

WEST NORTHAMPTONSHIRE COUNCIL CABINET

11 July 2023

CABINET MEMBER WITH RESPONSIBILITY FOR FINANCE: CLLR MALCOLM LONGLEY

Report Title General Fund and Housing Revenue Account Capital Provisional
Outturn 2022-23 and Revised Capital Programmes

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Appendix C – Revised GF capital programme 2023-27

Appendix D – Revised HRA capital programme 2023-27

1. Purpose of Report

- 1.1. This report sets out the 2022-23 provisional capital outturn position for West Northamptonshire Council General Fund (GF) and Housing Revenue Account (HRA), and the subsequent carry forward requests due to the rephasing of scheme expenditure. This report also provides the subsequent impact on the medium-term position and the revised Capital Programme for 2023-27 following the setting of the capital budget by Full Council on 22 February 2023.

2. Recommendations

- 2.1 It is recommended that the Cabinet:

- a) Note the 2022-23 provisional capital outturn position for the General Fund and HRA;
- b) Approve the proposed capital carry forwards for the General Fund capital programme which are required as a result of rephasing in the 2022-23 programme. These are detailed in appendix A;
- c) Approve the proposed capital carry forwards for the HRA capital programme which are required as a result of rephasing in the 2022-23 programme. These are detailed in appendix B;
- d) Note the revised General Fund capital programme for 2023-27 (appendix C) including the new schemes which have been added to the programme since the 2023-24 budget was approved in February 2023.
- e) Note the revised HRA capital programme for 2023-27 (appendix D) including the new schemes which have been added to the programme since the 2023-24 budget was approved in February 2023.

3. Reason for Recommendations

- This in accordance with the policy of the Council and Constitution;
- To ensure that the Authority complies with its financial regulations.

4. Provisional General Fund Capital Outturn 2022-23

- 4.1 This section sets out the 2022-23 provisional outturn for WNC's General Fund capital programme. The position is provisional as the annual statutory audit of accounts is still ongoing and balances are being finalised which could result in a change to the outturn position. As part of the provisional outturn process, the Council has identified the following:
- Capital expenditure incurred in year and its source of financing;
 - Which capital schemes have completed;
 - Which schemes have been subject to rephasing and are therefore still active, requiring a carry forward of unspent budget into 2023-24 and future years;
- 4.2 During the year the original budget for the capital programme has been revised to allow for revisions to project delivery plans, new schemes and cost variations to existing schemes. This has been done in accordance with the approved Capital Strategy and the Constitution.
- 4.3 There have been a number of movements on the 2022-23 budget between the Q3 report to February Cabinet and provisional outturn. These are shown in Table 1

Table 1 – Changes to the General Fund capital programme since Q3 February Cabinet.

Scheme	Directorate	2022-23 £k	Funding Source
<u>New Schemes</u>			
Revenues and Benefits Single Software System (approved at Cabinet 6.12.22)	Finance	494	Borrowing
Country Park ANPR Equipment. Endorsed by CAB and approved by s151 Officer 14.2.23	Place	100	Borrowing
Purchase of leasehold properties in Brackley – approved by Full Council 22.2.23	Place	2,132	Borrowing
Total New Schemes		2,726	
<u>Variations</u>			
A43 Northampton to Kettering Ph 1b. Rephasing approved by s151 Officer	Place	130	S106
Northampton Market Square – addition to existing budget Approved by Cabinet 17.1.23 (plus see virement below)	Place	3,500	CIL
Homes 2 Inspire – Children’s Home 22-23 budget approved at Full Council Feb 23. Request to bring forward some expenditure approved by s151 Officer	Children’s Trust	3	Grant
Total Variations		3,633	
<u>Virements</u>			
Northampton Town Centre Public Realm Virement to Market Square project – Approved by Cabinet 17.1.23	Place	-500	Borrowing
Market Square – virement approved by Cabinet 17.1.23	Place	500	Borrowing
Capital Improvements – Regeneration areas. Budget moved to fund a specific Regeneration Project – approved by s151	Place	-50	Borrowing
24 Guildhall Road Block – budget vired from general capital improvements budget	Place	50	Borrowing
Floor and Wall Finishes virement to specific project (The Abbey Centre) approved by s151 Officer	Place	-82	Borrowing
Boiler Replacements virement to specific project (the Abbey Centre) approved by s151 Officer		-225	Borrowing
Virement to The Abbey Centre – approved by s151 Officer		307	Borrowing
Total Virements		0	
Total		6,359	

