

Corporate Overview and Scrutiny Committee – Budget Scrutiny Task and Finish Group

Tuesday 31 January 2023

Notes of the Capital Programme Breakout Room

Lead Officer: James Smith – Assistant Director – Finance (Strategy)

Lead Councillor: Cllr Ken Pritchard

Councillors in Attendance: Cllr Ken Pritchard, Cllr Maggie Clubley, Cllr David James, Cllr Jamal Alwahabi

Officers in Attendance: James Smith, Rebecca Peck, Richard Woods

Cabinet Members in Attendance: None

Scope

- To understand the capital programme process
- To receive information on the 30 capital bids referred to in the draft budget and the prioritisation process for this
- To receive details of the fully funded schemes
- To receive details of any capital projects started that are likely to be slipped into 2023-24.

Presentation from James Smith

- Final approved total for 2021-22 Capital Programme amounted to £58.4m
- We had approximately 180 schemes for 2021-22, 167 were inherited from the legacy authorities
- 34 schemes were completed during the period
- Annual capital expenditure in 2021-22 amounted to £59.5m
- The Capital Strategy facilitated the achievement of the Council's corporate priorities, strategic vision and ensuring economic growth in West Northants
- It sets out key objectives and broad principles to be applied by the Council when considering capital investment and its funding
- We prioritise any schemes that help to transform the area and establish West Northants Council's identity as a new authority
- Approval process – senior manages bid as part of the annual budget setting process to include projects in the Council's Capital Programme. Finance collate the bids and calculate the financing cost. ELT and Capital & Assets Board review and assess the bids, all schemes assessed by ELT, the service Portfolio Holder and the Capital & Assets Board in order to be included in the Capital Programme. Full Council then receives the final proposed Capital Programme in February for consideration and approval.
- Once the schemes are input into the Capital Programme, we then have a detailed monitoring process that provided assurance that managers are spending their Capital Budget in line with how it's been allocated.
- Managers provide monthly forecasts to Finance to give confidence that the schemes are still on track with the budget, and timescale. Time slippage is notorious for capital projects therefore this is also monitored and reported on.

- We then take the information on a monthly basis and is then reviewed by ELT and the implication of any overspend or underspend is assessed.
- Quarterly reporting to Cabinet on the above.
- Cabinet may take a specific interest in high value or high profile projects, such as regeneration or highways-related projects.
- During the draft budget stage for 2022-23, many of the capital budget proposals put forward by managers required further work to be viable.
- 2023-24 Draft Budget Summary – the fully funded proposals have been added to the existing approved capital budget for 2023-24 onwards resulting in a draft capital budget for the period between 2023-24 and 2026-27 of £154.8m
- A further 25 schemes with a combined value of £125m over the medium term were submitted.
- Two additional fully funded schemes totalling £1.1m have been added to the budget proposals since the draft budget in December and work has been undertaken to better understand the remaining proposals to ensure that the WNC Capital Programme is affordable and sustainable.
- Since publication of the draft budget, there has been a net increase of £0.5m from existing capital scheme profiles and when adding new proposals, the Capital Programme increases to £191.2m over the four year period to 2027.
- Borrowing is a last resort – we always prioritise schemes that have a degree of either full or partial self-financing.

Presentation from Rebecca Peck

- Net Zero and the link to the Capital Programme
- Sustainability strategy launched last year
- Aim is to be Net Zero on WNC's emissions by 2030
- Aim is also to lead residents and businesses to become Net Zero by 2045
- The definition of Net Zero is to reduce greenhouse gas emissions to as close to zero as possible
- Greenhouse gasses that cannot be eliminated are offset by forestry or technological innovations that remove these emissions from the atmosphere
- Core budget at the moment is £180k and there is also a cross-party working group
- Offsetting emissions will come at a financial cost
- Our aim is to build the quest for Net Zero broadly into the budget and capital programme
- We also are aiming to leverage as much external funding as we can, and we will be part-funding schemes such as the replacement of outdated heating systems at leisure centres with air source heat pumps.
- We are on course to be fully spend for our regional funding, making us one of the only Councils in the region to achieve this.
- A piece of work has been undertaken to link the capital programme to the Council's corporate priorities, which will cost approximately £4m in the 2023-24 budget.
- Net Zero is cross-cutting across all departments of the Council

Conclusions

- Officers commented their view that the Draft Budget for 2023-24 was robust and takes account of potential unforeseen issues and challenges to come.
- It's important that we can stand by our proposals when we take them forward to Cabinet and Council.
- Members commended the efforts of officers in building a balanced budget against the backdrop of severely challenging circumstances

Summary (Main Meeting)

- Cllr Ken Pritchard – Chair of the Capital Programme Group
 - Very good presentation from James regarding how the Capital Approval process works
 - Full explanation of the funded capital projects
 - We also looked at contingencies
 - We looked at overhang from previous financial year, £5m carryover
 - Questions on borrowing - last resort, we always prioritise schemes that have a degree of either full or partial self-financing.
 - The group also looked at Net Zero and how it's interwoven into the Corporate Plan and whether there was a large enough allocation in the budget for it, and whether 2030 was achievable
 - Also, if there was an overspend, assurances were provided on where this would come from.
 - Pipeline projects – lots of feasibility work going on for future applications for levelling up funding.
 - In general, Members were very impressed with the monitoring, oversight and grasp that officers have over capital budget matters.