

EXECUTIVE 10th November 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 capital schemes that have come forward for inclusion in within the Council's approved Capital Programme. Approval of the schemes and associated funding will allow these schemes to move forward to procurement and delivery.

2. Executive Summary

- 2.1 This report contains details of projects 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:

- i) Approve the following changes to the capital programme:
 - a. Garden Communities (sustainable urban extensions) - increase of £1.428m to the capital programme for 2022/23, which is to be funded from the Homes England Garden Communities Grant.
 - b. Changing Places, increase of £0.497m to the capital programme; £0.186m in 2022/23 and £0.311m in 2023/24, which £0.330m is to be funded from Department for Levelling Up, Housing and Communities and £0.167m from capital receipts.
 - c. Discover North Northamptonshire Tourism Hub – increase of £0.245m to the capital programme, which is to be funded from UK Shared Prosperity Fund.
 - d. Street lighting LED upgrade project, increase of £6.170m to the capital programme; £3.033m in 2022/23, £2.157m in 2023/24 and £0.980m in 2024/25, to be funded from borrowing.
 - e. Children’s Residential Home provision – increase of £0.762m to the capital programme to be funded from borrowing.
- ii) Recommend to Council to approve the following borrowing proposals for:
 - a. the Street lighting LED Upgrade Project - £6.170m.
 - b. Children’s Residential Homes provision - £0.762m

3.2 Reasons for the recommendation are set out in greater detail within section 5 of the report, but can be summarised as:

- To support the delivery of sustainable urban extensions of 25,000 homes within North Northamptonshire.
- To improve changing facilities within North Northamptonshire.
- To promote tourism hubs in targeted area within Rushden Lakes.
- To support the delivery of energy efficient street lighting and reduce carbon emissions.
- To support the delivery of children's residential places within Northamptonshire.

3.3 Alternative Options Considered:

- Where grant funded, the use of the funding is in line with the agreement, and there is no alternative option proposed.
- Where the schemes are not funded through a specific grant, then the alternative option at this stage would be to not approve them. However, this would have an adverse impact on meeting service needs, reducing carbon and the completion of other improvements across 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 several 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 **Garden Communities Infrastructure – budget approval for £1,428,000.**
North Northamptonshire is the home to six Garden Communities (Sustainable Urban Extensions) that provide the key building blocks for growth in North Northamptonshire, planned to contain over 25,000 new homes and associated jobs and infrastructure. These are nationally important developments that have attracted Government support through the Garden Towns and Garden Villages programmes.
- 5.2 Funding was awarded from the Homes England Garden Communities Capital Programme to support technical work and business case development on several infrastructure projects that would also help to inform discussions and Section 106 negotiations with the Garden Community site promoters. It will also provide funding for off-site delivery i.e., River Ise Connectivity Project and Nene Way Surface Improvements.

The seven projects are:

1. **Midland Road Improvements (Wellingborough)**
Designing a scheme for cycle and pedestrian improvements on Midland Road (to meet LTN1/20 requirements), which connects Stanton Cross, the Railway Station and Wellingborough Town Centre.
2. **Isham to Wellingborough Improvements (IWIMP)**
Traffic modelling and options report to determine if the Council should continue to protect the IWIMP corridor or explore alternative options.

3. **Rushden East – A6 Connectivity**
Feasibility and design work for a bridge across the A6, connecting the proposed Rushden East development with Rushden town centre. Report findings will help to inform scheme design and connectivity paths, and future funding bid opportunities.
4. **Station Gateway, Wellingborough**
Technical work and stakeholder engagement to present designed and costed projects ready to deliver a high-quality scheme centre around the railway station, using S106 contributions or capital funding from other sources.
5. **a) River Ise Connectivity**
Working in partnership with the River Nene Regional Park Community Interest Company. Improved green connections have been identified, connecting the Garden Communities along the River Ise, via cycle and pedestrian links. This funding will be used to deliver improvements between Deeble Road and Grantown Close, Kettering.

b) River Ise Connectivity – Extension Project
Further funding was awarded in 2021/22 to deliver an extension to project 5a above. Funding will deliver improvements that extend the connection further north between Deeble Road and Charlotte Place Park, Kettering. Funding will cover the costs of surfacing, engineering works and environmental improvements.
6. **Nene Way Surface and Access Improvements**
The Nene Way connects Stanton Cross to the Rushden Lakes development. This funding will provide improvements to surface treatments and access points which will provide pedestrian and cycle links to local retail and leisure facilities.

