

Full Council 31st March 2022

Report Title	Capital Programme Update
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List of Appendices

None

1. Purpose of Report

- 1.1 The purpose of this report is to request approval for £0.825m for capital schemes which require borrowing and are more than £0.5m. In accordance with the Council's Constitution schemes that require borrowing and are more than £0.5m must be approved by Council.
- 1.2 Approval of the funding will allow the scheme to move forward to procurement and delivery. The Executive considered this report at its meeting on 17th March 2022 and are recommending that Full Council grant approve for the borrowing.

2. Executive Summary

- 2.1 This report contains details of schemes which have been submitted by officers to the Council's Strategic Capital Board as part of the Council's Capital Approval Process. Each scheme must complete a business case setting 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.

3. Recommendations

- 3.1 It is recommended that Council approve the following changes to the capital programme which are over £0.5m:
- a. Wellingborough Norse Fleet and Equipment – to increase budget by £0.630m for the provision of Waste and Street Cleaning fleet and equipment to be funded from capital receipts. Of this sum, £123k will be for the purchase of new equipment and will be recovered over time as a revenue contribution following the cessation of the Norse contract.

- b. Kettering High Street Heritage Action Zone – to increase budget by £0.504m to be funded from additional grant from Historic England.
 - c. Highways Funding – to increase to the Capital Programme for 2022/23 by £9.955m in respect of the Department for Transport grant allocation announced on 28th February 2022, which covers the following areas:
 - i. Pothole Funding - £3.735m
 - ii. LTP Maintenance - £3.735m
 - iii. LTP Incentive for Maintenance - £0.934m
 - iv. LTP Integrated Transport - £1.551m.
 - d. To amend the Development Pool in light of the confirmation of the highways grant funding for 2022/23 and the indicative funding for 2023-25, which is as per the allocation at item (e) above, noting that the final allocation for these years will be subject to the results from the self-assessment of the existing highways maintenance incentive programme. The detail is set out in paragraphs 5.17 to 5.20 of this report.
- 3.2 It is recommended that Council approves the borrowing proposals for the following schemes:
- a. Kettering Alfred East Art Galleries, Library and Museum - £75k.
 - b. Revenues and Benefits single ICT system - £0.750m.
- 3.3 Reasons for Recommendation are set out in greater detail within section 5 of the report, but can be summarised as:
- To help mitigate any delays to the Kettering Gallery, Library and Museum project and ensure that funding deadlines are met recognising construction market conditions and fluctuating prices.
 - To procure fleet and equipment to ensure continued service provision to the Wellingborough area for Waste Management and Recycling, Street Cleansing and Grounds Maintenance.
 - To deliver one single system for revenues and benefits across North Northamptonshire to improve service efficiency, reporting and consistency of practice.
 - To support continued investment and improvement in Kettering High Street recognising its history and heritage.
 - To ensure that the grant funding allocation for Highways maintenance and repair is included within the capital programme from 2022/23 to enable works to continue in line with annual plans.

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 that the cost of servicing the debt is affordable within the Council's revenue budget.

- 4.2 Resources come from a number of sources including Government grants, capital receipts from 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. Given that the Capital Programme is approved by Executive, changes to it are also approved by Executive unless authority has been delegated in accordance with the Council's constitution.
- 4.3 This report provides an update to the Capital Programme 2021/22 and 2022/23 as adopted by the Council in February 2021 and February 2022 respectively, and requests that the proposed changes are approved and reflected within these programmes.

5. Issues and Choices – Further Detail on the Recommendations and Updates to the Capital Programme

- 5.1 **Kettering Alfred East Art Gallery, Library and Museum Project – capital increase of £0.075m.** The project, currently aims to revitalise the cultural services within the heart of Kettering Town Centre, supporting to unify the three sites including Alfred East Art Gallery, Kettering Library and Manor House Museum. The funding will deliver significant improvements to the Alfred East Art Gallery and Kettering Library and will welcome a new two-storey extension to the rear of the Art Gallery.
- 5.2 Often for a project of this nature it is expected that the RIBA stages 1 to 4 would take around 12 months to progress, however, to meet the funders deadline it was completed in six to nine months for this project. Whilst the majority of the project remains on track, there are some design co-ordination issues on site which are increasing costs.
- 5.3 Action has been taken to mitigate a number of the cost pressures, however, risks remain due to the vagaries within the current construction market and the condition of the historic buildings. It is therefore recommended to increase the budget by £0.075m to provide additional contingency to support the project to completion.
- 5.4 There is a separate report elsewhere on the agenda regarding this scheme.
- 5.5 **Wellingborough Norse Fleet and Equipment purchase – budget approval for up to £0.630m.** The proposal will deliver the provision of the Waste and Recycling, Street Cleansing and Grounds Maintenance services to ensure the continuation of these key areas in Wellingborough when the contract with Wellingborough Norse ends on 31st March 2022. The equipment that is currently in place belongs to Norse Commercial Services. The proposal is to seek to purchase the relevant fleet and equipment to ensure the service has adequate provision and to avoid service disruption.
- 5.6 There is a separate report elsewhere on this agenda which sets out the proposals.

