

EXECUTIVE

14th July 2022

Report Title	Capital Programme Update 2022/23
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Lead Member	Councillor Lloyd Bunday, Executive Member for Finance and Transformation

Key Decision	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Is the decision eligible for call-in by Scrutiny?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Are there public sector equality duty implications?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information (whether in appendices or not)?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Applicable paragraph number for exemption from publication under Schedule 12A Local Government Act 1974	

1. Purpose of Report

- 1.1 The purpose of this report is to request approval for a capital scheme that has come forward for inclusion in the Council's Capital Programme. Approval of the scheme and associated funding will allow the schemes to move forward to procurement and delivery.

2. Executive Summary

- 2.1 This report contains details of projects relating to the Corby Town Investment Plan and improvements to the Kettering Alfred East Arts Gallery which have been submitted by officers to the Council's Strategic Capital Board as part of the Council's Capital Approval Process. Each scheme must complete a business case setting out the changes requested to the Capital Programme, including the purpose of the spend, the expected outcomes and the financial implications together with funding routes.

3. Recommendations

- 3.1 It is recommended that Executive approve the following changes to the capital programme:
- a. Corby Town Investment Plan, Train Station to Town Centre - Link Road (via Oakley Road) & Smart and Connected Corby (combined) – increase capital programme for 2022/23 by £8.055m, which is to be funded from the Towns Fund Grant.
 - b. Kettering Alfred East Art Gallery, Library and Museum (Cornerstone), increase budget by £0.412m, to be funded from capital reserves.
- 3.2 Reasons for the recommendation are set out in greater detail within section 5 of the report, but can be summarised as:
- To implement phases 3 and 4 of Corby's Town Investment Plan in relation to the £19.9m awarded from the Towns Fund in June 2021.
 - To help mitigate any delays to the Cornerstone project to meet funding deadlines and the current construction market conditions, with fluctuating prices.
- 3.3 Alternative Options Considered:
- Use of the funding is in line with the agreement, there is no alternative option proposed.
 - By not approving these recommendations there would be an adverse impact on service provision and the completion of projects in North Northamptonshire.

4. Report Background

- 4.1 The Capital Programme is the Council's plan for investing in assets to efficiently deliver its statutory services, and to improve the local infrastructure of North Northamptonshire, with the benefits lasting over a number of years. The Council is required to set a balanced revenue budget and therefore must ensure that where borrowing is proposed to fund the cost of capital that the cost of servicing the debt is affordable within the Council's revenue budget.
- 4.2 Resources come from a number of sources including Government grants, capital receipts from surplus land and buildings, revenue contributions, other external contributions and borrowing. The Council captures its projected capital expenditure within the Capital Programme to monitor the same, help to control costs and ensure transparency. Given that the Capital Programme is approved by Executive, changes to it are also approved by Executive unless authority has been delegated in accordance with the Council's constitution.
- 4.3 This report provides an update to the Capital Programme 2022/23 as adopted by the Council in February 2022 and requests that the proposed changes are approved and reflected within the programme.

5. Issues and Choices – Further Detail on the Recommendations and Updates to the Capital Programme

- 5.1 **Corby Town Investment Plan – budget approval for £8.055m.** Corby Town Deal Board has prepared the Town Investment Plan (TIP) for Corby, working in close partnership with the former Corby Borough Council and with Corby's diverse community, businesses, and other public-private sector stakeholders who all have a vested interest in the future of the town.
- 5.2 The extent of the Towns Fund boundary area covers all of Corby's urban area, including the town centre, existing and planned residential areas, logistic and business estates and Corby's beautiful parks and woodlands. Shaped by wide-ranging research and stakeholder engagement our TIP sets our shared vision for Corby.
- 5.3 This vision is underpinned by seven strategic objectives which respond to, and address the needs identified by the stakeholder engagement and contextual analysis. These inter-related objectives capitalise on long-term opportunities to maximise the economic, social, environmental benefits for Corby, its community, businesses, and all other stakeholders.
- 5.4 The Council's ambition for Corby is to build on the many successes that have been achieved to date, and develop a more diverse, dynamic, connected and 'smart' town centre economy. This is needed today more than ever, as the COVID-19 pandemic is having wide-ranging impacts on the way we live, work, study, shop, and play. This, in turn, is impacting on the vitality and viability of many key businesses and uses in our town centre. Now is the time to look beyond retail uses that have traditionally underpinned our town centre economy, and create a more resilient and attractive town that everyone can be proud of, and wants to invest in.