Working with officers across the authority and in partnership with the River Nene Regional Park CiC, briefs are being developed for each of the above projects.
7. **a) Tresham Garden Village – Safe Route to School**
This involves Phase 1 of a 2 kilometres scheme to provide a direct ‘Safe Route to School’ off-road walking/cycling route from Tresham Garden Village to the new Weldon Park Secondary School. Funding will enable the first phase to be designed and commissioned.

b) Tresham Garden Village – Consultancy Support
This is to fund consultancy support for the Council and the Tresham Garden Village promoter in developing business cases for advanced infrastructure to open initial phases of the site. This will include strategic advice, developing bid strategies, preparing bids, and commencing dialogue with potential funders.

- 5.3 **Changing Places – budget approval for £497,000.** The Council has been awarded £330k from the Department for Levelling Up, Housing and Communities to cover the design, construction and completion of Changing Places Toilets. This is to deliver 9 Changing Places Facilities across North Northamptonshire. Changing places provide a larger area than the basic facility including a place to get changed, to lie down and to move seamlessly from wheelchair to the toilet and the changing area. Each facility to include ceiling track hoist, height adjustable bench & basin, grab rails and panic alarm cords etc.
- 5.4 In September 2021 the Council committed to £65k match funding, to cover the infrastructure costs including the service connections and staff costs. However, the costs have recently been reviewed and it is proposed that the match funding should be increased by £5k per facility (from £5k to £10k per standard facility and from £10k to £15k for the more complex facilities), plus an additional 20% of match funding to cover the contingency and inflation costs.
- 5.5 The increase to the match funding will equate to a total of £110k plus an additional estimated cost of £35k to cover the costs of salaries for a Project Manager to deliver this project and £22k for contingency to be met from capital receipts, together with the grant of £330k which will take the project budget to £497k.
- 5.6 In 2022/23, 3 facilities will be delivered in the following locations
- East Carlton Country Park
 - Kettering GLAM Project (Being delivered as part of the existing Project)
 - The Cube, Corby

The locations for the remaining 6 facilities to be delivered in 2023/24 will be reviewed and considered with other teams within NNC to agree suitable locations which have a high level of footfall.

- 5.7 **Discovery North Northamptonshire Tourism Hub – budget approval for £245,000.** This project was proposed as a collaboration between North Northamptonshire Council and the Crown Estate, in response to a shared recognition of the need to promote the region to visitors and bring our local community together to develop a shared model of sustainable tourism.
- 5.8 The project team were made aware of the UK Shared Prosperity Fund, a government-allocated fund intended to reduce inequalities between communities, as part of the Government's wider "levelling up" agenda. One specific aim of this fund which is relevant to this proposal is to help restore a sense of community, local pride and belonging.
- 5.9 To support this project, the Crown Estate have offered a currently empty unit at Rushden Lakes Shopping Centre to North Northants council on a long-term free rent lease. This capital project, business case and centre designs have been presented to the Crown Estate who have confirmed they are very supportive

and are happy to extend the Council's lease for an additional five years to accommodate the project.

- 5.10 North Northamptonshire Council have already submitted this proposal as part of the Year One Investment Plan for the UK Shared Prosperity Fund that includes £245,000 capital and £20,000 revenue. These funds will need to be spent within the 2022/23 financial year.
- 5.11 The local tourism sector in Northamptonshire supports over 13,500 jobs, welcomes over 20 million visitors and an out-bound visitor spend of over £1 billion in Northamptonshire every year.
- 5.12 The potential for the development of the visitor economy recognises that the area's combination of the accessibility and range of our countryside, wildlife, heritage and cultural events is a strength that can further support the local and rural economy in particular. This proposal supports the work of Destination Nene Valley, Discover NN and other visitor economy proposals and plans such as the "Britain's' Best Surprise" campaign in developing the visitor economy to enable active exploration of the countryside, towns and attractions by visitors and residents.
- 5.13 The project will create new opportunities for local residents to engage with higher and further education partners such as the University of Leicester through on-site talks, workshops and travelling exhibitions. Partnerships will be developed with local colleges to deliver hands-on tourism and hospitality training, and there will be opportunities for job seekers of all ages to gain new skills through volunteering and work experience, as well as meeting with local employers for recruitment days.
- 5.14 **Street Lighting LED Upgrade Project – budget approval for £6,170,000.** Street Lighting energy costs have doubled since April 2022. Energy is 'Purchased Within Period' (PWP) a lower summer rate (36% of the usage) and a higher Winter Rate (64%) and overall, this has resulted in a pressure on the revenue budget of £1m for 2022/23, before the energy price cap.
- 5.15 We are anticipating a further increase in cost once the cap is lifted in April 2023 for the next financial year, before prices should start to level. The equivalent LED replacement for our most common lantern will use around 70% less electricity to achieve current lighting levels, so the proposal will reduce our energy cost and will also reduce carbon tonnage for North Northamptonshire of 500.79 tCO₂e.
- 5.16 The proposal will deliver improvements to the existing Highway Street Lighting PFI stock lanterns by changing them to LED units, whilst maintaining current lighting standards. All new units will be linked to a Central Management System which will allow remote management and monitoring of units for electricity consumption reporting and fault monitoring.
- 5.17 A report elsewhere on this agenda sets out the further details on this scheme.

