



## EXECUTIVE

6<sup>th</sup> February 2025

<b>Report Title</b>	<b>Capital Programme Report 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>	

### List of Appendices

- Appendix A** – Capital Strategy
- Appendix B** – Capital Programme 2025-29
- Appendix C** – HRA Capital Programme 2025-29
- Appendix D** – Development Pool 2025-29
- Appendix E** – Changes to The Constitution

### 1. Purpose of Report

- 1.1. This report sets out the baseline Capital Programme for 2025-26 and the indicative Medium-Term Financial Plan for North Northamptonshire Council. The draft budget proposals were considered by the Executive on 19<sup>th</sup> December 2024.
- 1.2. The budget consultation period commenced on 19<sup>th</sup> December 2024 and ended on 24<sup>th</sup> January 2025. 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. 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 baseline 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 Capital Strategy, 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 £208.5m, consisting of the General Fund programme of £153.6m, and HRA programme totalling £54.9m. There is also a Development Pool of £262.6m 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 recommends the budget proposals on to Council for approval. This includes:
  - a) the General Fund Capital Programme 2025-29 and HRA Capital Programme 2025-29 as detailed in Appendix B and C.
  - b) the Capital Strategy at Appendix A, including the authorised borrowing limit of £749.1m.
  - c) the amendments required to The Constitution to reflect changes in the Capital Strategy, as detailed in Appendix E.
  - d) that Council delegate authority to the Executive Director of Finance and Performance (Section 151 Officer) in consultation with the Executive Member for Finance and Transformation to agree any necessary variations to the capital budget prior to 1st April 2025.
- 3.2 It is recommended that the Executive notes:
  - a) the Development Pool 2025-29 as detailed at Appendix D and that schemes within the pool will be subject to further approval prior to inclusion in the programme.

### 3.3 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.

3.4 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 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 Capital Strategy at **Appendix A** and the key principles has been developed with reference to the requirements of the current Prudential Code and Treasury Code of Practice. CIPFA previously consulted 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, disabled facilities, together with improving bus services. 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 school's places alongside specific investments in neighbourhoods across North Northamptonshire.

5.4 The Capital Strategy includes some changes to the approval process for new schemes outside of the Capital Strategy in year and clarifies the role and membership of Strategic Capital Board. These changes are set out in **Appendix E**.

### **Capital Programme 2025-29, HRA Capital Programme 2025-29 and Development Pool**

5.5 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 and incorporating newly identified schemes. This has resulted in a total capital programme of £208.5m (General Fund £153.6m, HRA £54.9m) over the four-year period 2025-29, which comprises:

- A General Fund Baseline Programme totalling £153.6m including key projects such as highways, disabled adaptations, school improvements and extensions, and various property and environmental projects across North Northamptonshire, supporting vulnerable children through greater care accommodation, 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.

5.6 The Council also has a Development Pool totalling £262.6m. 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 grant, 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

5.7 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:

#### **Place and Economy:**

- £10.3m across four years for Bus Service Improvement Plan, funded by Government grant

#### **Children's Services:**

- £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*)
- £792k investment in Montsaye School, funded from S106
- £1.7m for NCT Property Condition Works, 2025/26, moved in from the Development Pool, funded from borrowing

#### **Public Health & Communities:**

- £1.2m for Sywell Country Park, dam works as required by the Environment Agency, funded from borrowing
- £95k for Priors Hall Golf Course, investment in facilities to generate additional revenue income, funded from borrowing
- £69k for Northampton Road Pavilion and Tennis Courts, funded from Football Foundation grant

- £87k for Wollaston Multi-Use Games Area, funded by S106

### **Enabling Services:**

- £50k Waste contract in-house provision IT set up costs, to be funded from capital receipts/reserves

### **Minimum Revenue Provision**

- 5.8 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 is set out in the separate MRP Policy.
- 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 B to D 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 The changes to the Capital Governance process require changes to The Constitution, specifically Part 9.7 Financial Procedure Rules. These are detailed in **Appendix E**.

### 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)  Ensure that all funding sources are investigated prior to uses council's own resources	Amber
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 The formal consultation on the Draft Capital Budget 2025/26 commenced on 19th December 2024 and concluded on 24th January 2025 in preparation for the presentation of the final budget proposals for this meeting of the Executive and for the Council meeting on 20th February 2025.

7.5.2 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 was to ensure the widest possible reach, a variety of consultation methods will be used to maximise the range of accessible channels for consultees, including:

- 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.

7.5.3 In addition, there was a specific 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 Scrutiny of the budget proposals took place over two phases, considering the in-year position and the new proposals for 2025-26.



7.7.4 Separate scrutiny sessions took 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 attended each scrutiny session to answer any question put forward by the Committee Members.

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

## 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.

- Suite of Budget Reports to Executive, 19<sup>th</sup> December 2024: [Executive Draft Budget 2025-26](#)
- Previous financial year 2024-25 – 2028-29 Capital Programme, Budget Council, 22<sup>nd</sup> February 2024: [Budget Council 2024](#)