4.4 Table 2 sets out the summary provisional outturn position for 2022-23 by Directorate, setting out the budget variations since the last reported position to Cabinet in February 2023.

Table 2 – Provisional Capital Outturn 2022-23 £k

Directorate £k	Previously reported Q3 Budget £k	Amendments as per Table 1 £k	22/23 Budget £k	22/23 Actuals £k	Proposed Carry Forwards £k	Capital Budget no longer required £k	Passported Capital Funds* £k	Over/underspends £k
Adults, Housing & Communities	11,828	0	11,828	10,759	-3,509	-21	0	2,461
Assets and Environment Capital	17,699	2,232	19,931	3,250	-15,934	-535	0	-212
Children's	20,825	3	20,828	7,667	-13,759	-725	1,278	45
Corporate	4,680	0	4,680	740	-3,968	-16	0	44
Economic Growth & Regeneration	27,558	3,500	31,058	7,014	-23,399	-645	0	0
Finance	732	494	1,226	368	-1,160	0	302	0
Highways and Waste Capital	54,443	130	54,573	29,249	-25,350	-5	0	31
Total	137,765	6,359	144,124	59,047	-87,079	-1,947	1,580	2,369

*Funding which is passported to other public sector bodies. This was not included in the Q3 monitoring report.

4.5 The Provisional outturn expenditure for 2022-23 is £59.0m compared to a budget of £137.8m as reported in the Q3 report.

Rephasing

4.6 It is being proposed that £87.1m of budget is to be rephased into 2023-24.

4.7 Rephasing of capital schemes are required for several reasons, including challenging external market factors, ongoing refining of the capital programme since the move to unitary status, the impact of COVID 19 and the wider current economic issues. Carry forwards of greater than £1m are detailed below:

Table 3 – Proposed carry forwards in excess of £1m

WNC GF Capital Programme	Carry forward £k	Funding Source
Northampton Market Square	10,508	Grant / CIL / Borrowing
Northampton North West Relief Road	7,534	Borrowing / CIL
Northampton Growth Management Scheme Phase 1	4,206	Grant
Provision of Secondary SEND places	3,266	Grant / Borrowing
Street Lighting Upgrade (ex- NCC assets)	2,806	Borrowing
Abington Street Redevelopments	2,728	Grant / Borrowing
Northamptonshire Superfast Broadband	2,569	Borrowing
24 Guildhall Road Block	2,317	Borrowing / Grant / External contributions
Purchase of Leasehold Properties in Brackley	2,132	Borrowing
Market Walk	2,000	Grant
Disabled Facilities Grant Northampton	1,649	Grant
LTP Integrated Transport Block 2022-23	1,588	Grant
Northampton Leisure Trust	1,517	Borrowing
Northampton Town Centre Public Realm	1,429	Grant
4-14 High March Refurbishment	1,232	Borrowing
The Abbey Centre	1,170	Borrowing
Westbridge Depot - Accommodation for NPH	1,162	Borrowing
New residential 4 bed home	1,142	Borrowing / External contributions
Tiffield SEND School	1,098	Borrowing
Active travel scheme tranche 2	1,062	Grant
	55,865	

- 4.8 A full list of rephased projects which require carry forwards into 2023-24 is shown in Appendix A which includes the reason for any rephasing.
- 4.9 The £87m rephasing outlined in Appendix A represents a significant move since the last monitoring report that went to Cabinet (February 2023) which forecast anticipated scheme rephasing of £27.6m, the majority of which was in relation to the high value projects listed above.
- 4.10 The Capital Team will continue to work with Project Managers to improve the forecasting for 2023-24 onwards. This includes redesign of the authority’s financial management system (ERP) for capital, in liaison with partner authorities (Milton Keynes, North Northants and Cambridgeshire). The aim is to design a robust self-service monitoring system for capital managers and to improve the largely manual process for the Capital Team in preparing monitoring information. This will include further engagement with managers to actively forecast their outturn and cashflow throughout the year.

