- Overall resource availability including the anticipated results of asset disposals;
- Identification and consideration of whole life costings;
- Identification of significant revenue implications for capital proposals, with overall decisions on capital programme being made (and consulted on) as part of the overall development of the Medium Term Financial strategy;
- Consideration of appropriate procurement strategies and potential funding regimes.
- ‘Pay back’/‘Invest to Save’ potential.

The Prudential Code of Borrowing highlights the need, in making decisions on capital investment, to have regard to a number of core factors. As such, the Capital Strategy and Programme for 2024/25 has been developed around the following principles and processes:

- Corporate Strategic Planning Assessment:

Revenue and capital budgets are planned together as far as practicable each year. Desired spending has been prioritised and narrowed down into an overall capital strategy taking account of local, national and regional priorities.

- Options Appraisal to Secure Value for Money:

In developing the capital programme, the Council has sought to identify which of a number of alternative ways is the best way to fund and deliver a capital project to meet its objectives. Also, to ensure that the Council’s approach to prudential borrowing is affordable, prudent and sustainable, a set of prudential indicators have been developed to monitor performance. The case for capital investment requires consideration / identification of how such spend represents or will improve value-for-money to the community.

c) Detailed Capital Programme

The Strategic Assessment of capital spending priorities is then subjected to further internal and external consultation and translated into an achievable phased programme across the whole Council with clearly agreed and identified:

- Revenue implications.
- Procurement Arrangements;
- Timescales, project management arrangements and accountabilities;

Appendix A sets out details of our committed Capital Programme 2023/24 – 2027/28 and associated funding.

d) Control, Monitoring, Performance Management & Review

A corporate framework for project management exists for capital schemes. Regular monitoring of progress and spend takes place both at service level and corporately.

The Asset Management Plan ensures that relevant property PIs have been incorporated into corporate performance monitoring arrangements and into the monitoring of the management of the capital programme. In-year progress is highlighted as part of the reporting arrangements of the Service & Financial Performance Management Framework of regular reports to the Senior Management Team, Cabinet and full Council where amendments to the approved policy and budget framework are required .

4.4 Asset Management Planning and Programme

Our Strategic Approach

The Asset Management Plan and associated data on Property (i.e. condition, suitability, sufficiency, access, asbestos surveys) informs the Council's Building Investment Programme. The Council has completed all surveys for Operational Properties used for the delivery of its services and these are updated on a rolling programme each year. The Council's Asset Management Plan has identified a condition backlog of £6.9m for Operational Properties (excluding schools) and £16.1m for Schools / Education properties.

The Building Investment Programme as detailed in Appendix B, is set in accordance with the approved framework for prioritising condition backlog as included in the Asset Management Plan. The proposed level of investment included in the Capital Programme 2024/25 is £1.95m for Educational Assets and £0.70m for all other Operational Assets (including miscellaneous assets). The budget allocations do not take into account the capital investment relating to expansion of schools. In addition to the above capital allocations, schools are also in receipt of Devolved Formula Capital (DFC) which is used fundamentally for maintaining and investing in the school building stock on a day to day basis.

Condition backlog as detailed in the Asset Management Plan and updated for 2023

Priority 1

Urgent works that will prevent closure of premises and/or address a high risk to the health and safety of occupants and/or remedy a serious breach of legislation.

Priority 2

Essential work required within two years that will prevent serious deterioration of the fabric or services and/or address medium risk to the health and safety of the occupants and/or remedy a minor breach of legislation.

Priority 3

Desirable work required within 3 to 5 years that will prevent deterioration of the fabric or services and/or address a low risk to the health and safety of the occupants and/or a minor breach of legislation.

Previous year condition comparisons

		2018	2019	2020	2021	2022	2023
Schools	P1-P3	£18,434,265	£18,182,752	£18,267,205	£17,112,347	£16,612,040	£16,138,320
Operational	P1-P3	£5,417,208	£5,680,437	£5,629,287	£5,177,048	£6,825,859	£6,926,513

The Asset Management Database is analysed on a yearly basis as the priorities may change due to new findings as part of continuing re-surveys of property. Emergencies that occur within the financial year may also lead to reprioritisation of the allocated budgets and a change to the programme identified.