- 5.7 **Revenue and Benefits single ICT system – budget approval for £0.750m.** This project sets out to achieve the successful procurement and implementation of a single Revenues and Benefits ICT system for North Northamptonshire, the remit for which was approved by Executive at its meeting on 18th November 2021. The single system across will replace the previous four legacy District and Borough Council systems.
- 5.8 The Revenues and Benefits Team are responsible for the billing and collection of Council Tax and Business Rates. They are also responsible for the administration, calculation and payment of Housing Benefit, Local Council Tax Support and Discretionary Housing Payments to residents.
- 5.9 In addition, since the onset of the COVID-19 pandemic the team has also administered a significant number of grant schemes to businesses within the area on behalf of the Department for Business, Energy and Industrial Strategy. Alongside this they have also delivered Test and Trace Support Payments of behalf of the Department for Health and Social Care.
- 5.10 However, following Local Government Reorganisation in Northamptonshire, and the creation of a single North Northamptonshire Council on 1st April 2021, the original teams have been unable to fully amalgamate and continue to operate using the separate revenues and benefits systems inherited from each of the four sovereign District and Borough Councils.
- 5.11 There are currently two main systems providers that support the revenues and benefits systems in North Northamptonshire, namely the Capita Academy System and the Northgate System. Operating from multiple platforms is operationally inefficient and introduces challenges and risks around the ability to produce consistent and timely management information including providing government statistical returns as well as ensuring general compliance, value for money and good practice.
- 5.12 The Council will not only gain productivity efficiencies from a single system for Revenues and Benefits enabling single source reporting and support for billing as well as ensuring that residents and businesses can contact a single point for information and queries, help to improve and simplify their interaction with the Council.
- 5.13 **Kettering High Street Heritage Action Zone – budget approval for £0.504m.** Officers have been working closely with Historic England and the Council's delivery partners on public realm enhancements in Kettering town centre. Progress has been made such that work on the public realm enhancements started on site on 17th January 2022, the programme plans for the scheme to be complete during July 2022, with the Historic England element of the investment complete by 31st March 2022.
- 5.14 An Expression of Interest for additional funds from projected underspend nationally on projects was considered by Historic England late last year. This resulted in them offering North Northamptonshire Council an additional

£503,631 to invest in public realm enhancements as a part of the Kettering High Street HAZ programme.

- 5.15 The funding is conditional on the Council spending the projected additional £503,631 by 31st March 2022. The projected spend for this year is already challenging, but with the contractors now on site, and committing extra staff to deliver the project, it is considered achievable.
- 5.16 The area identified for investment is an extension of the current scheme northwards in High Street, Kettering. The scheme design will reflect the choice of materials and design principles already established in the implementation of the design under construction immediately to the south, in High Street.
- 5.17 Further information on the scheme is available from the separate report to Executive on 22 February 2022.
- 5.18 **Highways Funding 2022/23 – overall budget approval for £9.955m.** North Northamptonshire Council is allocated funding from the Department for Transport to invest in highways maintenance and other works. The funding allocation for 2022/23 is £9.955m. There is also indicative funding of £9.955m for each of the following two years 2023-25, with the final allocation for those years dependent upon the results of the existing highways maintenance incentive element, which will be based on a self-assessment from each Local Authority.
- 5.19 The funding will support the following main work programmes, namely:
- Pothole Funding, which helps to fund the repair of potholes across the highways network
 - Highways Maintenance, including the incentive allocation, which is used to support routine maintenance to ensure that there is sufficient funding to maintain the highways network to a safe standard in accordance with Northamptonshire Asset Management Plan and Network Management Plan and to deliver the annual Capital Maintenance Programme. The Capital Maintenance Programme consists of a range of maintenance schemes across the Council which are developed annually based on need in accordance with the Northamptonshire Asset Management Plan and Network Management Plan. It is necessary to use some of the funding provided by central government to support routine maintenance due to the level of revenue funding provided to the service.
 - Integrated Transport Block – which delivers a programme of small-scale measures which will contribute towards achieving the objectives in the Northamptonshire Transportation Plan (the authority's Local Transport Plan). These are principally around road safety engineering, network improvements (including walking and cycling measures and new crossings), works to satisfy community aspirations and the maintenance of traffic signals.

