



EXECUTIVE 21st December 2023

Report Title	Capital Programme Update 2023/24
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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	

List of Appendices

None

1. Purpose of Report

- 1.1 The purpose of this report is to request approval for capital schemes that have come forward for inclusion 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 through 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 investment requested for inclusion in 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 the Executive:

i) Approve the following changes into the capital programme:

- a. Local Authority Treescape Fund (LATF) – budget approval for £261.5k which will be profiled as £96.5k in 2023/24, £55k in 2024/25, £55k in 2025/26 and £55k in 2026/27. The scheme is to be funded from external grant.
- b. Burton Latimer Multi Wheeled Sports Facility – budget approval for £46.3k in 2023/24, £41.8k to be funded from external grant and £4.5k to be funded from S106 contributions/a virement from the Property Minor Works Budget.
- c. Local Highways Maintenance additional funding – budget approval for an increase in the capital programme of £2.138m, £1.069m in 2023/24 and £1.069m in 2024/25, to be funded from Department for Transport (DfT) grant.

ii) Note the following change of purpose to an existing capital programme scheme:

- a. Montsaye Academy – amendment of scope of the approved scheme with £135k originally approved for yard and lift improvements to be re-purposed to fund a multi-use games area.

iii) Note the following budget virement approved by Council on 7th December:

- a. Isham Bypass – virement of budget of £0.790m from Integrated Transport Block to facilitate the next stage of the planning application process approved on 27th November by the Leader of the Council, in consultation with the Executive Member for Highways, Travel and Assets.

3.2 Reasons for Recommendations: These are set out in greater detail within section 5 of the report, but can be summarised as helping to meet the Council's corporate plan objectives:

- Active, fulfilled lives
- Safe and Thriving Places
- Green sustainable environment
- Connected Communities

3.3 Alternative Options Considered:

- For those schemes which are grant funded, they are undertaken in accordance with the requirements of the grant conditions and, therefore, there is no alternative option proposed in this report.

- The budget virement in support of the ICT equipment could have been released, however, the replacement of end user devices is an important element of ensuring that the Council has the appropriate equipment to support and deliver services and further investment is required in this area.
- Where individual schemes are over £0.5m, separate reports are included elsewhere on this agenda, and these set out the wider options that were considered before reaching the proposals put forward.

4. Report Background

- 4.1 The Capital Programme is the Council's plan for investing in assets to efficiently deliver its 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 from 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

- 5.1 **Local Authority Treescap Fund (LATF) – budget approval for £261.5k, £96.5k in 2023/24, £55k in 2024/25, £55k in 2025/26 and £55k in 2026/27 which is to be funded from external grant** - The Forestry Commission through the Local Authorities Treescap Fund has invited additional applications for funding to transform spaces outside of woodlands which would benefit from tree planting. The Council was successful in its first bid in late 2022.
- 5.2 The Council has been successful in securing an additional sum of £261.5k of funding to be received through to 2026/27. To complete the purchase of the trees and associated planting materials a budget of £96.5k is sought for 2023/24, with £55k each year up to 2026/27. This funding will also assist in the maintenance of the trees in accordance with the grant conditions. The project is fully funded by external grant. The labour resource required will be from within the existing workforce.

- 5.3 **Burton Latimer Multi Wheeled Sports Facility – budget approval for £46.3k in 2023/24, of which £41.8k is to be funded from external grant and £4.5k from S106 contributions/ a virement from the Property Minor Works Budget.** There is an additional sum of £4.5k to be met from Burton Latimer Town Council which will be paid directly to the scheme, taking the total value to £50.8k. Approval is sought to accept and utilise an external grant from FCC Environment Ltd to procure and install an all-new skate facility for Burton Latimer, to replace the one lost to vandalism, providing opportunities for play, fitness and social inclusion.
- 5.4 **Local Highways Maintenance additional funding – budget approval for £2.138m, £1.069m in 2023/24 and £1.069m in 2024/25 to be funded from Department for Transport (DfT) grant** - The DfT announced additional funding on 17th November 2023 to delivery annual capital maintenance plans. The additional funding is part of the government initiative to reallocate funding from the cancelled HS2 project into highways maintenance.
- 5.5 As this scheme is over £0.5m, there is a separate report elsewhere on this agenda which sets out further information on the proposal.
- 5.6 **Montsaye Academy – amendment of scope of original scheme of £135k approved for yard and lift improvements, to be re-purposed to fund a multi-use games area** – At its meeting in August 2021, Executive approved a capital improvement scheme of £606k for Montsaye Academy including works on yard and lift improvements totalling £135k. However, the Academy has since reviewed its requirements and requested to use these funds for a multi-use games area instead. This is still within the remit of the Section 106 agreement. Executive is therefore requested to note this change in scope.
- 5.7 **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.
- 5.8 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.
- 5.9 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.

5.10 In accordance with the Financial Procedure Rules, on 7th December 2023, Full Council approved the virement of £0.790m from the Integrated Transport Block budget to the Isham Bypass.

6. Next Steps

6.1 If approved, progress on the schemes will be monitored by project boards where appropriate.

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 grants and virements. The funding source 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 is 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 scheme provides 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 23rd February 2023 and was subject to consultation from 22nd December 2022 to 27th 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

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

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

[Improvement of facilities at Montsaye Academy, Rothwell, using banked Section 106 funding – 26th August 2021](#)