4.11 The Capital Team will also be looking to undertake a formal in-year rephasing exercise as part of the budget setting process for 2024-25.

New / Removed Schemes

4.12 Since unitary, extensive reviews have been undertaken to get an understanding on the vast amount of capital projects inherited from the legacy authorities but to also establish which budgets are still required. Through this exercise, £1.9m of budget has now been removed from our capital programme. The most significant of these include:

- New ways of working - £725k. A Children's Trust budget approved for refresh of IT equipment. This has now been removed as it will be picked up within the main IT capital refresh budgets we have already in the programme.
- Northamptonshire Holistic Flood Resilience - £400k. It has been identified that this grant funded project is a mixture of revenue and capital spend. Therefore £400k has been removed to fund revenue expenditure on the project.
- Watermeadows - £295k. This project was split into three phases. It has been agreed that phase three of the project will no longer go ahead so this budget has now been removed.

Budget Variations

4.13 Overall, most schemes are still on track to be delivered within their budget envelope, however there has been an overspend of £2.37m across the capital programme.

4.14 This is predominantly due to an overspend of £2.26m against the original budget on the Community Equipment project reflecting the large demand within Social Care. It should be noted that, whilst the overspend is large compared to the original budget, the majority of this is offset by additional funding from Health and North Northamptonshire Council in year, bringing the actual unfunded overspend to £546k.

In- year Completions

4.15 In totality £30.822m of Schemes have been completed, the most significant are set out below;

- £3.512m spent on Disabled Facilities Grant, improving homes to allow citizens to remain in their homes and reduce future and ongoing care requirements. This work tends to be large scale, such as the creation of a downstairs bathroom or wet room.
- £6.93m on the provision of Community Equipment to prevent falls and allow people to live safely in their own home.
- £1.736m on schools minor works projects.
- £4.509m on potholes
- £6.693m for general highway works
- £1.055m on general property works across the WNC asset portfolio

4.16 In addition to this the £15.5m Vulcan Works Creative Hub sited opened during the year. Whilst the construction work has been completed for some time, the £670k fit out was included in the 2022-23 programme and the facility has recently become operational.

4.17 The £725k Northampton Bike Park also opened during 2022-23 and is proving to be very popular.

4.18 Significant partial scheme completions are set out below;

- £16.5m spent on the North West Relief Road. This is a single-carriageway road linking the A428 Harlestone Road with the A5199 Welford Road. This scheme is now around 50% complete.
- £1.9m spent on Superfast Broadband as part of an ongoing, county-wide scheme.
- £1.7m on redevelopment in Abington Street, Northampton. This is centred around the acquisition and redevelopment of the old British Home Stores and Marks and Spencer's building.
- £5.84m spent on planned improvements in schools across the West Northants area to increase capacity and improve facilities. Initial work has also started on the new SEND school at Tiffield.

