

## COUNCIL 22<sup>nd</sup> February 2024

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| <b>Report Title</b>  | <b>Capital Programme 2024-2028</b>                                       |
| <b>Report Author</b> | Janice Gotts, Executive Director of Finance and Performance              |
| <b>Lead Member</b>   | Councillor Lloyd Bunday, Executive Member for Finance and Transformation |

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|--|---|
| <b><input checked="" type="checkbox"/> 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

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

### 1. Purpose of Report

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- 1.1. This report sets out the baseline Capital Programme for 2024-25 and the indicative Medium-Term Financial Plan for North Northamptonshire Council. The draft budget proposals were considered by the Executive on 21<sup>st</sup> December 2023.
- 1.2. The budget consultation period commenced on 21<sup>st</sup> December 2023 and ended on 26<sup>th</sup> January 2024. The draft budgets have been subject to scrutiny by the Corporate Scrutiny Committee. The consultation provided residents, local partners and other stakeholders the opportunity to review the budget proposals and provide feedback during the five-week consultation period. The final budget proposals were reported to Executive at their meeting on 8<sup>th</sup> February 2024.
- 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**

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- 2.1 This report presents the 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 £171.8m, consisting of the General Fund baseline programme of £113.1m and HRA baseline programme totally £58.7m. There is also a Development Pool of £169.6m which includes schemes awaiting formal business cases.

## **3. Recommendations**

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- 3.1 It is recommended that Council approve:
  - a) the General Fund Capital Programme 2024-28 and HRA Capital Programme 2024-28.
  - b) that Council delegate authority to the Executive Member for Finance and Transformation in consultation with the Executive Director of Finance and Performance (Section 151 Officer) to agree any necessary variations to the capital budget prior to 1<sup>st</sup> April 2024.
- 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 - any comments from the consultation have been considered as part of this process.

## **4. Report Background**

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- 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 also provides details of the Council's planned future capital programme and capital funding expectations.

## **5. Issues and Choices**

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## **Capital Strategy 2024-28**

- 5.1 The current Capital Strategy (**Appendix D**) and the key principles has been developed with reference to the requirements of the current Prudential Code and Treasury Code of Practice. CIPFA consulted earlier in the year on the principles to support the 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) and these are reflected in the Treasury Management Strategy for 2024-25 shown in **Appendix H** of the Budget Report.
- 5.2 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 corporate priorities.
  - The use of external funding is prioritised against the areas of greatest need, in the main supporting highways maintenance, the delivery of education places, the Corby Town Plan within North Northants. 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 Northants.
  - Take into account external influences such as the Southeast Midlands Local Enterprise Partnership (SEMLEP) and joint working with other partner authorities and organisations such as Health.
  - Key integration and links with the council's other corporate strategies including Corporate Plan, Treasury Management, Investment Strategy, Asset Management Plan.
  - Set out the Council's regeneration and economic development ambition and additional objectives.
  - Set 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. New capital investment will only be permitted if it contributes to the achievement of the Council's strategic priorities. The use of

external funding will be prioritised against the areas of greatest need within North Northamptonshire, in line with conditions that will apply. In the main external funding will be supporting the highways programme and the delivery of schools' places alongside specific investments in neighbourhoods across North Northamptonshire. An updated strategy will be reported to the February Executive and Council.

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

- 5.4 The Baseline Programme has been put together by taking the Medium-Term Capital Programme approved by Council in February 2023 updated for any approvals made in-year, together with new schemes as detailed in 5.6 below. This has resulted in a total capital programme of £171.8m (General Fund £113.1m, HRA £58.7m) over the four-year period 2024-28, which comprises:
- A General Fund Baseline Programme (**Appendix A**) totalling £113.1m 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 (**Appendix B**) 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.
- 5.5 The Council also has a Development Pool totalling (**Appendix C**) £169.6m. 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
- 5.6 Specifically, 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 Stopping Site funded from borrowing. Projects have been removed from the development pool c£10m, which was identified as

being funded from borrowing to mitigate any requirement for additional borrowing.

