

WEST NORTHAMPTONSHIRE COUNCIL CABINET

19 September 2023

**CABINET MEMBER WITH RESPONSIBILITY FOR FINANCE: CLLR MALCOLM
LONGLEY**

Report Title **Period 4 General Fund and Housing Revenue Account (HRA)
Capital Monitoring Report 2023-24**

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List of Appendices

Appendix A – Revised General Fund capital programme

Appendix B – Assets and Environment proposed virement and reprofiling

1. Purpose of Report

- 1.1. The report sets out the latest General Fund and HRA capital programme monitoring positions for 2023-27 for West Northamptonshire Council, and identifies new schemes which have been approved for submission into the capital programme since the last update to Cabinet in July 2023.

2. Recommendations

2.1 It is recommended that the Cabinet:

- a) Note the latest capital monitoring position for the General Fund and HRA.
- b) Note the new capital schemes and changes to the Capital Programme since the report that was considered by Cabinet in July 2023.
- c) Approve the proposed budget virements and reprofiling outlined in section 9 and detailed in Appendix B.

3. Reason for recommendations

In order to continue to ensure sound management of the council's finances.

4. Report Background

4.1 The General Fund and HRA Capital budgets were approved by Full Council in February 2023 as part of the authority's budget-setting process.

4.2 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 rephasing, 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.

4.3 The approvals for in year changes to the Capital programme are set out below:

- the Executive Director – Finance can approve new schemes estimated to cost less than £100k and fully funded schemes.
- Cabinet can approve new schemes under £500k
- Full Council must approve schemes over £500k.

4.4 This report sets out the latest capital programme for the General Fund and HRA since the previously reported position to Cabinet in July 2023. It provides an update on new capital schemes, the latest monitoring position and any other technical issues that need to be raised.

5. Governance and process

5.1 The Council maintains a well-established robust approval and monitoring process for the capital programme. This governance ensures the Council has financial rigour and strict management controls in place to manage the programme effectively.

5.2 The Executive Leadership Team (ELT) and the Capital and Assets Board (CAB) are key elements of the governance process.

Executive Leadership Team (ELT)

- ELT will have first sight of all budget proposals / capital bids and will undertake a review in order to gain support, before any schemes are submitted to the Capital and Assets Board for consideration (see below).

Capital and Assets Board (CAB)

- This is an officer and councillor group, chaired by the S151 Officer. The purpose of this Board is to review and challenge capital schemes. The group will also monitor and challenge active projects, holding project managers to account for specific project performance.

5.3 All elements of proposed, and active schemes are robustly challenged and monitored throughout the project lifetime, and in some cases will be subject to a ‘lessons learned’ review on completion.

5.4 All schemes will be in line with Council objectives, and must have clear, measurable deliverables or outcomes. Applications must show how projects will deliver value for money, meet council priorities, assess and mitigate risk, and manage resource capacity issues.

6. Monitoring of the General Fund Capital Programme 2023-2027

6.1 Since the update provided on the revised 2023-24 general fund capital programme at July Cabinet, there have been several changes to the capital programme. These changes are outlined below and reflect changes up until the end of July:

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

Scheme		2023-24 £k	2024-25 £k	2025-26 £k	2026-27 £k	Total £k	Funding Source
<u>New Schemes</u>							
New scheme - PFI Lifecycle Works endorsed by CAB 26/01/23 and approved by Full Council 23/03/23	Assets and Environment Capital	1,100				1,100	Borrowing
New scheme - Billing Brook School - S106 improvement project endorsed by CAB 17/05/23 and approved by S151	Children’s	171				171	S106
New scheme - Moulton School & Science College Capacity Capital Funding endorsed by CAB 17/05/23 and approved by S151	Children’s	364				364	Grant
New scheme - Sponne School - S106 improvement project endorsed by CAB 17/05/23 and approved by S151	Children’s	648				648	S106

New scheme - Purple Oaks Academy - SEND Capital Funding endorsed by CAB 13/06/23 and approved by S151	Children's	800				800	Grant
New scheme - Remote Monitoring for Adult Social Care endorsed by CAB 13/06/23 and approved by S151	Adults, Housing & Communities	49				49	External/Revenue
New scheme - Northampton Free School - S106 improvement project endorsed by CAB 11/07/23 and approved by S151	Children's	52				52	S106
New scheme - Moulton School & Science College - SEND Capital Funding endorsed by CAB 11/07/23 and approved by S151	Children's	1,350				1,350	Grant
New scheme - Abbeyfield School Capacity Capital Funding endorsed by CAB 11/07/23 and approved by S151	Children's	286				286	Grant
New scheme - Northgate School Arts College - SEND Capital Funding endorsed by CAB 11/07/23 and approved by S151	Children's	3,565				3,565	Grant
New scheme - Gateway School and Technology College - SEND Capital Funding endorsed by CAB 11/07/23 and approved by S151	Children's	3,991				3,991	Grant
New scheme - Ecton Brook Community Centre endorsed by CAB 11/07/23 and approved by S151	Economic Growth & Regeneration	23	23			45	Grant
New scheme - Grants for Decarbonisation for Businesses endorsed by CAB 11/07/23 and approved by S151	Economic Growth & Regeneration	50	50			100	Grant

