

# WEST NORTHAMPTONSHIRE COUNCIL CABINET

13<sup>th</sup> FEBRUARY 2024

## CABINET MEMBER FOR FINANCE: COUNCILLOR MALCOLM LONGLEY

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**Report Title**                      **Period 9 General Fund and Housing Revenue Account (HRA)  
Capital Monitoring Report 2023-24**

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### Contributors/Checkers/Approvers

<b>West S151</b>	Martin Henry	5 <sup>th</sup> February 2024
<b>West MO</b>	Cath Whitehead	5 <sup>th</sup> February 2024
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### List of Appendices

**Appendix A – Revised General Fund capital programme.**

**Appendix B – Proposed reprofiling.**

**Appendix C – Revised HRA capital programme**

### **1. Purpose of Report**

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- 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 changes to the Capital Programme since the last update to Cabinet in December 2023.

## **2. Recommendations**

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2.1 It is recommended that the Cabinet:

- a) Approve the proposed budget reprofiling outlined in section 6 and detailed in Appendix B.
- b) Note the latest capital monitoring position for the General Fund and HRA.
- c) Note the new capital schemes and changes to the Capital Programme since the report that was considered by Cabinet in December 2023.

## **3. Reason for recommendations**

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- To continue to ensure sound management of the Council's finances.

## **4. Report Background**

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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 cabinet member for Finance to amend the capital programme for 2023-24 going forward so that it accurately reflects issues such as rephrasing, 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 £0.1m and fully funded schemes.
- Cabinet can approve new schemes up to £0.5m
- Full Council must approve schemes over £0.5m.

4.4 This report sets out the latest Capital Programme for the General Fund and HRA since the previously reported position to Cabinet in December 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**

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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), Capital and Assets Board (CAB) and Property Assets and Major Projects (PAMP) Board 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 grant 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.

*Property Assets and Major Projects (PAMP) Board*

- This is an ELT/senior officer delivery board that has oversight of the progress of all ongoing major schemes (Schools, regeneration, roads and strategic asset projects), feasibility studies, assets transactions updates and manages exceptions and issues that cross services. This acts as a support to CAB and creates a corporate awareness and robust management on interdependencies.

5.3 All elements of proposed and active schemes are robustly challenged and monitored throughout the project lifetime, and in many cases are 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. Requested Cabinet Approval of Budget Reprofile**

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6.1 As part of the ongoing work to refine the capital programme, work has continued in reviewing project plans and adjusting capital budgets so that they better match expected spend needs of the Council.

6.2 As a result, an additional £14.5m of budget in 2023-24 has been identified which can be reprofiled into the next financial year. This had previously been included in the forecast position but as we are approaching the end of the financial year, there is more certainty so they are now confirmed and have now been included as an official request for reprofiling.

6.3 It is requested that Cabinet approve the reprofiling of budgets as set out Appendix B.

## **7. Monitoring of the General Fund Capital Programme 2023-2027**

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7.1 The decisions requiring Cabinet approval are listed towards the bottom of Table 1.

7.2 Since the update provided on the revised 2023-24 general fund capital programme at December Cabinet, there have been several changes to the capital programme which have been through the appropriate approval route. These changes are outlined in the table below and reflect changes up until the end of December:

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

Scheme		2023-24 £k	2024-25 £k	2025-26 £k	2026-27 £k	Total £k	Funding Source
<b>New Schemes approved since December Cabinet Monitoring Report</b>							
New scheme - Connecting the Active Quarter - Access for All endorsed by CAB 13/06/23 and approved at Cabinet 14/11/23	Highways & Waste	643				643	Grant
New scheme - Fernie Fields Changing Places Grant endorsed by CAB 12/12/23 and approved by S151	Assets & Environment	40				40	Grant
<b>Total New Schemes</b>		<b>683</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>683</b>	
<b>Approved changes to existing schemes</b>							
Budget virement – Property Minor Works 2023-24 onwards – transfer to specific project budgets outlined below - approved by S151 and Portfolio Holder for Finance 14/11/23	Assets & Environment	-219				-219	Borrowing
Budget virement – Magistrates Court and Hazelrigg House Roof Repairs – transfer from Property Minor Works 2023-24 onwards project budget - approved by S151 and Portfolio Holder for Finance 14/11/23	Assets & Environment	32				32	Borrowing
Budget virement – Central Library Refurbishment –	Assets & Environment	50				50	Borrowing