In accordance with prioritisation as set out in the Asset Management Plan we have identified the building maintenance programme for 2024/25 as shown in Appendix B; all schemes listed are deemed necessary in order to maintain service delivery.

4.5 Partnership and Cross Cutting Activity

The Council actively works with partners to maximise assets for example through various co-locations of services which is a key feature in particular of the Learning Communities that are being developed. Amalgamation and co-location of services and community facilities is a key aim that drives our asset management and service planning.

4.6 Consultation

The Council has been engaging with the local community around the development of our Medium Term Financial Strategy. Further details are set out in the overarching Medium Term Financial Strategy report considered by Cabinet on 4 January 2024. As capital programmes are being rolled out there will be a need to consider where further consultation with the public is required/appropriate.

4.7 Resources

4.7.1 Revenue/External

The main revenue / external allocations still to be used are set out below:

Revenue & External Funding (£m)	Total	2023/24	2024/25	2025/26	2026/27	2027/28	Later Years
Total	17.128	3.745	10.308	3.075	0.000	0.000	0.000

4.7.2 Supplementary Grants

While information is still awaited on some allocations, the following allocations have been built into the overall resources position:

Supplementary Grants (£m)	Total	2023/24	2024/25	2025/26	2026/27	2027/28	Later Years
Adult Social Care	0.008	0.003	0.005	0.000	0.000	0.000	0.000
Communities, Customer & Commercial Services	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Corporate Items	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Education & Skills	39.497	9.265	19.898	10.334	0.000	0.000	0.000
Finance & Human Resources	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Housing, Employment & Infrastructure	6.880	5.712	1.168	0.000	0.000	0.000	0.000
Neighbourhood & Enforcement Services	13.959	8.702	5.257	0.000	0.000	0.000	0.000
Policy & Governance	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Prosperity & Investment	46.648	19.750	17.733	8.958	0.207	0.000	0.000
Total	106.992	43.432	44.061	19.292	0.207	0.000	0.000

4.7.3 Capital Receipts

The capital programme places a significant reliance on future capital receipts, totalling £14.33m the estimated phasing of which is shown in the table below. Any shortfall in the amounts received or re-phasing of schemes would have a revenue impact which is not built into the budget strategy. This would have to be mitigated through re-phasing of spend, re-prioritising schemes or incurring additional borrowing which would have a revenue impact which would have to be taken into account in future in the Medium Term Financial Strategy.

There is currently a Flexible Use of Capital Receipts Direction in place in relation to Transformation projects for the years 2023/24 up to and including 2024/25 which the Council will utilise and is included in the Medium Term Financial Strategy.

Capital Receipts (£m)		2023/24	2024/25	2025/26	2026/27	2027/28	Later Years
Total	14.330	0.774	7.556	0.000	6.000	0.000	0.000

4.7.4 Prudential Borrowing Regime

Within the Medium Term Financial Strategy for 2023/24 to 2027/28 the level of Prudential Borrowing assumed is as follows:

Prudential Borrowing (£m)	Total	2023/24	2024/25	2025/26	2026/27	2027/28	Later Years
Total	281.978	42.096	117.873	75.719	28.433	17.857	0.000

4.7.5 Overall Resources Position

For planning purposes, some forward allocation indications have been included below. In these cases no firm scheme proposals will be put forward for approval until actual allocations are known.

