



## COUNCIL 7 December 2023

<b>Report Title</b>	<b>Capital Budget Update 2023/24</b>
<b>Executive Member</b>	Councillor Lloyd Bunday, Executive Member for Finance and Transformation
<b>Report Author</b>	Janice Gotts, Executive Director of Finance and Performance <a href="mailto:Janice.gotts@northnorthants.gov.uk">Janice.gotts@northnorthants.gov.uk</a>

<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

---

- 1.1 The purpose of this report is to request approval for works funded through borrowing and virements for capital schemes which are in excess of £0.5m. This is in accordance with the Council's Constitution, where new borrowing and virements in excess of £0.5m on capital schemes must be approved by Council.
- 1.2 Approval of the funding will allow the schemes to move forward to procurement and delivery. The Executive considered the Kettering Library Roof item at its meetings on 16<sup>th</sup> November 2023 and recommended that Council grant approval for the funding request as outlined in this report.
- 1.3 Approval to increase the capital budget by £0.790m for the A509 Isham Bypass and the recommendation for the virement of budget of the equivalent capital budget by full Council was approved by the Leader of the Council on 27<sup>th</sup> November 2023, in consultation with the Executive Member for Highways, Travel & Assets and Executive Director Finance & Performance (S151 Officer).

## **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 has completed 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.
- 2.2 The schemes have been approved by Executive with the recommendation that Council formally approve the funding routes in accordance with the Council's Constitution

## **3. Recommendations**

---

- 3.1 It is recommended that Council:

**a) Approve the funding for the following changes to the Capital Programme:**

- i) Kettering Library roof replacement and associated work to the roof of the Art Gallery – budget approval for £6.807m in 2023/24 which is to be funded from borrowing.
- ii) Isham Bypass – budget approval for a virement of £0.790m, £0.600m in 2023/24 and £0.190m in 2024/25 from the Integrated Transport Block budget for 2023/24 and 2024/25 to the Isham Bypass scheme.

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

- i) To enable the Council to continue to deliver its library functions within Kettering Town Centre.
- ii) To meet the requirements of the Department of Transport in the development of the road scheme for the Isham Bypass.

3.3 **Alternative Options Considered:**

- i) Further detail in relation to alternative options considered by the Executive for the above schemes are set out in the reports presented to Executive on 16<sup>th</sup> November 2023, as referenced in Section 8 of this report.
- ii) The funding options are recommended in light of the capital resources available to the Council.

## 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 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 Revenue Budget for 2023/24

---

- 5.1 **Kettering Library Roof replacement and associated works – budget approval for £6.807m in 2023/24 which is to be funded from borrowing.** The library and attached Art Gallery are Grade II listed buildings. The roof is in parts over 120 years old and is made of Collyweston stone slate.
- 5.2 During the winter of 2022/23 the roof deteriorated rapidly, causing water ingress into the main library building and into some parts of the new Cornerstone extension, where the old roof meets the new. A condition survey of the roof has been obtained through heritage architects, which provides evidence that the roof should be replaced. This will be carried out using Collyweston stone slate on a like for like basis and given the nature of how it is constructed, it is recommended that this is undertaken during dry conditions. This requires the whole building to be made watertight through a tent canopy, which in turn necessitates a complex scaffold being erected and retained in place throughout the duration of the roof replacement.
- 5.3 Further information on this scheme is available from the separate report to Executive on 16<sup>th</sup> November 2023.
- 5.4 The Council is requested to approve the borrowing requirement to fund the costs of the scheme.
- 5.5 **Isham Bypass – budget approval for £0.790m in 2023/24 £0.600m and 2024/25 £0.190m to be met through a virement from the Integrated Transport Block allocation to the A509 Isham Bypass.** 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.

5.6 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. Full Council in March 2023 agreed further additional funding of £1.573m for the next stage of the planning application. Due to further requests by the Department for Transport to update the traffic modelling for the scheme, and to allow for responding to queries from the Council's planning officers during their consideration of the planning application and the Department for Transport during their assessment of the Outline Business Case a further £0.790m is requested to comply with these requirements.

5.7 The following options for funding the additional costs of £0.790m have been considered:

- 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.
- Providing the additional funding through additional borrowing by the Council. This option is not preferred as it would add £0.055m/year (dependent on prevailing interest rates) to the Council's revenue budget for the next 50 years.
- 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.

5.8 Council is requested to approve the virement of £0.790m from the Integrated Transport Block budget to the Isham Bypass.

## **6. Next Steps**

---

6.1 Once funding is approved progress on the schemes can commence in line with the report to Executive for Kettering Library Roof and in accordance with the requirements of the Department for Transport for the Isham Bypass.

## **7. Implications (including financial implications)**

---

### **7.1 Resources, Finance and Transformation**

7.1.1 The additional budget requirements in this report are funded from the use of external grant and borrowing. The funding source for the scheme is set out in the recommendations in section 3 and within the scheme details as set out within section 5 of this report.

## **7.2 Legal and Governance**

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.

7.2.2 The decision by the Leader on 27<sup>th</sup> November 2023 regarding Isham Bypass, was a special urgency key decision. The Chair of Place and Environment Scrutiny agreed that the taking of the decision could not be reasonably deferred prior to it being made, in accordance with Access to Information Procedure Rule 15 of Part 5.3 of the Council's Constitution.

## **7.3 Risk**

7.3.1 The deliverability of the revenue budget is monitored by Service Managers and Assistant Directors across the Council. There is further review throughout the year reported through to Executive.

## **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 Capital Programme from 2023/24, as part of the Council's MTFP, was subject to consultation prior to approval by North Northamptonshire Council in February 2023. The budget 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 budget.

## **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 budget 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 revenue budget 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**

---

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

[Capital Programme Report 2023-26 - Feb Council.pdf \(moderngov.co.uk\)](#)

[Kettering Library Roof Replacement Exec report V1.pdf \(moderngov.co.uk\)](#)

[Constitution of North Northamptonshire Council](#)

[Decision of the Leader of the Council – Isham Bypass](#)