

EXECUTIVE 21st December 2023

Report Title	Capital Programme 2024-28
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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 checked="" type="checkbox"/> Yes <input 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

- Appendix A** – Baseline Capital Programme 2024-28
Appendix B – Baseline HRA Capital Programme 2024-28
Appendix C – Baseline Development Pool

1. Purpose of Report

- 1.1. This report sets out the baseline Capital Programme for 2024-25 and the indicative Medium-Term Financial Plan for North Northamptonshire Council. It will form the basis of the budget consultation process which will commence once the draft budget has been approved. Residents, local partners and other stakeholders will have the opportunity to review the proposed budget and provide feedback during the five-week consultation period, which will commence following the Executive meeting on 21st December 2023 and run until 26th January 2024. The draft budget will also be presented to the Corporate Scrutiny Committee for review and comment.
- 1.2. The Corporate Scrutiny Committee has a critical role to play in scrutinising and reviewing the budget proposals, ensuring that they are subject to rigorous challenge. The Scrutiny Committee will provide recommendations back to the Executive at its meeting on 8th February regarding the proposals put forward.

- 1.3. This report sets out the baseline Capital Programme and identifies the key factors and challenges influencing the development of North Northamptonshire Council's commitments for 2024-25 and beyond.

2. Executive Summary

- 2.1 This report presents the Draft General Fund Capital Programme for 2024-28, the Baseline Development Pool and the Housing Revenue Account (HRA) Capital Programme 2024-28.
- 2.2 The key principles underpinning the current Capital programme are set out in the report and are designed to support the delivery of the capital programme which is affordable and sustainable.
- 2.3 The total capital programme is £163.5m, consisting of the General Fund baseline programme of £104.8m and HRA baseline programme totally £58.7m. There is also a Development Pool of £171.1m which includes schemes awaiting formal business cases.

3. Recommendations

- 3.1 It is recommended that the Executive:
 - a) Approve for consultation the General Fund Capital Programme 2024-28 and HRA Capital Programme 2024-28.
 - b) Notes the Development Pool 2024-28 and that schemes within the pool will be subject to further approval prior to inclusion in the programme.
- 3.2 Reason for Recommendations: To ensure that the Council complies with its Constitution and legislative requirements in setting the budget for North Northamptonshire Council for 2024-25.
- 3.3 Alternative Options Considered - This is the start of the formal budget consultation for the Capital Programme and any comments from the consultation will be considered as part of this process.

4. Report Background

- 4.1 The current Capital Strategy demonstrates how the Council will make expenditure and investment decisions in line with service objectives and properly take account of stewardship, value for money, prudence, sustainability and affordability. It sets out the key objectives and broad principles to be applied by the Council when considering capital investment and its funding and provides the context for how the Medium-Term Capital Programme seeks to support the realisation of the Council's vision and corporate objectives. The Strategy and associated programme also provides details of the Council's planned future capital programme and capital funding expectations.

5. Issues and Choices

Capital Strategy 2024-28

- 5.1 The current Capital Strategy and the key principles has been developed with reference to the requirements of the current Prudential Code and Treasury Code of Practice. Any changes to the Prudential Code for Capital Finance in Local Authorities (Prudential Code) and the Treasury Management in the Public Services Code of Practice and Cross-Sectoral Guidance Notes (Treasury Management Code) arising from consultations or otherwise will be reflected in the Treasury Management Strategy for 2024-25 which will be presented to Executive in February 2023, prior to Council.
- 5.2 The final Capital Strategy will be presented to Council for approval in February. However, the key principles underpinning the Capital Strategy in compiling the Capital programme are as follows:
- The delivery of a Medium-Term Capital Programme which is affordable and sustainable, ensuring that the Council's internal resources and application of external borrowing are utilised to fund capital expenditure where it supports the delivery of the Council's financial sustainability and where there are statutory requirements such as health and safety;
 - New capital investment will only be permitted if it contributes to the achievement of the Council's key commitments within the Council's Corporate Plan;
 - The use of external funding is prioritised against the areas of greatest need, in the main this is supporting highways maintenance and improvement, the delivery of education places and the Corby Town Plan within North Northamptonshire. Priority will be given to schemes that also deliver transformation and/or revenue savings;
 - Maximisation of the use of the Council's assets, and where possible working with local partner organisations to maximise the efficiency of assets across the public sector and North Northamptonshire;
 - Take into account external influences such as Government initiatives and joint working with other partner organisations, such as Health;
 - Key integration and links with the council's other corporate strategies including Corporate Plan, Treasury Management, Investment Strategy, and Asset Management Plan;
 - Supports the Council's regeneration and economic development ambition;
 - Sets out the governance and risk management arrangements.

Governance Process and Approval of New Capital Schemes

- 5.3 The Capital Strategy outlines the Governance Structure for approving new capital schemes. Business cases are submitted to the Strategic Capital Board

for consideration and checking. All requests must have the support of the relevant Executive Member by submission to the Board.