transfer from Property Minor Works 2023-24 onwards project budget - approved by S151 and Portfolio Holder for Finance 14/11/23							
Budget virement – St Michaels MSCp lift refurbishment – transfer from Property Minor Works 2023-24 onwards project budget - approved by S151 and Portfolio Holder for Finance 14/11/23	Assets & Environment	137				137	Borrowing
Budget rephasing - DTI Minor works – Budget officially drawn down with request to be reprofiled, endorsed by CAB 14/11/23 and approved by S151	Corporate	-50			50	0	Borrowing
Budget variation - HCA Upton Remedial Works – budget increase and reprofile endorsed by CAB 12/12/23 and approved by S151	Highways & Waste	-121	348			227	S278/S31
Budget removed - Northampton Secondary School Capacity - Kingsthorpe College Bulge – removal of legacy budget as no longer required	Children’s	-59				-59	Grant
<b>Total changes to existing schemes</b>		<b>-230</b>	<b>348</b>	<b>0</b>	<b>50</b>	<b>168</b>	
<b>Cabinet approval requested. Changes to existing schemes requiring Cabinet approval outlined in Section 6 and Appendix B</b>							

Budget rephasing – Various projects to be rephased as outlined in Section 6 and Appendix B	Various	-14,516	14,516			0	Various
<b>Total changes to existing schemes requiring approval as outlined in Section 6 and Appendix B</b>		<b>-14,516</b>	<b>14,516</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>Total</b>		<b>-14,063</b>	<b>14,864</b>	<b>0</b>	<b>50</b>	<b>851</b>	

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

8.1 The full updated capital programme is shown in Appendix A. Summary information is shown in the tables below. Please note that these include the changes to existing schemes outlined in sections 6 and appendix B that are requested to be approved as part of this paper.

**Table 2 – Period 9 Revisions to the General Fund (GF) Capital Programme**

<b>West Northants GF Capital Budget</b>	<b>2023-24</b>	<b>2024-25</b>	<b>2025-26</b>	<b>2026-27</b>	<b>Total</b>
	<b>£k</b>	<b>£k</b>	<b>£k</b>	<b>£k</b>	<b>£k</b>
Approved Capital Programme 2023-24 December Cabinet Report	151,689	114,925	17,524	13,703	297,841
New scheme approvals	683	0	0	0	683
Changes to existing scheme budgets	-230	348	0	50	168
Changes to existing scheme budgets awaiting approval Cabinet Feb 2024	-14,516	14,516	0	0	0
<b>Total</b>	<b>137,626</b>	<b>129,789</b>	<b>17,524</b>	<b>13,753</b>	<b>298,692</b>
<b>Movement from December Cabinet Report</b>	<b>-14,063</b>	<b>14,864</b>	<b>0</b>	<b>50</b>	<b>851</b>

**Table 3 - Revised WNC Capital Programme by Directorate**

<b>Revised WNC Capital Programme as at December 23</b>	<b>Approved Capital Programme December Cabinet Report</b>	<b>New scheme approvals</b>	<b>Changes to existing scheme budgets</b>	<b>Total 2023-24 to 2026-27</b>
	<b>£k</b>	<b>£k</b>	<b>£k</b>	<b>£k</b>
Adult Social Care	21,283	0	0	21,283
Housing & Communities	14,445	0	0	14,445
Children's	58,383	0	-59	58,324
Children's Trust	3,283	0	0	3,283

Corporate	13,252	0	0	13,252
Finance	2,314	0	0	2,314
Highways and Waste	77,526	643	227	78,396
Economic Growth & Regeneration	48,891	0	0	48,891
Assets & Environment	58,464	40	0	58,504
<b>Total</b>	<b>297,841</b>	<b>683</b>	<b>168</b>	<b>298,692</b>

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

<b>WNC Revised Capital Financing</b>	<b>2023/24 £k</b>	<b>2024/25 £k</b>	<b>2025/26 £k</b>	<b>2026/27 £k</b>	<b>Total £k</b>
Prudential Borrowing / Capital receipts*	41,370	54,303	11,199	8,203	115,075
Internal Borrowing	143	485	0	0	628
S106**	5,799	8,372	0	0	14,171
Community Infrastructure Levy (CIL)**	20,176	2,755	393	0	23,324
Grant Funding	63,679	51,575	2,632	2,250	120,136
Funded from Reserve	347	227	0	0	574
Revenue Funding	394	539	0	0	933
External Funding	5,718	11,533	3,300	3,300	23,851
<b>Total Funding</b>	<b>137,626</b>	<b>129,789</b>	<b>17,524</b>	<b>13,753</b>	<b>298,692</b>

\*The Council will determine the appropriate use of capital receipts to reduce borrowing costs. This will be done in conjunction with consideration of our Capitalisation Directive.

\*\* 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. The two main schemes to which this applies are the Northampton North West Relief Road, and the A45 Daventry Development Link.

