

## EXECUTIVE

19<sup>th</sup> December 2024

<b>Report Title</b>	<b>Draft Capital Programme 2025-2029</b>
<b>Lead Member</b>	Councillor Lloyd Bunday, Executive Member for Finance and Transformation
<b>Report Author</b>	Claire Edwards, Executive Director of Finance and Performance

<b>Key Decision</b>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<b>Is the decision eligible for call-in by Scrutiny?</b>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<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>	N/A
<b>Which Corporate Plan priority does the report most closely align with?</b>	Modern public services

### List of Appendices

- Appendix A** – Draft Capital Programme 2025-29  
**Appendix B** – Draft HRA Capital Programme 2025-29  
**Appendix C** – Draft Development Pool

### 1. Purpose of Report

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- 1.1. This report sets out the draft Capital Programme for 2025-26 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 19th December 2024 and run until 24<sup>th</sup> January 2025. The draft budget will also be presented to the Finance and 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 on the proposals put forward.

- 1.3. This report sets out the draft Capital Programme and identifies the key factors and challenges influencing the development of North Northamptonshire Council's commitments for 2025-26 and beyond.

## **2. Executive Summary**

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- 2.1 This report presents the Draft General Fund Capital Programme for 2025-29, the Development Pool and the Housing Revenue Account (HRA) Capital Programme 2025-29.
- 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 £180.7m, consisting of the General Fund programme of £125.8m, and HRA programme totalling £54.9m. There is also a Development Pool of £263m which details schemes awaiting formal business cases and approval into the Capital Programme.

## **3. Recommendations**

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- 3.1 It is recommended that the Executive:
  - a) Approve for consultation the General Fund Capital Programme 2025-29 and HRA Capital Programme 2025-29.
  - b) Notes the Development Pool 2025-29 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 2025-26.
- 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**

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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 2025-29**

- 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. 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 will be reflected in the Treasury Management Strategy for 2025-26 to Executive in February 2025.
- 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 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 2025-29, HRA Capital Programme 2025-29 and Development Pool**

- 5.4 The Capital Programme has been put together by taking the Medium-Term Capital Programme approved by Council in February 2024 updated for any approvals made in-year. This has resulted in a total capital programme of £180.4m (General Fund £125.8m, HRA £54.9m) over the four-year period 2025-29, which comprises:
- A General Fund Baseline Programme totalling £125.8m 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 £54.9m across Kettering and Corby housing stock, which includes significant investment of £18.3m proposed for the Housing Development and New Build Programmes plus £36.6m in Decent Homes Standard.
- 5.5 The Council also has a Development Pool totalling £263m. 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, increasing SEND and Alternative Provisions, Place including, new road or extension schemes, flood alleviation, regeneration and economic development projects and property asset management.

### New Investment Items from 2025-26

- 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 2025-26 for approval by Council:
- £737k for Childcare Expansion, funded by Government Grant
  - £11m new investment in Primary and Secondary School expansion programmes, funded £1m from S106 and £10m from borrowing

- £1.2m for Hanwood Park Secondary School and £1.06m for Stanton Cross Secondary School for the planning stages of these two new schools, funded from S106 (*note, further phases of these projects are in the Development Pool*)
- £1.7m for NCT Property Condition Works, 2025/26, moved in from the Development Pool, funded from borrowing
- £50k Waste contract in-house provision IT set up costs, to be funded from capital receipts/reserves

### **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. This will form part of the Treasury Management Strategy to the February Executive.
- 5.8 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**

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

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

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

- 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
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
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

### 7.4 Relevant Policies and Plans

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

### 7.5 Consultation

7.5.1 If the proposals set out in this report are endorsed, formal consultation on the proposals contained within the Draft Capital Budget 2025/26 will begin on or immediately after 19<sup>th</sup> December 2024, subject to Executive approval of the draft budget proposals for 2025/26. It will conclude on 24<sup>th</sup> January 2025 in preparation for the presentation of the final budget proposals to Executive and Council in February 2025.

7.5.2 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 13<sup>th</sup> February 2025. This does not predetermine any decision that the Council may make on 20<sup>th</sup> February 2025.

7.5.3 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.

7.5.4 The purpose of the consultation is to ensure that, when the Final Budget is considered by Council on 20<sup>th</sup> February 2025, 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.

7.5.5 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.

## **7.6 Consideration by the Executive Advisory Panel**

7.6.1 Not applicable.

## **7.7 Consideration by Scrutiny**

7.7.1 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.

7.7.2 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.

7.7.3 The scrutiny of the budget proposals will take place after the planned presentation of the 2025-26 budget to Executive on 19<sup>th</sup> December 2024 and it will complete in January 2025 to feed into the updated budget report to Executive on 13<sup>th</sup> February 2025 which will then be recommended on to February Council.

7.7.4 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

7.7.5 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.

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

7.7.7 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.

7.7.8 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.

7.7.9 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 20<sup>th</sup> February.

## 7.8 Equality Implications

7.8.1 Nothing specific within this report.



## 7.9 **Climate and Environmental 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 was 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 is 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.
- 7.9.6 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 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.

## 4.2 **Crime and Disorder Impact**

- 4.2.1 Nothing specific within this report.

## 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.
- Previous financial year 2024-25 – 2028-29 Capital Programme, Budget Council, 22<sup>nd</sup> February 2024: [Budget Council 2024](#)