New scheme - Property Access Control System endorsed by CAB 12/04/22 and approved by Cabinet 14/06/22	Assets and Environment Capital	80				80	Borrowing
New scheme - Pothole Machinery endorsed by CAB 11/07/23 and approved by Cabinet 11/07/23	Highways and Waste Capital	450				450	Borrowing
Total New Schemes		12,979	73			13,052	
<u>Changes to existing schemes</u>							
Budget removed as no longer required - Homelessness Reduction Act	Adults, Housing & Communities	-10				-10	Internal Borrowing
Budget removed as no longer required - Choice Based letting	Adults, Housing & Communities	-5	-5			-10	Internal Borrowing
Budget removed as no longer required - Express Signature Verification Software	Corporate	-6	-6			-12	Internal Borrowing
Budget removed as funding no longer available - Play Equipment at Children's Centres	Assets and Environment Capital	-60				-60	Grant
Addition to existing budget - Kingsthorpe College Capacity Capital Funding endorsed by CAB 17/05/23 and approved by S151	Children's	100				100	Grant
Addition to existing budget - Old Black Lion endorsed by CAB 13/06/23 and approved by S151	Economic Growth & Regeneration	20				20	S106
Addition to existing budget - Marefare Heritage Gateway endorsed by CAB 13/06/23 and approved by S151	Economic Growth & Regeneration	427				427	S106

Addition to existing budget - Extension of 78 Derngate endorsed by CAB 11/07/23 and approved by S151	Economic Growth & Regeneration	50				50	S106
Budget variation - Active Travel Enhancements endorsed by CAB 11/07/23 and approved by S151	Highways and Waste Capital	-34	-34			-69	Grant
Reduced budget based on final 22/23 outturn - Disabled Facilities Grant Northampton	Adults, Housing & Communities	-134				-134	Grant
Reduced budget based on final 22/23 outturn - PC Equipment Hardware Refresh	Corporate	-343				-343	Borrowing
Budget removed as project now complete - Community Library Prog - Brackley Library	Adults, Housing & Communities	-5				-5	Borrowing
Budget removed following review with Service to allow repurpose of grant to other specific schemes - Northampton Secondary School Capacity	Children's	-167				-167	Grant
Budget removed as project covered within budgets elsewhere - Walgrave Primary School - SEND Capital Funding	Children's	-5				-5	Grant
Total changes to existing schemes		-172	-45			-218	
Total		12,807	28			12,834	

7. Summary of Changes and Revised 2023-27 Capital Programme – General Fund

7.1 The full updated capital programme is shown in Appendix A. Summary information is shown in the tables below.

Table 2 – Period 4 Revisions to the General Fund Capital Programme

West Northants GF Capital Budget	2023-24	2024-25	2025-26	2026-27	Total
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	£k	£k	£k	£k	£k
Approved Budget 2023-24	185,860	62,340	20,423	10,224	278,847
New scheme approvals	12,979	73	0	0	13,052
Changes to existing scheme budgets	-172	-45	0	0	-218
Total	198,666	62,368	20,423	10,224	291,681
Movement from July 2023 Cabinet report	12,807	28	0	0	12,834

Table 3 - Revised WNC capital programme by Directorate

Revised WN Capital Programme as at July 23	Approved Capital Programme	New scheme approvals	Changes to existing scheme budgets	Total 2023-24 to 2026-27
	£k	£k	£k	£k
Adults, Housing & Communities	33,646	49	-159	33,536
Assets and Environment Capital	58,342	80	-60	58,362
Children's	43,589	13,327	-72	55,844
Children's Trust	3,514	0	0	3,514
Corporate	13,607	0	-354	13,253
Economic Growth & Regeneration	44,627	145	497	45,269
Finance	2,314	0	0	2,314
Highways and Waste Capital	79,208	450	-69	79,589
Total	278,847	13,052	-218	291,681

