

EXECUTIVE 15th February 2024

Report Title	Capital Outturn 2023/24 – Draft Outturn as at Period 9
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Key Decision	<input type="checkbox"/> Yes <input checked="" 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	N/A
Which Corporate Plan priority does the report most closely align with? Our priorities for the future North Northamptonshire Council (northnorthants.gov.uk)	All

List of Appendices

Appendix A – General Fund Monitoring

Appendix B – Housing Revenue Account (HRA) Monitoring

Appendix C – Development Pool

1. Purpose of Report

- 1.1 This report sets out the provisional capital outturn position for 2023/24 as at period 9 for North Northamptonshire Council (NNC), including requests to re-phase scheme expenditure profiles.
- 1.2 The report details the latest capital budgets (2023/24) for the General Fund (GF) and the Housing Revenue Account (HRA) Capital Programme, including new schemes which have been approved since 1st April 2023.

2. Executive Summary

- 2.1 This report sets out the draft 2023/24 outturn as at period 9 for the Council's capital programme.
- 2.2 It provides commentary on the Council's current financial outturn position for 2023/24 as at period 9 for both the GF and the HRA Capital Programmes. It should also be recognised at this point that the final outturn position may be affected by any changes arising from the outstanding audits for the legacy authorities.
- 2.3 The Council will continue to assess and refine its capital profiling as part of the capital monitoring for 2023/24 prioritising schemes and focussing on deliver ability. The outturn position presented in the report is based on the best available data and information of the operations of the Council. The review of profiling of the capital programme is currently ongoing and has not been reflected within this report.

3. Recommendations

- 3.1 It is recommended that Executive:
- a. Note the draft capital outturn position as at period 9 for the General Fund (GF) Capital Programme and Housing Revenue Account (HRA) Capital Programme for 2023/24.
 - b. Note the new schemes that have been approved since 1st April 2023.
- 3.2 Reason for Recommendations: This is in line with the Council's constitution and financial regulations in relation to governance.
- 3.3 Alternative Options Considered: This report is on the forecasted out-turn and therefore alternative options are not proposed.

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 and shape the local infrastructure of North Northamptonshire, with the benefits lasting over several years.
- 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 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.

- 4.3 The Council captures its projected capital expenditure within the Capital Programme to ensure effective monitoring and ensure transparency. In year changed to the Capital Programme are approved by Executive, unless authority has been delegated or Full Council approval is required, in accordance with the Council's constitution.
- 4.4 This report provides an update to the Capital Programme 2023/24 as adopted by the Council in February 2023 and updated in subsequent reports to Executive.
- 4.5 The programme has been split into three areas:
- General Fund Committed Capital Programme containing schemes approved by Council, the majority of which are in the process of being delivered.
 - General Fund Development Pool containing schemes which are in the early stages of their lifecycle and are not ready to commence. The Development Pool comprises the schemes that the Council would be prepared to take forward, subject to final negotiations, confirmation and evidencing of funding and submission of robust business cases to the Capital Approvals Board for approval by Cabinet.
 - Housing Revenue Account Capital Programme which contains schemes that are either committed or in their early stages of their life cycle.

Capital Approval Process

- 4.6 The Capital Approval Governance process aims to provide greater emphasis on the link to strategic priorities and achievement of benefits and outcomes. As part of this each submission is requested to identify any contribution to reducing carbon and/or how the development or investment will support a zero-carbon agenda.
- 4.7 The governance process requires that Directorates submit business cases to the officer led Strategic Capital Board for initial consideration. Each scheme requires approval to enter the development pool or as a commitment in the main programme. The business case must set out the requirement for funding and any funding streams available (e.g. grant), how it meets the Council's strategic priorities, risk analysis and expected outcomes and benefits.
- 4.8 The Strategic Capital Board meets monthly to scrutinise new proposals and consider the progress/risks in relation to schemes already in delivery as well as update on potential schemes which may be in the future pipeline. The board is chaired by the Executive Director of Finance and Performance and consists of the Executive Directors from each of the Directorates, the Monitoring Officer and finance/project management support.
- 4.9 In line with the agreed process, schemes progress from the Strategic Capital Board to initially be considered by the Council's Deputy Leader and the Executive Member for Finance and Transformation. Following review, the

capital scheme proposals are reported to Executive for approval each month through the Capital Update Report. If approved, such proposals will be incorporated within the Council's Capital Programme.

