



## EXECUTIVE 12<sup>th</sup> October 2023

<b>Report Title</b>	<b>Capital Programme Update 2023/24</b>
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<b>Lead Member</b>	Councillor Lloyd Bunday, Executive Member for Finance and Transformation

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

### List of Appendices

None

### **1. Purpose of Report**

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- 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**

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- 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**

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3.1 It is recommended that the Executive:

i) Approve the following changes into the capital programme:

- a. Oakley Vale, Corby Highway Adoption - £971k – budget approval for £971k, £495k in 2023/24, £476k in 2024/25 which is to be funded from external funds as part of the initial Infrastructure Agreement.
- b. North Northamptonshire Electric Vehicle Infrastructure Project (NNEVI) £2.90m - £285k in 2024/25, £810k in 2025/26 and £1.8m in 2026/27 which is to be funded from an external grant.
- c. Integrated Transport Block 2023/24 – reduction to existing capital scheme of £184k to align the scale of the programme with the confirmed grant funding from the Department of Transport.

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

- To support the statutory delivery of school places and SEND school places across North Northamptonshire.
- To meet corporate plan objectives, for instance in leading in improving the local environment

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 agreements, so there are no alternative option proposed in this report.
- Where individual 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.

### **4. Report Background**

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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 2023/24 as adopted by the Council in February 2023 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**

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- 5.1 **Oakley Vale, Corby Highway Adoption - £971k – budget approval for £971k, £495k in 2023/24, £476k in 2024/25 which is to be funded from external funds, held by an independent solicitor, as part of the initial Infrastructure Agreement:** One of the Council's legacy councils, Corby Borough Council, entered into an Infrastructure Works Agreement with the landowner, contractor and developer to provide infrastructure at Phase 5 of the Oakley Vale development in Corby. Following the contractor going into administration, Corby Borough Council, through a deed of variation, became responsible for fulfilling their obligations. This included the adoption of the roads. The cost of works will be reimbursed through funds representing the works deposit provided as part of the initial Infrastructure Works Agreement and currently held by an independent solicitor, the balance of which is £971k.
- 5.2 The Council is required to complete the infrastructure in Phase 5 of the Oakley Vale development to comply with the obligations of the various legal agreements and deeds entered into by Corby Borough Council. Following a meeting with the Highways inspector there is a list of remedial works required, including camera survey, roundabout redesign, streetlighting and final surfacing. Once works are completed it is proposed that the roads are adopted by the Highways Team via a Certificate of Appropriation which will formally transfer responsibility from Assets and Environment team to the Highway Register.
- 5.3 The remedial works have initially been costed at £495k, which are expected to be completed in 2023/24. However, as there is potential for other costs associated with this project (although currently assessed as low risk), it is proposed that the full amount of the deposit for this Oakley Vale scheme should be added to the capital programme budget to enable swift drawdown of any further resource that may be necessary for the scheme. Such requirements will be reported through the Strategic Capital Board in line with current governance arrangements, and to retain an appropriate audit trail. In the event of any unspent deposit out of the balance of £971k, this will be returned to the Council once the scheme is complete as per the terms of the agreement.

- 5.4 As this request is over £500k, please see the individual report elsewhere on this agenda.
- 5.5 **North Northamptonshire Electric Vehicle Infrastructure Project (NNEVI) £2.9m - £285k in 2024/25, £810k in 2025/26 and £1.8m in 2026/27 which is to be funded from an external grant:** Local Electric Vehicle Infrastructure (LEVI) capital funding was announced early in 2023. All tier one authorities have been provided with an allocation and are required to submit a business case to the Energy Savings Trust in November 2023. This will release 90% of the funding. The remaining value will be released once a contract has been agreed with a charge point operator. The total amount assigned to the Council, subject to business case approval, is £2.9m.
- 5.6 The proposal is to utilise LEVI funding to leverage private sector investment to deliver a step change in EVCP infrastructure. This will involve an open procurement, utilising an existing framework, to secure a charge point operator (CPO) to purchase, install, manage, and maintain the EVCPs. A requirement of LEVI funding is that solutions are sought which primarily benefit households without access to off-street parking.
- 5.7 Approval for this budget is requested to allow the full business case to be developed and submitted, however the go-ahead of the project would be subject to successful grant approval.
- 5.8 As this scheme is over £500k, please see the individual report elsewhere on this agenda.
- 5.9 **Integrated Transport Block 2023/24 – reduction to existing capital scheme of £184k - budget reduction of £184k in 2023/24 required, to align the capital scheme with the confirmed grant funding from the Department of Transport (DfT):** the original grant allocation from DfT for 2023/24 was £1.6m which was built into the Capital Programme approved by Council in February 2023, however the grant allocation was subsequently revised down to £1.4m, therefore the capital scheme budget needs to be reduced by £184k to match the grant funding available.

## 6. Next Steps

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- 6.1 A full business case will be developed for the North Northamptonshire Electric Vehicle Infrastructure Project and submitted to the Energy Saving Trust.

## 7. Implications (including financial implications)

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### 7.1 Resources, Finance and Transformation

- 7.1.1 The additional budget requirements in this report are funded from the use of external grants/ externally held funds. The funding source for each scheme is

set out in the recommendations in section 3 and within the scheme details as set out within section 5.

## **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 (no new borrowing identified in this report).

## **7.3 Risk**

7.3.1 The deliverability of the 2023/24 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 There is a risk in relation to funding, particularly where it is from third parties including grants. 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, this includes both the nature of the spend and the timing (where a deadline applies).

7.3.5 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.

#### **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 2023/24 Capital Strategy and Capital Programme were subject to consultation prior to approval by the North Northamptonshire Authority in February 2023. The programme was approved by Council at its meeting on 23<sup>rd</sup> February 2023 and was subject to consultation from 22<sup>nd</sup> December 2022 to 27<sup>th</sup> January 2023. 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 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 a range of schemes to support and connect communities.

#### **7.11 Crime and Disorder Impact**

7.11.1 Nothing specific within this report.

## **8. Background Papers**

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

Capital Programme Budget 2023/24 – Full Council, 23<sup>rd</sup> February 2023 - [Capital Programme Report 2023-26 - Feb Council.pdf \(moderngov.co.uk\)](#)