Resources available (£m)	Total	2023/24	2024/25	2025/26	2026/27	2027/28	Later Years
<u>Grant Allocations</u>							
Adult Social Care	0.008	0.003	0.005	0.000	0.000	0.000	0.000
Communities, Customer & Commercial Services	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Corporate Items	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Education & Skills	39.497	9.265	19.898	10.334	0.000	0.000	0.000
Finance & Human Resources	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Housing, Employment & Infrastructure	6.880	5.712	1.168	0.000	0.000	0.000	0.000
Neighbourhood & Enforcement Services	13.959	8.702	5.257	0.000	0.000	0.000	0.000
Policy & Governance	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Prosperity & Investment	46.648	19.750	17.733	8.958	0.207	0.000	0.000
Sub-total	106.992	43.432	44.061	19.292	0.207	0.000	0.000
<u>Other Resources</u>							
Capital Receipts	14.330	0.774	7.556	0.000	6.000	0.000	0.000
Revenue / External	17.128	3.745	10.308	3.075	0.000	0.000	0.000
Prudential Borrowing	281.978	42.096	117.873	75.719	28.433	17.857	0.000
Sub-total	313.436	46.615	135.737	78.794	34.433	17.857	0.000
Total	420.428	90.047	179.798	98.086	34.640	17.857	0.000

The revenue impact of the use of Council resources, government allocations and prudential borrowing in the proposed programme are built in to the budget summary.

4.8 Conclusion

Telford & Wrekin is a growing and changing area and therefore it has substantial capital spending needs:

- to support and meet the growing needs of the Borough and our aspirations to transform Telford & Wrekin,
- to maintain and develop the Council's own stock of capital assets,
- to address the 'New Town effect' of a commonly-ageing infrastructure, and
- to invest in schemes such as NuPlace and the Telford Growth Fund that will further increase the choice of homes available for people looking to rent from a high quality, responsive landlord with a commitment to providing secure long-term homes and will also regenerate brown-field sites, attract new jobs, and retain companies that may otherwise leave the Borough if suitable premises are not available. Profits from these investments will be used to help fund key front line services including Adult Social Care and Children's Safeguarding. Additional council tax, new homes bonus and business rates will also be generated by these investments which will also help to support essential front line services.

As a former new town area, with the Council having limited land and asset holdings, we have a more limited capacity to generate capital receipts through disposals than some other authorities. We, therefore, take the capital strategy and its asset

management planning very seriously. We look on capital spending as an integral element of our overall approach to Community Planning, partnership working and community engagement.

We are committed to maximising the effectiveness of our assets and capital spending and to identifying or creating opportunities to attract external funding resources. Our focus is on delivering our priorities and policy objectives and on ensuring that our vision for the community can, each year, become more of a reality for local people.

5.0 Alternative Options

- 5.1 The Council could decide not to make the investments as set out in this report, however for the reasons set out within the report such decisions would likely lead to increased costs in future years.

6.0 Key Risks

- 6.1 The Council's current strategic risks has been considered as part of allocating resources in the overall programme.

7.0 Council Priorities

- 7.1 All Council priorities are covered by the report.

8.0 Financial Implications

- 8.1 Where appropriate these are detailed in the body of the report.

9.0 Legal and HR Implications

- 9.1 The proposals contained within this report are compliant with the legislative requirements imposed upon the Council and all statutory guidance. Legal advice will be provided in relation to specific capital investments to ensure that the Council has the appropriate powers and to confirm that requisite due diligence has been undertaken.

10.0 Ward Implications

- 10.1 The proposals in this report affect all wards across the Borough.

11.0 Health, Social and Economic Implications

- 11.1 Where appropriate, these are detailed in the body of the report.

12.0 Equality and Diversity Implications

12.1 The overall budget framework contains funding to support the Council's work to promote Equalities & Diversity across the Borough and accessibility requirements will be addressed in the Planned Maintenance programme of works.

13.0 Climate Change and Environmental Implications

13.1 There is a specific allocation of £2.191m included in the capital programme to support the Council's work to reduce to the impact of Climate Change.

14.0 Background Papers

1 The Council Plan

15.0 Appendices

- A Capital Programme 2023/24 to 2027/28
- B Planned Building Investment Programme 2024/25
- C Asset Management Plan 2024 - 2028
- D Highways and Transport Capital Investment Programme 2024/25 – 2027/28

16.0 Report Sign Off

Signed off by	Date sent	Date signed off	Initials
Finance	08/01/2024	10/01/2024	PH
Legal	08/01/2024	08/01/2024	RP
Director	08/01/2024	10/01/2024	MLB