- 5.18 **Children’s residential home capacity in Northamptonshire – increase of £760,758.** New legislation came into force in September 2021, as part of the Government’s response to its consultation aimed at ensuring the highest quality provision for all children and young people in care.
- 5.19 For children under the age of 16 years these regulations mean children in care cannot be placed in CQC registered homes without Ofsted registration, 28-day crisis placement or Independent supported accommodation. This will ensure the most vulnerable children are cared for in settings that best meet their needs and as part of the Sufficiency Strategy, work has been ongoing to increase the sufficiency of placements to meet the needs of our children.
- 5.20 However, capacity is limited and there is a national and local challenge in having enough foster carers to provide a home for children with complex needs. It is also recognised that children who have complex mental health needs do not always suit a mixed home approach and require a more specialist service with partnerships such as health and education embedded into the care offer.
- 5.21 Northamptonshire Children’s Trust has analysed the cost, quality and availability of placement offers for children within this cohort and has concluded that developing an in-house service within the Trust is the best way to ensure a more responsive and cost-effective provision which will lead to better outcomes for our children.
- 5.22 The options considered are as follows:
- Purchase and refurbish a property to create a new internal children’s home for four children to increase sufficiency of placements for children who are at risk of hospitalisation that have existing complex needs and /or during an episode of poor mental health.
 - Refurbish the John Greenwood Shipman property to create two emergency placements for children with a learning disability/ Autistic Spectrum Disorder (ASD) and or complex health needs.
- 5.23 This proposal is part of the wider work being undertaken to improve the current residential offer.
- 5.24 The cost of the proposals will be subject to final confirmation once the procurement process is complete. It is envisaged that the investment will avoid more costly placements in other residential settings and further work will be undertaken to continue to verify this position based on the needs of the children in Northamptonshire to ensure that the capital investment within the settings remains appropriate. Where new investment is related to assets held by West Northamptonshire Council, there will be a separate agreement between both Councils regarding any future benefit and cost arising from such investment.

6. Next Steps

- 6.1 The delivery of the Children's Trust residential places is linked to a wider savings programme within the Children's Trust in reducing high-cost placements for complex needs.

7. Implications (including financial implications)

7.1 Resources, Finance and Transformation

- 7.1.1 The additional budget requirements are funded from the use of external grants, capital receipts and borrowing.
- 7.1.2 The Garden Communities project will support the urban extension of 25,000 homes within North Northamptonshire. Changing Places will provide additional facilities to residents of North Northamptonshire.
- 7.1.3 The Street Lighting LED project supports delivering energy efficiency and carbon reduction.
- 7.1.4 The investment in in-house Children's Residential settings should see a reduction in the average cost of the placements compared to similar in the independent sector.

7.2 Legal

- 7.2.1 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.

7.3 Risk

- 7.3.1 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.
- 7.3.2 If any overspends or emerging pressures are identified during the year, then mitigating actions will be sought and management interventions undertaken.
- 7.3.3 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 the current "Cost of Living Crisis" has driven up the level of inflation, which is much higher than in previous

periods and indeed when funding bids were originally submitted. This therefore poses a risk to the deliverability of the projects as originally envisaged, where reductions to the scope of projects may be required to ensure budgets are not overspent.

7.3.4 The current uncertain economic context is also increasing interest rates associated with borrowing that is used to fund elements of the capital programme. This treasury risk impacts the overall affordability of the programme, which will be closely monitored and managed, but may lead to a reduced capital programme in the future.

7.3.5 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).

7.4 Relevant Policies and Plans

7.4.1 The schemes provide a strategic fit with the Council's priorities as set out within the corporate plan.

7.5 Consultation

7.5.1 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.

7.6 Consideration by the Executive Advisory Panel

7.6.1 Not applicable

7.7 Consideration by Scrutiny

7.7.1 The schemes recommended in this report have not been considered by Scrutiny. However, monitoring against the programme is subject to Scrutiny.

7.8 Equality Implications

7.8.1 Nothing specific within this report

7.9 Climate and Environmental Impact

7.9.1 The investment in the low energy street lighting project will enable a substantial amount of carbon to be saved. It is estimated that this will equate to 500.79 tCO₂e

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

7.10 Community Impact

7.10.1 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.

7.11 Crime and Disorder Impact

7.11.1 Nothing specific within this report.

8. Background Papers

8.1 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