Table 4 – Funding of the 22-23 GF capital expenditure (provisional outturn) £k

	Capital receipts	Prudential Borrowing	Internal Borrowing	S106 / CIL	Grant	Reserve	External	Total
Adults, Housing & Communities	8	2,199	79	44	3,318	-	5,111	10,759
Assets and Environment Capital	376	2,045	165	326	228	110	-	3,250
Children's	-	650	-	1,849	5,168	-	-	7,667
Corporate	-	607	-	-	-	133	-	740
Economic Growth & Regeneration	32	72	-	261	6,196	453	-	7,014
Finance	-	67	-	301	-	-	-	368
Highways and Waste Capital	38	14,765	40	2,744	11,662	-	-	29,249
Total	454	20,405	284	5,525	26,572	696	5,111	59,047

5. Revised 2023-24 Capital Programme (General Fund)

5.1 In February 2023, Full Council gave delegated authority to the Executive Director - Finance in consultation with the portfolio holder for Finance to amend the capital programme for 2023-24 going forward so that it accurately reflects issues such as rephrasing on 2022-23 projects that will need to be added to the programme, any amendments made to existing capital programmes, adjustments to accommodate any future use of capital receipts policy and for any other reason where the capital programme needs to be adjusted.

5.2 Since the budget approved at Full Council in February, there have been several changes to the capital programme. These changes are outlined below and reflect changes up until the end of April 2023:

Table 5 - Changes to the General Fund capital programme since Full Council Budget report

Scheme	Directorate	2023-24 £k	2024-25 £k	2025-26 £k	2026-27 £k	Total £k	Funding Source
<u>New Schemes</u>							
2 nd year of previously approved new scheme budget which was erroneously omitted in Full Council report - Revenues and Benefits Single Software System	Finance	144				144	Borrowing
New scheme - East Hunsbury Primary School - S106 improvement project endorsed by CAB 14/02/23 and approved by S151	Children's	124				124	S106
New scheme - Walgrave Primary School - SEND Capital Funding endorsed by CAB 14/02/23 and approved by S151	Children's	5				5	Grant
New scheme – Air Quality endorsed by CAB 20/04/23 and approved by S151	Assets and Environment Capital	30				30	Grant
Total New Schemes		303	0	0	0	303	
<u>Changes to existing schemes</u>							
Addition to existing budget - Northampton School for Boys Capacity Capital Funding endorsed by CAB 14/02/23 and approved by S151	Children's	100				100	Grant
Addition to existing budget - Kingsthorpe College Capacity Capital Funding endorsed by CAB 14/02/23 and approved by S151	Children's	200				200	Grant

Budget variation - Northampton to Kettering Phase 1b approved by S151	Highways & Waste	-130				-130	S106
Budget variation - Homes 2 Inspire - Children's Homes. £3k brought forward from 2023-24 into 2022-23. Approved by S151	Children's	-3				-3	Grant
Reduced budget based on actual funding received - Disabled Facilities Grant	Adults, Housing & Communities	-31				-31	Grant
Budget variation bring budget in line with approved Cabinet report - Street Lighting Upgrade (ex- NCC assets)	Highways & Waste	-3,118	2,271	754		-93	Borrowing
Addition to existing budget - Northampton Capacity - Duston School bulge endorsed by CAB 20/04/23 and approved by S151	Children's	200				200	Grant
Total changes to existing schemes		-2,782	2,271	754	0	243	
Rephasing							
22/23 carry forward budgets outlined in appendix A	Various	87,079				87,079	Various
Total Rephasing		87,079	0	0	0	87,079	
Total		84,600	2,271	754	0	87,625	

5.3 The full updated capital programme is shown in Appendix C. Summary information is shown in the tables below.

Table 6 - Revisions to the General Fund Capital Programme

West Northants GF Capital Budget	2023-24	2024-25	2025-26	2026-27	Total
	£k	£k	£k	£k	£k

Approved Budget 2023-24 February Full Council	101,259	60,069	19,669	10,224	191,221
New scheme approvals	303	0	0	0	303
Changes to existing scheme budgets	-2,782	2,271	754	0	243
Rephasing	87,079	0	0	0	87,079
Total	185,859	62,340	20,423	10,224	278,846
Movement	84,600	2,271	754	0	87,625

Table 7 - Revised WNC capital programme by Directorate

Revised WN Capital Programme as May 2023	Approved Capital Programme February Full Council Report	New scheme approvals	Changes to existing scheme budgets	Rephasing From 2022- 23	Total 2023-24 to 2026-27
	£k	£k	£k	£k	£k
Adults, Housing & Communities	30,167	0	-31	3,508	33,644
Assets and Environment Capital	42,378	30	0	15,934	58,342
Children's	32,717	305	321	13,760	47,103
Corporate	9,640	0	0	3,967	13,607
Economic Growth & Regeneration	21,229	0	0	23,399	44,628
Finance	1,010	0	144	1,160	2,314
Highways and Waste Capital	54,080	0	-223	25,351	79,208
Total	191,221	335	211	87,079	278,846

The funding table below has been updated to reflect the latest position.