The four key projects are:

Project 1 – Sixth Form College at Chisholm House

Project 2 – Multi-use Building

Project 3 - Train Station to Town Centre - Link Road (via Oakley Road)

Project 4 – Smart and Connected Corby

Phase 2 is to take forward the link between the train station and Corby town centre, this will aim to provide an attractive and safe pedestrian and cycle route. This is intended to enhance the active healthy travel agenda and to help reduce congestion and emissions across Corby. This will be delivered alongside the smart and connected Corby project, which will integrate a network of sensors to establish Corby as a 'smart and green' town centre.

- 5.5 **Kettering Alfred East Art Gallery, Library and Museum Capital Project (Cornerstone) – budget approval for £0.412m.** This project is intended to revitalise the cultural services within the heart of Kettering Town Centre, supporting to unify the three sites including; Alfred East Art Gallery, Kettering Library and Manor House Museum. The funding will deliver significant

improvements to the Alfred East Art Gallery and Kettering Library and will welcome a new two-storey extension to the rear of the Art Gallery.

- 5.6 Usually for a project of this nature it would be expected that the RIBA stages 1 to 4 would take at least 12 months, whereas it was completed in six to nine months for the project to meet the funders timelines, and the forecasts were based on the information available at that time. The consequence of this is that there are now some design co-ordination issues on site which are increasing costs.
- 5.7 The contracted Quantity Surveyor has provided further contingency assessments in relation to the delivery of the project, which includes allowances for additional time and co-ordination issues that may emerge during the final stages for the construction period, it is proposed to increase the budget by a further £0.412m to enable flexibility to mitigate these risks. The funding will be met through the use of capital reserves.
- 5.8 There is a separate report elsewhere on this agenda which provides further information on this scheme.

6. Implications (including financial implications)

6.1 Finance and Transformation

- 6.1.1 The additional budget requirements are funded from the use of capital reserves and external grant and contributions.
- 6.1.2 The investment will help to improve and transform this facility and will support an improved customer experience and encouraging greater participation.

6.2 Legal

- 6.2.1 The council must utilise funding and deliver schemes in line with the restrictions and requirements as set out in the agreements linked to that funding and the requirements as set out in the Council's Constitution, in particular the budget setting and policy framework and the financial regulations. In this regard any new borrowing must be approved by Council.

6.3 Risk

- 6.3.1 The deliverability of the 2022/23 Capital Programme is monitored by each accountable project manager and senior officer. There is further review throughout the financial year reported through the Executive.
- 6.3.2 If any overspends or emerging pressures are identified during the year, then mitigating actions will be sought and management interventions undertaken.

6.3.3 With most capital projects there is a risk that delays and cost increases may arise as a result of the impact of inflation. Generally, this relates to the supply and price of materials with projects requiring increased lead in times. Whilst every attempt is made to cost these implications into the project, the risks remain. However, it must be recognised that at present the level of inflation is much higher than in previous periods and indeed when funding bids were originally submitted, and therefore this may pose a significant risk to the deliverability of the projects as originally envisaged within budget.

6.3.4 There is a risk in relation to funding, particularly where it is from third parties including grants, and appropriate agreements must be entered into to ensure that the funding is secured and spend is in accordance with any criteria stipulated by the funder, both the nature of the spend and the timing (where a deadline applies).

6.4 Consultation

6.4.1 The 2022/23 Capital Strategy and Capital Programme were subject to consultation prior to approval by the North Northamptonshire Authority in February 2022. The programme was approved by Council at its meeting on 24th February 2022 and was subject to consultation from 23rd December 2021 to 28th January 2022. These changes are in addition to the approved programme.

6.5 Climate Impact

6.5.1 The climate impact of each capital project will be considered and managed within the relevant scheme.

6.6 Community Impact

6.6.1 These proposals can be considered to have a positive impact on the community as the Capital Programme delivers the infrastructure to support and connect communities.

7. Background Documents

7.1 The following background papers can be considered in relation to this report.

Capital Programme Budget 2022/23, North Northamptonshire Council, 24th February 2022.

https://northnorthants.moderngov.co.uk/documents/s5799/Capital_cover_report.pdf