5. Issues and Choices – Forecast Outturn as at Period 9 2023/24

Draft Capital Outturn P9 2023/24

- 5.1 The outturn forecast for 2023/24 at period 9 in respect of the GF Capital Programme shows a revised capital budget position of £94.2m, including slippage and in-year approved programmes. The outturn position is currently estimated at a spend of £59m, which represents movement (slippage/underspend) of £35.1m against the budget.

Table 1

Directorate	General Fund Capital Programme 2023/2024								
	Original Budget	Draft Brought forward Budget	Approved in year	Revised Budget	YTD Actual P9	Forecast P6	Forecast P9	Variance to Budget	Movement to P6 Forecast
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Place and Economy	30,734	15,892	5,325	51,951	17,743	35,495	32,887	(19,064)	(2,608)
Children and Education	5,184	7,997	4,534	17,715	6,812	13,134	12,004	(5,711)	(1,130)
Adults, Health Partnerships and Housing and Communities and Leisure	1,811	7,216	12,599	21,626	7,188	13,327	13,296	(8,330)	(31)
Enabling and Support Services	1,079	1,867	0	2,946	402	2,160	855	(2,091)	(1,305)
Total	38,808	32,972	22,458	94,238	32,145	64,116	59,042	(35,196)	(5,074)

- 5.2 The range of schemes delivered or in progress during 2023/24 include Corby Towns Fund – 6th Form College and Train Station to Town Centre, Street Lighting upgrades, a number of school related improvements such as completion of work Prince William Academy, delivery of highways maintenance programme, Disabled Facilities Grants and the Refugee Resettlement Programme.
- 5.3 A proportion of the capital programme includes projects that were already in flight within the legacy authorities as well as new schemes. Focus has also been on those projects which have grant funding in order to ensure that any grant terms and conditions are met and minimise the potential risk of repayment and/or loss of grant.
- 5.4 The deliverability of the programme in future must also take into account the current and potential cost related to inflationary pressures. This may require some scoping changes or other mitigation if schemes are to remain within the original budget envelope.

5.5 General Fund Capital Programme Funding

For the General Fund capital programme funding sources have been identified to cover the MTFS capital budget requirements, including the original MTFS budget of £38.8m, together with funding for the slippage (£32.9m) and in-year approved schemes (£22.5m). Below shows the anticipated funding source for the in-year expenditure for 2023/24, estimated at period 9 as £59m.

Table 4

Directorate	Discretionary Funding	Capital Receipts and Reserves	Capital Grants	S106	Total
	£'000	£'000	£'000	£'000	£'000
Place and Economy	4,938	902	26,191	856	32,887
Children and Education	2,470	0	8,722	812	12,004
Adults, Health Partnerships and Housing and Communities and Leisure	7,713	109	5,322	152	13,296
Enabling and Support Services	285	570	0	0	855
Total	15,406	1,581	40,235	1,820	59,042

5.6 Development Pool

The Development Pool was fully reviewed as part of the 2023/24 MTFP work, as presented to Budget Executive on 9th February 2023. Additionally, a number of schemes were added back to the development pool as part of the 2022/23 draft out-turn report, as presented in June 2023. The current development pool is detailed in **Appendix C**. The development pool for 2024/25 has also been reviewed as part of the 2024/25 MTFP work.

5.7 HRA Capital Programme

The outturn for the HRA Capital Programme shows a revised a budget for 2023/24 of £23.4m, including slippage from 2022/23 of £8.7m. There have been no further approvals since budget setting. The outturn is showing a forecast spend of £8m, which represents an underspend of £15.4m compared to budget, and which will be reviewed and re-profiled considering the latest position. Detailed analysis by project shown in **Appendix B**.

Table 5

HRA Capital Programme 2023/2024									
Directorate	Original Budget	Draft Brought forward Budget	Approved in year	Revised Budget	YTD Actual P9	Forecast P6	Forecast P9	Variance to Budget	Movement from P6 Forecast
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Corby	10,375	5,706	0	16,081	2,672	5,042	5,583	(10,498)	591
Kettering	4,253	3,012	0	7,265	1,393	2,687	2,413	(4,852)	(253)
Total	14,627	8,719	0	23,346	4,065	7,729	7,996	(15,350)	338

5.8 A significant proportion of the budget is forecast not to be spent in 2023/24 as initially planned. Some schemes are forecast to underspend due to experiencing delays in finalising new contractual arrangements and identifying new housing development sites for new build properties which is currently being reviewed by officers.