Table 8 - Funding for the revised WNC capital programme

WN Revised Capital Financing	2023/24 £k	2024/25 £k	2025/26 £k	2026/27 £k	Total £k
Capital receipts	2,401	85	0	0	2,486
Prudential Borrowing	67,762	24,101	14,098	4,674	110,635
Internal Borrowing	595	216	0	0	811
S106**	12,462	3,750	0	0	16,212
Community Infrastructure Levy (CIL)**	18,657	1,000	393	0	20,050
Grant Funding	77,388	22,888	2,632	2,250	105,158
Funded from Reserve	347	0	0	0	347
Revenue Funding	539	0	0	0	539
External Funding	5,708	10,300	3,300	3,300	22,608
Total Funding	185,859	62,340	20,423	10,224	278,846

** Some of the s.106 and CIL funding will be received several years after the completion of the project in some cases. Those schemes will be forward funded with Discretionary funding, which will be repaid when the relevant CIL and s.106 are received. The funding table shows the eventual funding source for these, rather than the forward funding.

HRA Capital Programme Outturn 2022-23

Table 9 Provisional HRA Capital Outturn 2022-23

Programme	Previously Reported Budget at Q3 2022/23 £k	Movement to Capital Programme since Q3 2022/23 £k	Revised Budget 2022/23 £k	Actual Expenditure 2022/23 £k	Proposed Carry Forward £k	Over (Underspend) 2022/23 £k
External Improvements	19,731		19,731	15,016	(4,715)	-
Internal Works	2,466	800	3,266	4,142	876	-
Structural Works and Compliance	858	200	1,058	1,325	268	-
Disabled Adaptations	1,500		1,500	1,490	(10)	-
Environmental Improvements	2,890	(1,000)	1,890	997	(893)	-
IT Development	409		409	389	(20)	-
New Build Projects	13,886		13,886	11,254	(2,631)	-
Total Managed by NPH	41,739	-	41,739	34,614	(7,125)	-
Acquisitions, NSAP & RSAP 1,2	4,409		4,409	1,679	(2,730)	.
Total	46,148	-	46,148	36,292	(9,856)	-

Proposed Carry--forwards

5.4 The key projects which were delayed and therefore required the budget to be rephased in year to future years are the following.

- Major works External Improvements programme delays in starting the Kingsthorpe Neighbourhood works including Wave 1 Decarbonisation works - £4,715k
- Environmental Works programme - delayed re-procurement of contracts and subsequent splitting off of Fencing and Paving has meant work slipped in to 23/24 - £893k (after virement)
- New Build - Belgrave House development - £500k
- New Build – Avenue Campus – (£116k)
- New Build – New Southbridge Road development – £153k
- New Build – Berkely House - £810k
- Councils retained Acquisitions programme for Spot Purchases and Buy backs refocused into 2023-24 - £2,730k

Cost variations

5.5 Structural Works and Compliance and Internal Works major improvements have overspent due to higher demand caused by winter and emerging national issues. NPH have actioned a virement from their Environmental Improvements budget of £1m to cover some of these additional costs. The remaining overspends are proposed to be covered by bringing forward budget allocated for future years which will mean that future budget allocations need be subject to review to ensure they are sufficient. This will be carried out as part of the in year monitoring for 2023-24.

