

EXECUTIVE

16th February 2023

| | |
|-----------------------|---|
| Report Title | Capital Programme Update 2022/23 |
| Report Authors | Janice Gotts, Executive Director of Finance Janice.gotts@northnorthants.gov.uk |
| 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 into the capital programme:
 - a. The Grange Housing development - virement of £313k from the Housing Development capital programme for 2023/24.
 - b. Local Authority Housing Fund (LAHF) (Refugee Resettlement) – budget approval for £3.234m in 2023/24, which is to be funded from the DLUHC LAHF grant.
 - c. Integrated Transport Block Funding – budget reduction in line with revised funding allocations from £1.551m to £1.364m for 3 years from 2022-23 to 2024-25.

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 housing provisions across North Northamptonshire.
- To provide access to temporary accommodation across North Northamptonshire, helping to meet the priorities of humanitarian schemes announced by DLUHC, particularly in relation to the Afghan and Ukraine refugee resettlement programme.

3.3 Alternative Options Considered:

- As all the schemes in this report are grant funded/S106 funded, the use of the funding is in line with the agreement, so there is no alternative option proposed in this report.
- Where schemes are over £500k, individual reports are presented elsewhere on the agenda that set out the wider options that were considered before reaching the proposed schemes identified for grant funding/S106 funding.

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 **Former Grange Methodist Church site, increase in HRA capital budget of £313k** - This project is for the construction of eight new homes on the site of the former Grange Methodist Church in Stamford Road, Kettering. The eight homes consist of two x one bed bungalows, two x two bed bungalows, two x three bed, five person houses and two x three bed, six person houses which include an extended, fully wheelchair accessible ground floor, including a ground floor bedroom and wet room.
- 5.2 This is an existing project within the HRA capital programme, currently with budget approval for £1.86m. This request is for a virement of £313k for the project budget from the Housing Development Programme in 2023/24, materially due to forecast inflation, changes to the main contractors' preliminaries and remodelling some elements of the properties.
- 5.3 The changes to this scheme are highlighted in an individual report presented elsewhere on this agenda that sets out the wider options that were considered before reaching the proposed option.
- 5.4 **Local Authority Housing Fund (Refugee Resettlement) – budget approval for £3.234m to be funded from grant funding.** On 22nd December 2022 DLUHC announced capital funding for Local Authorities to deliver additional housing stock for refugees. In cases where Homes for Ukraine sponsorships can no longer continue, 182 councils will receive a share of a new £500 million Local Authority Housing Fund in England. This housing £500 million fund and is expected to provide up to 4,000 homes by end of 2024, reducing the impact of new arrivals on existing housing pressures and eventually providing a new and permanent supply of accommodation for local communities.
- 5.5 The main purpose of the funding is to:
- Ensure recent humanitarian schemes (Afghan and Ukraine schemes) which offer sanctuary, via an organised safe and legal entry route to those

fleeing conflict, provide sufficient longer term accommodation to those they support.

- Support areas with housing pressures which have generously welcomed substantial numbers of Ukrainian refugees so that these areas are not disadvantaged by increased pressures from these arrivals on the existing housing and homelessness systems.
- Mitigate the expected increased pressures on local authority homelessness and social housing resources which arise from the eligible cohort (as defined in the programme prospectus) as sponsorship/family placements/bridging accommodation arrangements come to an end by increasing the provision of affordable housing to those in the cohort who are homeless, at risk of homelessness, or in bridging accommodation.
- Utilise accommodation solutions to enable effective resettlement and economic integration of the eligible cohort.
- Reduce emergency, temporary and bridging accommodation costs
- Deliver accommodation that as far as possible allows for the future conversion of housing units to support wider local authority housing and homelessness responsibilities to UK nationals (i.e. after usage by this cohort ends).
- Reduce impacts on the existing housing and homelessness systems and those waiting for social housing.

5.6 As the total project costs are £6.965m, a report elsewhere on this agenda sets out the further details on this project.

5.7 **Integrated Transport Block Funding – budget reduction of £187k**

5.8 In December 2022, the Department for Transport informed the Council that following a representation by West Northamptonshire Council that equal division of the Integrated Transport Block allocations for North and West Northamptonshire did not reflect the relative size of the authorities' networks, the allocations had been changed to reflect a 56% West / 44% North split, the same split which had already been used for maintenance funding.

5.9 The revised allocations for 2022/23, 2023/24 and 2024.25 are therefore:

- Highways Maintenance Block needs element - £3.735m
- Highways Maintenance Block incentive element - £0.934m
- Potholes Fund - £3.735m
- Integrated Transport Block Funding - £1.364m

5.10 A report elsewhere on the agenda sets out further details of the funding for the Highways for the current and future years.

6. **Next Steps**

6.1 Agree to proceed with procurement of housing projects for The Grange and HAHF.

7. Implications (including financial implications)

7.1 Resources, Finance and Transformation

- 6.1.1 The additional budget requirements in this report are funded from the use of external grants/ S106 or virements from existing budgets.

7.2 Legal

- 6.1.1 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 (no new borrowing identified in this report).

7.3 Risk

- 6.1.2 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.
- 6.1.3 If any overspends or emerging pressures are identified during the year, then mitigating actions will be sought and management interventions undertaken.
- 6.1.4 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.
- 6.1.5 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.
- 6.1.6 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

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

7.5 Consultation

- 6.5.1 The 2023/24 Capital Strategy and Capital Programme is subject to consultation prior to approval by the North Northamptonshire Authority in February 2023. The draft programme was approved by Executive at its meeting on 22nd December 2022 and was subject to consultation from 23rd December 2022 to 27th January 2023. These changes are in addition to the approved programme.

7.6 Consideration by the Executive Advisory Panel

- 6.6.1 Not applicable

7.7 Consideration by Scrutiny

- 6.6.2 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

- 6.6.3 Nothing specific within this report

7.9 Climate and Environmental Impact

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

7.10 Community Impact

- 6.10.1 These proposals can be considered to have a positive impact on the community as the Capital Programme delivers a range of schemes to support and connect communities.

7.11 Crime and Disorder Impact

- 6.11.1 Nothing specific within this report.

8. Background Papers

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

Draft Capital Programme Budget 2023/24, North Northamptonshire Council,
22nd December 2022.

[\(Public Pack\)Agenda Document for Executive, 22/12/2022 09:00 \(moderngov.co.uk\)](#)