- £123k investment into play facilities at Sywell Country Park during 2024-25 funded through Capital Receipts.
- £749.3k, £276.1k in 2024-25 and £473.2k in 2025-26, investment into Alfred Street/Tennyson School moved from the Development Pool to the Main Programme. This 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**

- 5.7 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.
- 5.8 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.
- 5.9 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**

- 5.10 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. Next Steps**

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- 6.1 The monitoring of the Capital budget for 2024-25 will be reported to the Executive and Corporate Scrutiny on a quarterly basis.

## 7. Implications (including financial implications)

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### 7.1 Resources and Financial

7.1.1 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.

### 7.2 Legal

7.2.1 There are no legal implications arising from the proposals.

### 7.3 Risk

7.3.1 The following risks are associated with the budget proposals:

| <b>Risk</b>   | <b>Mitigation</b>  | <b>Residual</b> |
|---|--|-----------------|
| Affordability/viability                                 | Ensure projects are closely monitored and reviewed in relation to increase costs from inflation and interest rates (where applicable)    | 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 not complete                                 | 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           |

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|---|---|-------|
| Condition of assets transferring to the Council | Condition likely to be variable across the estate. Will need to be reviewed as part of the One Public Estate workstream to rationalise and prioritise investments and sales of assets | Amber |
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## 7.4 Consultation

7.4.1 The formal consultation on the Draft Capital Budget 2024/25 commenced on 21<sup>st</sup> December 2023 and concluded on 26<sup>th</sup> January 2024.

7.4.2 The structure and design of the consultation set out the budget proposals and enabled 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.

7.4.3 The purpose of the consultation is to ensure that, 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.

7.4.4 In addition, there was a consultation with residents regarding the HRA via the Tenants Advisory Panel, which was held on 18<sup>th</sup> January 2024 to consider the HRA budget.

## 7.5 Consideration by the Executive

7.5.1 The draft budget proposals were presented to the Executive at the meeting on the 21<sup>st</sup> December 2023 and this started the formal budget consultation process which concluded on the 26<sup>th</sup> of January 2024.

7.5.2 At the meeting of the Executive on 8<sup>th</sup> February the Executive considered a report from the Corporate Scrutiny Committee, who undertook the scrutiny of the budget as set at in Section 7.6. The Executive at this meeting recommended to Council the Budget proposals as reported.

## **7.6 Consideration by Scrutiny**

7.6.1 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.

7.6.2 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.

7.6.3 Scrutiny took place over two phases. The first to consider the in-year position for 2023-24 and any implications for 2024-25 and the second to consider the detailed proposals for 2024-25. The first phase took place during November 2023 and the second phase in January 2024 to allow time for the Committee to provide feedback to the Executive at its meeting on 8<sup>th</sup> February 2024.

7.6.4 A total of 5 Budget Scrutiny sessions were undertaken and covered 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

7.6.5 The relevant senior Council Officers and Executive Member portfolio holders attended each scrutiny session to answer any question put forward by the Committee Members.

7.6.6 This will include both the revenue budget and the capital programme for each of the main service areas.

7.6.7 The outcome from the scrutiny process was considered by Executive at its meeting on 8<sup>th</sup> February 2024 prior to the Executive making its recommendations on the budget to this Council meeting.

## **7.7 Climate Impact**

7.7.1 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.



## 7.8 Community Impact

- 7.8.1 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.

## 8. Background Papers

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

- [Corporate Scrutiny Committee Budget Consultation Submission, 8th February 2024 \(Executive\)](#)
- [Suite of Budget Reports to North Northamptonshire Executive Committee, 8th February 2024:](#)
- [Suite of Budget reports to North Northamptonshire Executive Committee, 21st December 2023](#)
- [Suite of Budget reports to North Northamptonshire Authority, 23rd February 2023 \(Budget Council\)](#)