Table 10 Funding of the HRA Capital Expenditure (Provisional Outturn)

Funding Source	Major Repairs Reserve	Capital Receipts (excl 1-4-1)	Capital Receipts RTB 1-4-1	Capital Grants	Revenue Contributions	Borrowing	Total
	£k	£k	£k	£k	£k	£k	£k
Total	13,500	2,587	1,129	8,164	1,238	9,674	36,292

Table 11 – Revised HRA Capital Budget 2022/23 and Medium Term

Description	Actual 2022-23 £k	Estimate 2023-24 £k	Estimate 2024-25 £k	Estimate 2025-26 £k	Estimate 2026-27 £k	Total £k
External Improvements	15,016	15,210	7,496	6,850	10,008	54,580
Internal Works	4,142	1,840	1,840	1,840	1,840	11,500
Structural Works and Compliance	1,325	470	471	471	471	3,207
Disabled Adaptations	1,490	1,287	1,287	1,287	1,287	6,640
Environmental Improvements	997	3,038	3,038	3,038	3,038	13,150
IT Development	389	500	430	395	340	2,054
New Build/Major Projects	11,254	31,263	32,118	67,817	38,989	181,441
Total NPH Managed WNC Retained	34,614	53,609	46,680	81,697	55,975	272,573
Acquisitions, NSAP, RSAP 1,2	1,678	5,230	2,500	2,500	503	12,412
		-	-	-	-	
Total Capital Expenditure	36,292	59,839	49,180	84,197	56,476	285,985

Table 12- Funding of HRA Capital Budget 2022/23 and Medium Term

Description	Actual 2022-23 £k	Estimate 2023-24 £k	Estimate 2024-25 £k	Estimate 2025-26 £k	Estimate 2026-27 £k	Total £k
Major Repairs Reserve/Depreciation	13,500	13,699	13,585	13,494	13,726	68,004
Capital Receipts - Unrestricted	2,587	3,288	3,333	3,378	3,424	16,010
Capital Receipts - RTB 1-4-1 Receipts	1,129	8,069	4,191	8,861	7,999	30,249
Grant Funding	8,164	11,326	-	-		19,490
Revenue Contributions Earmarked Reserve	1,238	1,492	1,898	2,752	4,064	11,444
Borrowing / CFR	9,674	20,965	26,173	55,713	27,262	139,787
Total Funding	36,292	59,899	49,180	84,197	56,476	285,985

6. Implications (including financial implications)

6.1 Resources and Financial

- This report informs Cabinet of the provisional capital outturn position 2022-23 for both the General Fund and HRA. The latest capital programme outlined in this report is fully funded, either through borrowing, internal resources or external funding arrangements. Ongoing expenditure relating to these projects will be robustly challenged and monitored by Finance and the Capital and Assets Board.

6.2 Legal

- There are no legal implications arising from the proposals.

6.3 Risk

- There are a number of processes in place to robustly review, and challenge new scheme proposals and variations to existing schemes. Where required, completed projects will be subject to a 'lessons learned' exercise.

6.4 Consultation and Communications

6.5 The Council carries out public consultation and communications on its annual Budget proposals. These activities took place in the months prior to the budgets being approved by Full Council in February 2022 for the 2022/23 budget.

6.6 Any management interventions that require a policy change will be subject to a consultation before any decision is taken where required.

6.7 Where consultation is necessary, full details will be presented to Cabinet separately. Cabinet can only make a decision after taking careful account of the results of such consultation in order to reach an informed decision.

Consideration by Overview and Scrutiny

6.8 All 2022-23 budget proposals were consulted on prior to the budget being approved by Full Council in February 2022. Budget monitoring and provisional outturn reports are also considered by the Corporate Overview and Scrutiny committee.

6.9 Climate Impact

6.10 All management interventions and mitigations identified within this report will be reviewed on an individual basis for any environmental impact.

6.11 Community Impact

6.12 This report will have a positive impact on the community by providing scrutiny on how public funds are being used to fund services for local residents in 2022-23.

7. Background Papers

7.1 Final Capital Budget to West Northants Full Council – February 2023