- 5.4 The Board then recommend the cases on to the Deputy Leader and the Executive Member for Finance and Transformation for consideration. Once agreed the proposals are formally submitted to the Executive for approval.
- 5.5 New capital investment will only be permitted if it contributes to the achievement of the Council's strategic priorities.
- 5.6 The Capital Strategy to apply from 2024-25 will be reported to February Executive and Council, alongside the Treasury Management Strategy.

Capital Programme 2024-28, HRA Capital Programme 2024-28 and Development Pool

- 5.7 The Baseline Programme consists of the Medium-Term Capital Programme approved by Council in February 2023 updated for any approvals made in-year and other new investments proposals to commence in 2024-25.
- 5.8 This has resulted in a total capital programme of £163.5m (General Fund £104.8m, HRA £58.7m) over the four-year period 2024-28, which comprises:
 - A General Fund Baseline Programme totalling £104.8m including key projects such as highways, disabled adaptations, school improvements and extensions, and various property and environmental projects across North Northamptonshire, together with significant investment in the highway's infrastructure network over and above the integrated transport grant funding.
 - A HRA Baseline Programme totalling £58.7m across Kettering and Corby housing stock, together with significant investment of £20.2m proposed for the Housing Development and New Build Programmes.
- 5.9 The Council also has a Development Pool totalling £171.1m. Projects within the Pool are indicative area of future investment and will be subject to completing a satisfactory business case prior to Executive approval and inclusion within the formal programme. The key themes are Children's Services including Basic Needs, increasing capacity for pupil numbers, schools' maintenance, looked after children's placements and fostering support; Place including highways maintenance, new road or extension schemes, cycleways, levelling up schemes, flood alleviation, regeneration and economic development projects and property asset management.

New Investment Items from 2024-25

- 5.10 The following new investments (including movements from the Development Pool) have been put forward as part of the revised main programme from 2024-25 for approval by Council:
 - £9m over the three-year period 2024-2027 (£3m each year) funded from borrowing for investment into the highway's infrastructure across North Northamptonshire.

- £1.3m across 2024-25 (£164k) and 2025-26 (£1.136m) to develop a Traveller's Temporary Stopping Site funded from borrowing.
- £123k investment into play facilities at Sywell Country Park during 2024-25 funded through Capital Receipts.
- £749.3k investment into Alfred Street/Tennyson School, profiled as £276.1k in 2024-25 and £473.2k in 2025-26. This has been moved from the Development Pool to the Main Programme and will be funded through DfE Basic Needs grant.
- £125k to support the upgrading of the public Library network. The upgrade programme will be run across all Libraries in Northamptonshire during 2024-25. The contribution of £125k for North Northamptonshire libraries will be met from Capital Receipts.

Minimum Revenue Provision

- 5.11 The Minimum Revenue Provision (MRP) reflects the minimum amount a Council must charge to the revenue budget each year to set aside a provision for repaying external borrowing. The increase in the MRP provision of £1.735m for 2024-25 is to ensure the provision is aligned to the MRP policy moving into the medium term. This will form part of the Treasury Management Strategy to the February Executive.
- 5.12 The disaggregation of the capital assets, balances and debt are still to be finalised and subject to the final certification audit of the 2020-21 financial accounts for Northamptonshire County Council and Corby Borough Council and this may have implications for the current assumptions.
- 5.13 The Public Works Loan Board no longer lend to local authorities that plan to buy commercial assets primarily for yield. PWLB will still be available to all local authorities for refinancing. To borrow from the PWLB, local authorities will now be required to submit a summary of their planned capital spending and PWLB borrowing for the following three years including a commentary outlining the expenditure plans of the Council.

Funding

- 5.14 The capital programme assumes various sources of funding including capital receipts and grants, together with support from external/internal borrowing, which is at the discretion of the council for essential capital expenditure. This is set out in **Appendices A to C** for each area.

6. Implications (including financial implications)

6.1 Resources and Financial

- 6.1.1 The resource and financial implications of the Capital Strategy and Capital Programme are set out in the body and appendices of this report. Staff capacity/external support will need to be ensured to deliver the Council's capital

projects and support the expansion of the programme and the Council's ambitions moving forward.

6.2 Legal

6.2.1 There are no legal implications arising from the proposals.

6.3 Risk

6.3.1 The following risks are associated with the budget proposals:

Risk	Mitigation	Residual
Affordability/viability	Ensure projects are closely monitored and reviewed in relation to increase costs from inflation and interest rates (where applicable). Ensure sufficient contingency is built	Amber/Red
Capacity to deliver	Ensure co-ordinated delivery teams for the capital programme and sufficient resources for external support as required	Amber
Disaggregation not being agreed	Agreements on most splits are in place reducing the impact of remaining items	Amber
MRP policy impact	Estimates based on current policies of current debt plus a phasing strategy included to reduce future one-off impact	Amber
Historic Commercial Schemes/Change in Government Policy	Commercial Assets to be managed to maximise performance and changes to policy will be paramount to future capital strategy and programme	Amber
Condition of assets transferring to the Council	Condition likely to be variable across the estate. Will be considered as part of an asset rationalisation programme and a condition survey programme to rationalise and prioritise investments and disposal of	Amber

