

EXECUTIVE 13th January 2022

Report Title	Capital Programme Update 2021/22
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Executive 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 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 for exemption from publication under Schedule 12A Local Government Act 1974	

1. Purpose of Report

- 1.1 The purpose of this report is to request that the Executive include an additional scheme in the Council's Capital Programme, allowing it to move forward to procurement and delivery. The additional capital project will be funded by a virement from a capital scheme already approved in the Capital Programme.

2. Executive Summary

- 2.1 This report contains details of proposals which have been considered by the Council's Strategic Capital Board as part of the Council's Capital Programme approval process, in accordance with the Council's Financial Procedure Rules, as set out within its constitution.
- 2.2 Each scheme considered by the Capital Programme Board for inclusion in the Capital Programme is supported by a business case which sets out the changes requested to the Capital Programme, including the purpose of the spend, the expected outcomes and the financial implications together with funding routes. Capital schemes are only recommended to the Executive for inclusion in the Capital Programme by the Capital Programme Board when the

board is satisfied that it has sufficient information to make such a recommendation.

- 2.3 This report relates to the relocation of critical North Northamptonshire staff from One Angel Square, Northampton, to properties in the North Northamptonshire district, and the changes to the Capital Programme required to facilitate this.

3. Recommendations

3.1 It is recommended that Executive approve:

- a) a change of £0.306m to the capital programme budget to fund a new scheme to enable the relocation of critical staff from One Angel Square (OAS) to North Northamptonshire based accommodation
- b) a virement of £0.306m from the Tithe Barn Road property project which is currently on hold pending wider asset review in order to fund the proposal.

3.2 Reasons for Recommendation:-

These are set out in greater detail within section 5 of the report, but can be summarised as:

- To relocate a number of staff from One Angel Square (OAS), Northampton into premises within North Northamptonshire. The aim is to do this around March/April 2022, subject to consultation. For a number of months staff now employed by North Northamptonshire Council have continued to operate from OAS and the proposals outlined in this paper will enable those staff to be relocated into premises within North Northamptonshire.

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 the local infrastructure of North Northamptonshire, with the benefits lasting over a number of years. 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 works, the cost of the debt is also affordable within the Council's revenue budget.

4.2 The Council secures capital resources from a number of sources including Government grants, capital receipts from the sale of surplus land and buildings, revenue contributions, other external contributions and borrowing. The Council captures its projected capital expenditure within the Capital Programme to monitor the same, help to control costs and ensure transparency.

4.3 New schemes with a capital value of more than £500,000 can only be approved by Council, with the Executive responsible for approving any change to the capital programme less than that. The Executive may also choose to delegate

decisions in respect of the capital programme under £500,000 in accordance with the Council's constitution.

- 4.4 This report proposes that the Capital Programme adopted by the Council in February 2021 be updated to reflect the proposed amendments are implemented in accordance with recommendations from the Capital Programme Board.

5. Issues and Choices

Relocation of Council staff from West Northamptonshire Council accommodation to the North Northamptonshire district at a cost of £306k, funded by a virement from the Tithe Barn Road property scheme.

- 5.1 On 1st April 2021, North Northamptonshire Council replaced its constituent sovereign authorities and staff from the sovereign authorities were transferred into the employ of the Council as a consequence of the Northamptonshire (Structural Changes) Order 2020. This included a number of staff based in former Northamptonshire County Council buildings which transferred to West Northamptonshire Council.
- 5.2 One Angel Square, Northampton, is now the corporate base for West Northamptonshire Council and is situated outside of the North Northamptonshire administrative district. The Council has been permitted to retain office accommodation at One Angel Square for former County Council employees for an initial rent-free period of at least one year to 31st March 2022. However, as a consequence of the changes in working practices implemented to address the COVID-19 pandemic, only critical services have been physically operating from One Angel Square, with the majority of employees working remotely.
- 5.3 Officers have reviewed the implications of staff being located "out of area" and concluded that, to support effective ongoing service delivery and consolidate the identity and culture of it as a new organisation, staff currently assigned to work from One Angel Square should be relocated into the Council's existing office accommodation, within the North Northamptonshire administrative area, as quickly as possible.
- 5.4 It has been established that the removal of staff from One Angel Square necessitates the accommodation of an additional 96 workstations within the Council's administrative area. No single suitable location within the Council's existing estate will accommodate all of the additional workstations, therefore consideration has been given to the dispersal of teams of staff across the district. It is proposed that staff be accommodated within Haylock House (Kettering), The Cube (Corby) and Cedar Drive (Thrapston).
- 5.5 To ensure that the accommodation, including access to IT systems, is fit for purpose for the identified staff groups, additional IT network configuration is