5.9 Virements have been reflected in **Appendix B** for the HRA capital programme relating to the housing tenancy capital schemes, which is a ringfenced fund. The overall purpose of these budgets has not changed, which is to enhance and maintain the current housing stock.

6 Next Steps

6.1 Monitoring of capital schemes will continue throughout the year and a further report presented to Executive as a draft out-turn following 31st March year end.

6.2 The brought forward balances are still subject to external audit. Any adjustments required because of the outstanding audits for the Council for 2021/22 and 2022/23 will be reported back to Executive.

7 Implications (including financial implications)

7.1 Resources, Financial and Transformation

7.1.1 The financial implications are set out in the detail of the 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.

7.3 Relevant Policies and Plans

7.3.1 The schemes provide a strategic fit with the Council's priorities as set out within the Corporate Plan.

7.4 Risk

7.4.1 The deliverability of the 2023/24 Capital Programme is monitored by the relevant accountable project manager and senior officer. There are a number of risks to be managed throughout the year and these are highlighted in the paragraphs below.

7.4.2 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.

7.4.3 If any overspends or emerging pressures are identified during the year for whatever reason, then mitigating actions will be sought and management interventions undertaken.

7.4.4 There is a risk in relation to funding, particularly S106 where works may be required to take place in advance of S106 triggers/funding being payable. This occurs where a road or school is needed to provide infrastructure for the first residents/businesses utilising the site. Where this is the required, the Council will fund costs at risk in relation to the funding being received to reimburse its costs.

7.4.5 The brought forward figures in this report from 2022/23 remain in draft. The position is provisional as the annual statutory audit of accounts for the authority is still to be completed. Until the Statement of Accounts are signed off by the External Auditors, there could be required amendments to the carry forward balances between financial years.

7.5 Consultation

7.5.1 The 2023/24 Capital Strategy and Capital Programme were subject to consultation prior to approval by Council on 23rd February 2023.

7.6 Consideration by Executive Advisory Panel

7.6.1 Not applicable

7.7 Consideration by Scrutiny

7.7.1 The report will be considered at a future meeting of the Finance and Resources Scrutiny Committee.

7.8 Equality Implications

7.8.1 None specific within this report

7.9 Climate and Environment Impact

7.9.1 With the Council's declaration of a climate emergency in July 2021 and the approval of the Carbon Management Plan in December 2022, we have committed to working towards becoming a carbon neutral council by 2030.

7.9.2 Significant progress has since been made and reported into the Climate, Growth and Environment Executive Advisory Panel at regular intervals throughout 2022.

7.9.3 During 2023, significant progress on climate action has been made and reported to the Sustainable Communities Executive Advisory Panel at regular intervals throughout the year. The initial focus has been to identify mechanisms, procedures and systems that will provide a solid foundation for further development of climate action as we plot our course towards reaching the Council's target of becoming carbon neutral by 2030 and complying with the national legal requirement of achieving Net Zero by 2050, or sooner.

7.9.4 The climate impact of each capital project will be considered and managed within the relevant scheme.

7.9.5 A number of the capital schemes include initiatives to offset/reduce carbon impact as a priority for the Council and in recognition of the Climate Emergency declared by the Council.

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 the infrastructure to support, educate, connect and regenerate communities. This includes enhancing the cultural offer and promoting a positive environmental impact.

7.11 Crime and Disorder Impact

7.11.1 None specific within this report

8. Background Documents

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

Capital Programme Budget 2023/24, approved by Council on 23rd February 2023, item C/208:

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

[Appendix A - Capital Programme 2023-26.pdf \(moderngov.co.uk\)](#)

[Appendix B - HRA Capital Programme 2023-26.pdf \(moderngov.co.uk\)](#)

[6. Appendix C - Development Pool.pdf \(moderngov.co.uk\)](#)

Capital Outturn 2022/23 – Provisional Outturn as at period 12, presented to Executive 8th June 2023, item 455:

[DRAFT P12 Draft Capital Outturn Report 2022-23.pdf \(moderngov.co.uk\)](#)

[Appendix A](#)

[Appendix B](#)

Capital Outturn 2023/24 as a Period 3, presented to Executive on 17th August 2023, item 489:

[Capital Outturn 202324 as at Period 3.pdf \(moderngov.co.uk\)](#)

[Appendix A](#)

[Appendix B](#)

[Appendix C](#)