5.20 The funding allocation for North Northamptonshire is as follows:

Funding Item	2022/23 £m	2023/24 Indicative £m	2024/25 Indicative £m
Pothole Funding	3.735	3.735	3.735
Highways Maintenance Block	3.735	3.735	3.735
Incentive Highways Maintenance Block	0.934	0.934	0.934
Integrated Transport Block	1.551	1.551	1.551
TOTAL	9.955	9.955	9.955

5.21 The proposal is to include the funding allocation for 2022/23 of £9.955m over the main spend areas into the capital programme, removing any provisional allocations from the Development Pool. For 2023/24 and 2024/25 the Development Pool will be revised for the indicative allocations as shown in the table above.

6. Implications (including financial implications)

6.1 Finance and Transformation

6.1.1 The additional budget requirements are funded from grant, capital receipts and borrowing. The detail of the funding arrangements is set out in the main body of the report. The request to increase the level of borrowing to finance two schemes within the proposed increase will be recommended to Council for approval.

6.1.2 A number of the projects support the Transformation Programme, most notably the changes to bring Revenue and Benefits into a single system which will help service improvement and productivity.

6.1.3 There is further investment in Kettering as part of the Heritage Action Zone work which will help to transform the town centre as highlighted previously in this report.

6.2 Legal

6.2.1 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.

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 With most capital projects there is a risk that delays and cost increases may arise as a result of general inflation and COVID-19 impact. 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 There is a risk in relation to funding, particularly where it is from third parties including grants, and appropriate agreements must be entered into to ensure that the funding is secured and spend is in accordance with any criteria stipulated by the funder, both the nature of the spend and the timing (where a deadline applies).

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. The 2022/23 programme was approved by Council at its meeting on 24th February 2022 and was subject to consultation from 23 December 2021 to 28th January 2022.

6.5 Climate Impact

- 6.5.1 The climate impact of each capital project will be considered and managed within the relevant scheme.
- 6.5.2 Improvements in Kettering town centre are intended to create an attractive and sustainable environment for people to live and visit, thereby reducing the numbers who need to travel away from the town. Also, the town centre benefits from a broader range of public transport and active travel options, encouraging their use rather than use of the private car. The public realm enhancements have set a target of achieving at least 10% biodiversity net gain, this through retaining all existing trees and planting 4+ new trees, and the planting of native species or off-site planting in Meadow Road Park.

6.6 Community Impact

- 6.6.1 These proposals can be considered to have a positive impact on the community as the Capital Programme delivers the infrastructure to support and connect communities.
- 6.6.2 The Kettering Alfred East Library, Art Gallery and Museum project will improve and extend the facilities available to the community.
- 6.6.3 The Kettering Town Centre High Street HAZ will help to restore the historic character of the town centre, providing growth and investment to bring residents and visitors to enjoy the facilities and environment created. It will also contribute towards securing an important historic building in Kettering town centre.

7. Background Documents

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.

[https://northnorthants.moderngov.co.uk/Data/North Northamptonshire Shadow Authority/20210225/Agenda/Item 05 - Annex 3 - NNC Final Capital Programme Report 2021-25.pdf](https://northnorthants.moderngov.co.uk/Data/North%20Northamptonshire%20Shadow%20Authority/20210225/Agenda/Item%2005%20-%20Annex%203%20-%20NNC%20Final%20Capital%20Programme%20Report%202021-25.pdf)

Kettering High Street Heritage Action Zone, Executive, 22 February 2022

[https://northnorthants.moderngov.co.uk/documents/s5738/Kettering High Street Heritage Action Zone HSHAZ.pdf](https://northnorthants.moderngov.co.uk/documents/s5738/Kettering_High_Street_Heritage_Action_Zone_HSHAZ.pdf)

Capital Programme Budget 2022/23, North Northamptonshire Council, 24 February 2022.

[https://northnorthants.moderngov.co.uk/documents/s5799/Capital cover report.pdf](https://northnorthants.moderngov.co.uk/documents/s5799/Capital_cover_report.pdf)