



Full Council 30th March 2023

Report Title	Isham Bypass – Virement of Capital Funding
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Key Decision	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Is the decision eligible for call-in by Scrutiny?	<input type="checkbox"/> Yes <input checked="" 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/s for exemption from publication under Schedule 12A Local Government Act 1972	

List of Appendices

None

1. Purpose of Report

- 1.1. To agree virement of capital budgets to fund continued progress on the A509 Isham Bypass.

2. Executive Summary

- 2.1. The A509 Isham Bypass forms the first part of a strategy to dual the whole A509 between the A14 south of Kettering and the A45 at Wellingborough.
- 2.2. As reported to Executive in November 2021, funding totalling £2.798m had been secured to develop the Outline Business Case and planning application for the scheme.
- 2.3. Since securing this funding, it has become apparent that the work required is more extensive than previously thought and additional funding of £1.573m is required.
- 2.4. It is proposed to provide the additional funding through the virement of £0.742m of 2021/22 Integrated Transport Block funding, £0.558m of 2022/23 Integrated

Transport Block funding and £0.273m of accumulated surplus Section 278 fee income.

3. Recommendations

3.1. It is recommended that Council:

- a) Approve the virement of £1.3m of capital budget from the 2021/22 Integrated Transport Block allocation (£0.742m) and the 2022/23 Integrated Transport Block allocation (£0.558m) to the A509 Isham Bypass
- b) Approve to increase the capital budget for the Isham Bypass by £0.273m, which will be funded from the surplus Section 278 fee income.

3.2. Reason for Recommendations:

To progress the development work for the A509 Isham Bypass scheme without recourse to additional borrowing.

3.3. Alternative Options Considered:

- Seeking additional funding from the Department for Transport
- Providing the additional funding through additional borrowing by the Council
- Ceasing work on the scheme.

None of these options is recommended for reasons set out in section 5.1 below.

4. Report Background

4.1. The A509 Isham Bypass forms the first part of a strategy developed by the former Northamptonshire County Council to dual the whole A509 between the A14 south of Kettering and the A45 at Wellingborough. Funding for the scheme is currently being sought from the Government's Major Road Network initiative, which follows a number of key gateway stages, reflecting greater certainty as designs and environmental assessment are developed:

- Strategic Outline Business Case
- Outline Business Case
- Full Business Case
- Construction

4.2. The Strategic Outline Business Case (SOBC) has to be fully funded locally, and this was prepared and submitted to the Department for Transport in November 2020 using funding provided by the former Borough Council of Wellingborough (BCW).

4.3. As reported to Executive in November 2021, the Council secured £1.859m from the Department for Transport towards the development of the Outline Business Case and planning application for the scheme. This was matched by the remaining £0.780m of funding provided by BCW after completion of the SOBC and £0.159m of funds held by the former Northamptonshire County

Council under section 278 of the Highways Act 1980 to provide total funding of £2.798m.

4.4. Since securing this funding, it has become apparent that the work required to prepare the Outline Business Case and planning application is more extensive than previously thought. Key changes have included updating of Department for Transport's requirements for the business case which have required re-working of traffic modelling and additional requirements for the Environmental Assessment, which have required additional surveys and assessment. These have covered a range of topics including ecology, biodiversity, archaeology and water courses.

4.5. This had led to a delay in the timescale for submission of the planning application to July 2023, with the Outline Business Case to be submitted immediately afterwards, and additional costs of £1.573m.

5. Issues and Choices

5.1. The following options for funding the additional costs of £1.573m have been considered:

5.1.1. Seeking additional funding from the Department for Transport. This option has been rejected as the grant letter awarding £1.859m makes clear that the Council is responsible for all costs of producing the Outline Business Case above that funding.

5.1.2. Providing the additional funding through additional borrowing by the Council. This option is not preferred as it would add £0.071m (dependent on prevailing interest rates) to the Council's revenue budget for the next 50 years.

5.1.3. Finding the funding through reallocation of existing funding available for highways. This is the preferred option and is explored in more detail below.

5.1.4. Ceasing work on the scheme. This option is not favoured because the A509 Isham Bypass is a significant infrastructure priority for the Council and to cease work on the scheme at this stage would mean that capital expenditure incurred to date would become a pressure on the revenue budget and the Department for Transport could seek reimbursement of the £1.859m grant received to date.

5.2. The principal capital funding available for highways consists of annual block grants provided by the Department for Transport for highway maintenance and for smaller-scale improvement works (known as the Integrated Transport Block). As reported to Executive in February 2023, the annual allocations for 2023/4 totalled £9.768m. In addition, following the spring budget, the Council has been allocated an additional £1.494m for highway maintenance, approval of which will be sought from Executive in April 2023.