## 9. Latest Forecasts on the GF Capital Programme

- 9.1 As outlined in section 6 and appendix B, work is ongoing to reprofile and adjust capital budgets so that they better match expected spend needs of the Council. The 2023-24 budget in the table below, has been updated to reflect these changes and the forecasts are now being reported against this updated budget position.
- 9.2 Through the ongoing forecasting process, a number of schemes have identified potential carry forwards from 23/24 into 24/25. These are in addition to the reprofiling outlined in section 6. They are only being reported as 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
Adult Social Care	7,183	7,183	0	0
Assets & Environment	22,274	21,658	625	9
Children's *	19,838	19,601	323	86
Children's Trust	2,779	2,779	0	0
Corporate	3,655	3,206	449	0
Economic Growth & Regeneration	29,266	29,266	0	0
Finance	1,085	1,085	0	0
Highways and Waste **	45,774	45,217	591	35
Housing & Communities	5,772	5,757	0	-15
<b>Total</b>	<b>137,626</b>	<b>135,752</b>	<b>1,988</b>	<b>114</b>

\*Children's overspend on School Capacity projects, options being looked at to cover within existing budget/grant available.

\*\*Highways overspend is to be funded from Integrated Transport Block Grant funding.

- 9.3 As stated above, these forecasts are not yet included in the capital programme. The forecast rephasing shown here is still to be confirmed. Throughout the remainder of the year, these will be monitored closely with any rephasing required actioned at the end of the year.
- 9.4 Services are working to mitigate any forecast overspends through repurposing of existing budgets or value engineering. Performance against budget is reported to the Capital and Assets Board.
- 9.5 The largest of these forecast changes are outlined below:
- Guildhall Boilers – Linked to the overall accommodation review, some costs have occurred in year but the majority of spend is expected in 2024-25. £0.213m is being forecast to slip to better reflect a realistic spend profile on the project.
  - Daventry Leisure Centre – This budget forms part of the wider office optimisation project. Work on the Abbey Centre is complete with the majority of spend on this second element of the project expected in 2024-25. £0.215m is being forecast to slip to better reflect a realistic spend profile on the project.
  - Magdalen College School Expansion – Some spend has occurred this financial year with the project expected to be completed in 2024-25. £0.130m is being forecast to slip to simply reflect the expected spend profile on the project.
  - East Hunsbury Primary School - S106 improvement project – Some spend has occurred this financial year with the project expected to be completed in 2024-25. £0.101m is being forecast to slip to simply reflect the expected spend profile on the project.
  - Environmental Services Contract - This budget is for the refresh of Environmental Services' vehicles/equipment and the purchase of new bins/containers for residents. There has always been an historic underspend that has built up over the life of the contract, but the budget needs to be made left available for the contract provider to draw down if they require. £0.265m is being forecast to slip as it is not required this year.



## 10. Monitoring of the Housing Revenue Account (HRA )Capital Programme 2023-2027

10.1 The Council's Housing Revenue Account Capital Programme is mainly managed by Northamptonshire 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 significant element of the programme not managed by NPH is the buy-back and acquisitions budget.

10.2 Since the report to Cabinet in December 2023 there have been several changes to the cCapital Programme, as outlined below.

**Table 6 – Changes to the HRA Capital Programme since September Cabinet.**

Scheme	2023-24 £k	2024-25 £k	2025-26 £k	2026-27 £k	2027-28 £k	Total £k	Funding Source
<b><u>Changes to existing schemes</u></b>							
New Build	(878)	(1,200)	1,956	0	0	(122)	Receipts / Grants / Borrowing
External Improvements	(3,663)	3159	0	0	0	(504)	Receipts / Grants / Borrowing
Energy Efficiency	0	0	0	0	0	0	Receipts / Grants / Borrowing
Internal Works	0	0	0	0	0	0	Receipts / Grants / Borrowing
Structural Works and Compliance	1,300	0	0	0	0	1,300	Receipts / Grants / Borrowing
Disabled Adaptations	(300)	0	0	0	0	(300)	Receipts / Grants / Borrowing
Environmental Improvements	(1,000)	504	0	0	0	(496)	Receipts / Grants / Borrowing
Major Disabled Adaptions	0	0	0	0	0	0	Receipts / Grants / Borrowing
IT Development	(24)	24	0	0	0	0	Receipts / Grants / Borrowing
Acquisitions, LAHF 1 & 2, NSAP, RSAP 1 & 2 *	0	0	0	0	0	0	Grants / Borrowing
<b>Total changes to existing schemes</b>	<b>(4,565)</b>	<b>2,487</b>	<b>1,956</b>	<b>0</b>	<b>0</b>	<b>(122)</b>	

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

10.3 In-year emerging new requirements under Fire Safety Regulations 2022 have been identified for building in scope (those over 11m in height) where potentially combustible / flammable cladding is identified this must be removed and/or replaced. NPH is working through a programme of inspections. It is anticipated that this initial remedial work to remove non-

compliant cladding will cost £1.3m and can be funded through re-use of existing capital budgets (£1m Landscaping and £300k Disabled Adaptations).