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

Table 4 - Funding for the revised WNC capital programme

WN Revised Capital Financing	2023/24	2024/25	2025/26	2026/27	Total
	£k	£k	£k	£k	£k
Capital receipts	2,070	85	0	0	2,155
Prudential Borrowing	67,076	24,102	14,098	4,674	109,950
Internal Borrowing	575	205	0	0	780
S106**	13,829	3,750	0	0	17,579
Community Infrastructure Levy (CIL)**	20,957	1,000	393	0	22,350
Grant Funding	87,517	22,926	2,632	2,250	115,325
Funded from Reserve	347	0	0	0	347
Revenue Funding	563	0	0	0	563
External Funding	5,733	10,300	3,300	3,300	22,633
Total Funding	198,666	62,368	20,423	10,224	291,681

** 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.

8. Latest Forecasts on the GF Capital Programme

8.1 Through the forecasting process, a number of schemes have identified potential carry forwards from 23/24 into 24/25. These are only forecasts at this stage, so have not been included in the updated capital programme, but are summarised below for information.

Table 5 – Latest Forecasts for the GF Capital Programme

Directorate	Budget 2023-24 £k	23-24 Forecast spend in year £k	Forecast Carry Forward Budget into 24-25 £k	Forecast Under / overspend 23-24 £k
Adults, Housing & Communities	11,583	11,583	0	0
Assets & Environment Capital	38,071	38,071	0	0
Children's	46,738	46,738	0	0
Children's Trust	3,010	3,010	0	0
Corporate	5,597	5,597	0	0
Economic Growth & Regeneration	36,146	36,146	0	0
Finance	1,624	1,085	539	0
Highways and Waste Capital	55,898	51,294	4,579	25*
Total	198,666	193,523	5,118	25

*Anticipated overspend is to be funded from Integrated Transport Block Grant funding

8.2 As stated above, these forecasts are not yet included in the capital programme. As part of the 24/25 budget setting process, these will be reviewed in more detail and the official capital programme can be reprofiled accordingly prior to December Cabinet.

8.3 The largest of these forecast changes are outlined below.

- Northampton Growth Management Scheme - £3.7m is being forecast to slip to better reflect a realistic spend profile on the project. A Cabinet report is being drawn up which is looking at increasing the budget and scope of this project, and as part of that there will be a large reprofiling exercise.
- IFRS16 Lease Right of Use Assets - £539k is being forecast to slip. This is associated with the implementation of a new technical accounting standard which is now not being adopted until 24/25.

9. Approval of Budget Virements and Budget Reprofile

9.1 As part of the ongoing work to refine the capital programme, a piece of work has been undertaken to repurpose and reprofile some capital budgets within the Assets & Environment

directorate. It is requested that Cabinet approve the budget virements and reprofiling of budgets as set out appendix B.

10. Monitoring of the HRA Capital Programme 2023-2027

10.1 The Council's Housing Revenue Account Capital Programme is mainly managed by Northampton Partnership Homes (NPH) under the management agreement. NPH are responsible for the new build programme along with the major repairs and Improvement programme for existing HRA stock. The only element of the programme not managed by NPH is the buy-back and acquisitions budget.

10.2 Since the report to Cabinet in July 2023 there have been several changes to the capital programme. These changes are outlined below.

Table 6 – Changes to the HRA capital programme since July 23 Cabinet. **

Scheme	2023-24 £k	2024-25 £k	2025-26 £k	2026-27 £k	2027-28 £k	Total £k	Funding Source
<u>New Schemes</u>							
External Improvements	436	806	0	0	0	1,242	Grants/ Borrowing
Acquisitions, LAHF 1 & 2, NSAP, RSAP 1 & 2 *	10,907	0	0	0	0	10,907	Grants / Borrowing
Total New Schemes	11,343	806	0	0	0	12,149	
<u>Changes to existing schemes</u>							
New Build	(9,350)	21,255	(4,509)	(7,315)	(185)	(104)	Receipts / Grants / Borrowing
Retained Programme	0	0	0	0	0	0	Receipts / Grants / Borrowing
External Improvements	(416)	452	0	(709)	0	(673)	Receipts / Grants / Borrowing
Energy Efficiency	0	0	0	0	0	0	Receipts / Grants / Borrowing
Internal Works	1361	(215)	(215)	(215)	(215)	502	Receipts / Grants / Borrowing
Structural Works and Compliance	661	(36)	(36)	(36)	(36)	517	Receipts / Grants / Borrowing
Disabled Adaptations	0	0	0	0	0	0	Receipts / Grants / Borrowing
Environmental Improvements	(1,324)	(13)	331	331	331	(344)	Receipts / Grants / Borrowing
Major Disabled Adaptions	0	0	0	0	0	0	Receipts / Grants / Borrowing
IT Development	(112)	213	0	0	0	102	Receipts / Grants / Borrowing
Total changes to existing schemes	(9,181)	21,656	(4,429)	(7,943)	(104)	0	
Total	2,162	22,462	(4,429)	(7,943)	(104)	12,149	