also required. The total investment required for the three locations will be £306,000.

- 5.6 The capital costs are proposed to be met entirely through a virement from the as yet unused Tithe Barn Road property capital scheme. This scheme was proposed by the former Borough Council of Wellingborough, and funding was allocated prior to vesting day and therefore transferred to the Council on 1 April 2021. It has not however been progressed to date as the Shadow Authority adopted a Capital Strategy in February 2021 which included a property asset management plan which “*will fully maximise the One Public Estate approach to rationalise its operational estate through increased utilisation and then to dispose surplus assets to generate capital and direct (property related) revenue savings. There will also be an emphasis to support a business-case approach to target capital investment in new and existing properties in order to unlock ongoing revenue savings or income.*” This will be undertaken by reference to the recently adopted corporate priorities.
- 5.7 Moving the staff currently accommodated at One Angel Square to within the Council’s administrative area is expected to create a revenue pressure of around £200,000. This is caused by the Council choosing to accommodate staff within its existing premises and therefore reducing the amount of office accommodation available for rent at Haylock House. This revenue pressure has been included within the Council’s Medium Term Financial Plan.

6. Implications (including financial implications)

6.1 Resources and Financial

- 6.1.1 The additional budget requirements are funded from a virements from existing budgets which are not planned to be utilised in full. There is no requirement for the Council to undertake borrowing against the general fund to support this scheme given that the cost can be met entirely by virement from an existing approved capital programme scheme. The detail of the funding arrangements is set out in the main body of the report.

6.2 Legal

- 6.2.1 The Council must utilise funding and deliver schemes in line with statutory and contractual restrictions and requirements. It must ensure that it abides by the provisions set out within its Constitution, in particular as relates to budget setting, policy framework and financial procedure rules.
- 6.2.2 The Council is obliged to set a balanced revenue budget, however the proposal set out within this report is funded entirely from the approved capital programme and does not therefore impact upon the revenue budget.

6.3 Risk

- 6.3.1 The deliverability of the 2021/22 Capital Programme is monitored by each accountable project manager and senior officer. There is further review throughout the financial year reported through the Executive.
- 6.3.2 If any overspends or emerging pressures are identified during the year then mitigating actions will be sought and management interventions undertaken.
- 6.3.3 There is a risk that delays and cost increases may arise as a result of COVID-19 restrictions and changes arising from EU Exit. 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.
- 6.3.4 Details of pressures, risks and mitigating actions implemented will be provided as part of the finance monitoring reports as the year progresses.

6.4 Consultation

- 6.4.1 The 2021/22 Capital Strategy and Capital Programme were subject to consultation prior to approval by the North Northamptonshire Shadow Authority in February 2021.
- 6.4.2 Staff consultation regarding the proposed moves has commenced and is due to finish on 19th January 2022. In the event that the movement of staff from One Angel Square proceeds as proposed, the delivery of the capital programme will commence as quickly as possible.

6.5 Climate Impact

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

6.6 Community Impact

- 6.6.1 These proposals can be considered to have a neutral impact on the community.

7. Background Papers

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

Capital Programme Budget 2021/22, North Northamptonshire Shadow Authority, 25 February 2021.

Monthly Capital Update Reports to the Executive.