5.3. While it would be possible to use the grants provided for highway maintenance for other purposes, to do so would risk reduced funding allocations from the Department for Transport in future years. Reducing the funding for highway maintenance would also result in deterioration of the highway network.

5.4. Making contributions from Integrated Transport Block funding towards major schemes is acceptable under the funding conditions. Due to the diversion of

design resources to active travel and social distancing schemes during the Covid pandemic and disruption caused by local government reform and the change in the Council's highway service contract, there is £0.742m available from the 2021/22 Integrated Transport Block funding allocation and £0.558m from the 2022/23 Integrated Transport Block funding allocation, which is not currently allocated to schemes. Whilst there is an opportunity cost in terms of alternative schemes which will not be progressed, it is proposed that this source is used to provide the majority of the additional funding required for Isham Bypass.

5.5. The remaining £0.273m will come from the accumulated surplus of fees for the audit and inspection of developer works under Section 278 of the Highways Act 1980. This fee income was formerly held by Northamptonshire County Council and will form part of the disaggregated balances transferred to North Northamptonshire, which are still subject to approval as part of the external audit process.

6. Next Steps

6.1. Following approval of the recommendations in this report, work will continue to progress the planning application and Outline Business Case for Isham Bypass.

7. Implications (including financial implications)

7.1. Resources and Financial

7.1.1. As explained in section 5 above, it is proposed that the additional £1.573m required for Isham Bypass is secured as follows:

- £1.3m from the from the 2021/22 Integrated Transport Block allocation (£0.742m) and the 2022/23 Integrated Transport Block allocation (£0.558m). This is an external grant from the Department for Transport.
- £0.273m from accumulated surplus of Section 278 fee income.

There is no requirement for the Council to undertake borrowing to fund the proposal.

7.2. Legal and Governance

7.2.1. The virement of funding between schemes in the Council's capital programme in excess of £0.500m is a matter for full Council to approve.

7.3. Relevant Policies and Plans

7.3.1. Isham Bypass contributes to the Councils' Corporate Plan priority of Safe and Thriving Places by enabling people to travel across North Northamptonshire

through the development and implementation of long-term plans for road infrastructure to ensure the network can support sustainable growth.

7.3.2. The A509 Isham Bypass is an identified scheme in the Northamptonshire Transportation Plan (the Council's Local Transport Plan).

7.4. Risk

7.4.1. The principal risk associated with the provision of additional capital funding for the preparation of the Outline Business Case and planning application is that the funding will prove abortive should the scheme not progress to construction. By funding a robust planning application, the additional funding reduces the risk of the scheme not receiving planning approval. When assessed against the Department for Transport's transport appraisal criteria, the bypass has a benefit to cost ratio of 7.13:1, which represents very high value for money and, therefore, the bypass has a very good chance of receiving continued Government funding.

7.4.2. Not providing the additional funding would make it almost certain that the scheme would not progress further, while delaying a decision would cause a pause in work, the disbandment of the existing project team and expected further additional costs in resuming work at a later date.

7.5. Consultation

7.5.1. No consultation has been undertaken in preparation of this report, which concerns funding for the preparation of the Outline Business Case for the bypass, however, public consultation on the bypass proposals has previously been undertaken and further consultation will be undertaken as part of the planning application.

7.6. Consideration by Executive Advisory Panel

7.6.1. The Executive Advisory Panel for Prosperous Communities has not yet considered the A509 Isham Bypass, but, may choose to do so in future.

7.7. Consideration by Scrutiny

7.7.1. The Scrutiny Commission has not yet considered the A509 Isham Bypass, but, may choose to do so in future.

7.8. Equality Implications

7.8.1. There are no equality implications arising directly from this report. Equalities implications have been considered as part of previous reports on the Isham Bypass.

7.9. Climate Impact

7.9.1. There are no climate impacts arising from this report, which concerns funding to develop the Outlines Business Case and planning application for the

bypass. The climate impact of the proposed bypass has been considered in previous reports and will be assessed in further detail as part of the Environmental Impact Assessment which forms part of the planning application.

7.10. Community Impact

7.10.1. There are no community impacts arising from this report, which concerns funding to develop the Outlines Business Case and planning application for the bypass. The community impact of the proposed bypass has been considered in previous reports and will be assessed in further detail as part of the Environmental Impact Assessment which forms part of the planning application.

7.11. Crime and Disorder Impact

7.11.1. There are no crime and disorder impacts arising from this report, which concerns funding to develop the Outlines Business Case and planning application for the bypass. Previous reports have seen no obvious crime and disorder impacts arising from the construction or operation of the bypass.

8. Background Papers

- 8.1. [Report to Executive – 18th November 2021 - Isham Bypass \(Minute 89 refers\)](#)
- 8.2. [Report to Executive – 16th June 2022 – A509 Isham Bypass \(Minute 238 refers\)](#)