* LAHF = Local Authority Housing Fund (LAHF), NSAP = Next Steps Accommodation Programme (NSAP), RASP = Rough Sleepers Accommodation Programme (RSAP)

** The starting point picks up rephasing by NPH of the Capital programme since February Budget setting.

Additional Schemes

- 10.2.1 External Improvements - the council has been successful in being awarded Wave 2.1 of the Social Housing Decarbonisation Fund with allocations covering a two year period totalling £1.242m
- 10.2.2 Acquisitions funding under the Local Authority Housing Fund scheme have been awarded by DLUCH totalling £5.051m in grant to acquire homes to support Ukraine and Afghan scheme families. The council has provided match funding of £5.856m as part of the grant conditions following a robust due diligence process.

New Build and Major Repairs and Maintenance of existing stock

- 10.2.3 The new build programme has been subject to a review by the council and NPH resulting in a re-phasing of a few of the significant sized projects which include Berkeley and St Mary's, Belgrave House and Avenue Campus.
- 10.2.4 The Internal Works programme on existing stock and the Environmental Works programme are being rephased over the MTP due to changes in need and requirements based on latest stock information. Some of the work around compliance both within the internal works programme and Structural works programmes are being accelerated therefore budget being brought forward from future years.

11. Summary of Changes and Revised 2023-27 Capital Programme – HRA

11.1 The HRA capital programme is summarised in the tables below.

Table 7 - Period 4 Revisions to the HRA Capital Programme

West Northants HRA Capital Budget	2023-24	2024-25	2025-26	2026-27	2027-28	Total
	£k	£k	£k	£k	£k	£k
Approved Budget 2023-24	71,296	59,393	73,650	46,360	44,144	294,842
New scheme approvals	11,343	806	0	0	0	12,149
Changes to existing scheme budgets	(9,181)	21,656	(4,429)	(7,943)	(104)	0
Total	73,458	81,855	69,221	38,416	44,040	306,990
Movement from P1 Cabinet report	2,162	22,462	(4,429)	(7,943)	(104)	12,149

Table 8 - Revised HRA capital programme by scheme

Revised HRA Capital Programme as at July 23	Approved Capital Programme plus Carry Forwards	New scheme approvals	Changes to existing scheme budgets	Total 2023-24 to 2027-28
	£k	£k	£k	£k

External Improvements	51,473	1,242	(673)	52,042
Internal Works	9,392	0	502	9,894
Structural Works and Compliance	5,593	0	517	6,110
Disabled Adaptations	11,510	0	0	11,510
Environmental Improvements	15,968	0	(344)	15,624
IT Development	2,340	0	101	2,440
New Build/Major Projects	145,872	0	(103)	145,769
Buybacks and Spot Purchases	37,694	10,907	0	48,601
Energy Efficiency	15,000	0	0	15,000
Total	294,842	12,149	0	306,990

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

Table 9 - Funding for the revised WNC capital programme

HRA Revised Capital Financing	2023/24 £k	2024/25 £k	2025/26 £k	2026/27 £k	2027/28 £k	Total £k
Major Repairs Reserve/Depreciation	13,699	13,585	13,494	13,726	14,180	68,685
Capital Receipts - (not restricted)	2,265	3,288	3,333	3,378	3,424	15,689
Capital Receipts - RTB 1-4-1 Receipts	6,544	10,891	7,506	4,071	4,112	33,123
Grant Funding	16,979	806	0	0	0	17,785
Revenue Contributions Earmarked Reserve	0	2,686	2,822	3,923	6,436	15,867
Borrowing / CFR	33,970	50,600	42,066	13,319	15,886	155,841
Total	73,458	81,855	69,221	38,418	44,038	306,990

12. Implications (including financial implications)

12.1 Resources and Financial

- This report informs Cabinet of the latest capital position for 2023-24 and for the medium term. The 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 continue to be robustly challenged and monitored by budget managers, Finance and the Capital and Assets Board.

12.2 Legal

- There are no legal implications arising directly from the recommendations of this report.

12.3 Risk

- There are a number of processes in place to robustly challenge new schemes and progress for existing schemes such as through the Executive Leadership Team, the Capital and Assets Board and in reports to Cabinet. Funding for all capital schemes has been identified, and progress against budgets will be closely monitored to Cabinet on a regular basis

12.4 Consultation

- There has been no consultation in relation to this report.

12.5 Climate impact

- There is no direct climate impact in relation to this report.

12.6 Community impact

- All capital programme schemes are assessed for their impact on the community and individual Project Boards liaise with relevant community group.

13. Background Papers

- Provisional Outturn 2022-23 and Revised Capital Programme for 2023-27 – July 2023 report