6.4 Consultation

- 6.4.1 If the proposals set out in this report are endorsed, formal consultation on the proposals contained within the Draft Capital Budget 2024/25 will begin on or immediately after 21st December 2023, subject to Executive approval of the draft budget proposals for 2024/25. It will conclude on 26th January 2024 in preparation for the presentation of the final budget proposals to Executive and Council in February 2024.
- 6.4.2 If there are any changes made to any of these proposals following the consultation process, then the effect of this upon the overall budget position will be considered for the final budget paper to Executive on 8th February 2024. This does not predetermine any decision that the Council may make on 22nd February 2024.
- 6.4.3 The structure and design of the consultation will set out the budget proposals and will enable both online and non-digital means of participation, in accordance with good practice. This is to ensure the widest possible reach, a variety of consultation methods will be used to maximise the range of accessible channels for consultees, these include:
- Online survey – available free at libraries for those without internet access (with hard copies and copies in other formats available on request)
 - An email address and telephone number
 - Social media - including Facebook, Twitter and LinkedIn
 - Postal address
 - Emails to key stakeholders, inviting them to comment through the above consultation channels and asking them to promote the consultation to their members/community: e.g., partner organisations, MPs, Town and Parish Councils, Voluntary Sector Infrastructure Organisations.
 - Emails to Residents' Panel members and other stakeholders who have registered to receive consultation alerts, inviting them to comment through the above consultation channels.
- 6.4.4 The purpose of the consultation is to ensure that, when the Final Budget is considered by Council on 22nd February 2024, Members are fully aware of the consultation feedback and are in a position to take it into account when making final decisions. This includes full consideration of any viable alternatives for ways to save money/generate income, if provided.
- 6.4.5 In addition, there will be specific consultation for any budget proposals that require targeted consultation with service users. This will include consultation with local residents regarding the HRA via the respective Tenants Forum.

6.5 Consideration by Scrutiny

- 6.5.1 The Corporate Scrutiny Committee has a critical role to play in scrutinising and reviewing the budget proposals, ensuring that they are subject to rigorous challenge. The Scrutiny Committee will provide recommendations back to the Executive on the proposals put forward.

- 6.5.2 Scrutiny is a means for councillors not on the Executive to influence the development of Council policies and services and hold decision makers to account. Budget Scrutiny involves councillors reviewing significant proposals from across the draft budget and reporting their conclusions about the deliverability and service impact of these proposals to the Executive. In this way Budget Scrutiny contributes to the development of the final budget proposals and supports local democracy.
- 6.5.3 The scrutiny of the budget proposals will take place after the planned presentation of the 2024-25 budget to Executive on 21st December 2023 and it will complete in January 2024 to feed into the updated budget report to Executive on 8th February 2024 which will then be recommended on to February Council.
- 6.5.4 In order to assist in the scrutiny process, it is proposed that separate scrutiny sessions take place across the main service areas of:
- Place and Economy
 - Adults and Housing Services
 - Public Health and Communities
 - Children’s and Education Services – this will include the Children’s Trust
 - Enabling and Support Services
- 6.5.5 The relevant senior Council Officers and Executive Member portfolio holders will attend each scrutiny session to answer any question put forward by the Committee Members.
- 6.5.6 This will include both the revenue budget and the capital programme for each of the main service areas.
- 6.5.7 Each service area, as outlined above, will attend its respective scrutiny session to present its service and budget plans. The Finance and Resources Scrutiny Committee will scrutinise each plan and may request further details on a particular area, either to be discussed at that session or a subsequent follow up session.
- 6.5.8 To maximise the effectiveness of the planned scrutiny sessions, Scrutiny Members are requested to identify any areas requiring further detailed information prior to the meeting with the Directorates taking place in order that this can be drawn together in preparation for the meeting. This will enable the Finance and Resources Scrutiny Committee to ensure that it has the required information necessary to adequately scrutinise the proposals and provide any subsequent recommendations to the Executive.
- 6.5.9 The outcome from the scrutiny process will be fed back to the Executive at its meeting in February to take into consideration when making its decisions on the budget to recommend to Budget Council on 22nd February.

6.6 Climate and Environment Impact

6.6.1 The council is supportive of the key principles of raising awareness of the issues of climate change and its impact on the local area, reducing emissions of greenhouse gases across the area and planning for and adapting to the impacts of climate change and these were all considered as part of setting the initial capital programmes that have subsequently led to the baseline capital programme within this report.

6.7 Community Impact

6.7.1 No distinct community impacts have been identified as a result of the proposals included in this report, however, the successful delivery of various projects will have a positive result in the local communities once completed.

7. Background Papers

7.1 The following documents disclose important facts on which the report is based and have been relied upon in preparing the report.

- Suite of Budget reports to North Northamptonshire Authority, 23rd February 2023 (Budget Council)
- Suite of Budget reports to North Northamptonshire Executive Committee, 9th February 2023