- 10.4 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 new build projects.
- 10.5 The External Works programme on existing stock and the Environmental Works programme are being rephased over the Medium Term Financial Plan (MTFP) due to changes in need and requirements based on latest stock information. The Social Housing Decarbonisation Fund Wave 2 work contained within External Works programme is corrected to reflect existing budget repurposed to deliver this element, previously recorded incorrectly at Q1 as additional budget requirement. Some of the work around compliance and Structural works programmes are being accelerated therefore budget being brought forward from future years.
- 10.6 The Acquisitions budget includes Local Authority Housing Fund (LAHF) and Rough Sleepers Accommodation Programme (RSAP) / Next Steps Accommodation Programme (NSAP) schemes which are currently scheduled to complete in 2023-24. The general acquisitions budget is maintained at a level over the medium term. The budget for the medium-term plan for general acquisitions has also been reduced to reflect the current forecasting of available 1-4-1 RTB receipt, which have reduced as per 11.2.2. This budget over the medium term can be increased as and when new financially sustainable schemes are brought forward on a case-by-case basis.
- 10.7 The medium-term capital programme incorporates the revised NPH proposed Asset Management Plan, which will be informed further over the next year from the stock condition survey works being conducted. The proposed Asset Management Plan and capital programme is presented to Cabinet in the separate final HRA budget report on this agenda.

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

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

**Table 7 - Period 7 Revisions to the HRA Capital Programme**

<b>West Northants HRA Capital Budget</b>	<b>2023-24</b>	<b>2024-25</b>	<b>2025-26</b>	<b>2026-27</b>	<b>2027-28</b>	<b>Total</b>
	<b>£k</b>	<b>£k</b>	<b>£k</b>	<b>£k</b>	<b>£k</b>	<b>£k</b>
Revised Budget at December Cabinet Report	66,604	56,149	76,829	41,781	45,131	286,494
Changes to existing scheme budgets	(4,565)	2,487	1,956	0	0	(122)
<b>Total</b>	<b>62,039</b>	<b>58,636</b>	<b>78,785</b>	<b>41,781</b>	<b>45,131</b>	<b>286,372</b>
<b>Movement from December Cabinet Report</b>	<b>(4,565)</b>	<b>2,487</b>	<b>1,956</b>	<b>0</b>	<b>0</b>	<b>(122)</b>

**Table 8 - Revised HRA capital programme by scheme**

<b>Revised HRA Capital Programme as at December 23</b>	<b>Approved Capital Programme plus Carry Forwards</b>	<b>New scheme approvals</b>	<b>Changes to existing scheme budgets</b>	<b>Total 2023-24 to 2027-28</b>
	<b>£k</b>	<b>£k</b>	<b>£k</b>	<b>£k</b>
External Improvements	50,960	0	(504)	50,456
Internal Works	9,894	0	0	9,894
Structural Works and Compliance	6,288	0	1,300	7,588
Disabled Adaptations	11,510	0	(300)	11,210
Environmental Improvements	15,287	0	(496)	14,791
IT Development	2,440	0	0	2,440
New Build/Major Projects	139,113	0	(122)	138,991
Buybacks and Spot Purchases	36,002	0	0	36,002
Energy Efficiency	15,000	0	0	15,000
<b>Total</b>	<b>286,494</b>	<b>900</b>	<b>(122)</b>	<b>286,372</b>

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

**Table 9 - Funding for the revised WNC capital programme**

<b>HRA Revised Capital Financing</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>	<b>Total</b>
	<b>£k</b>	<b>£k</b>	<b>£k</b>	<b>£k</b>	<b>£k</b>	<b>£k</b>
Major Repairs Reserve/Depreciation	13,999	14,000	14,300	14,546	15,027	71,872
Capital Receipts - (not restricted)	918	1,441	1,785	2,136	2,493	8,774
Capital Receipts - RTB 1-4-1 Receipts	7,031	13,182	6,174	4,985	5,539	36,911
Grant Funding	9,885	806	8,055	1,913	1,937	22,596
Revenue Contributions Earmarked Reserve	525	1,528	1,905	2,522	2,886	9,365
Borrowing / Capital Financing Requirement	29,680	27,679	46,566	15,680	17,249	137,754
<b>Total</b>	<b>62,039</b>	<b>58,636</b>	<b>78,785</b>	<b>41,781</b>	<b>45,131</b>	<b>286,372</b>

## **12. Implications**

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### **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 and Communications**

- No implications relating to this report. The Capital Programme and HRA are subject to annual public consultation and engagement as part of the budget-setting process and Full Council has given delegated authority to the Executive Director - Finance in consultation with the cabinet member for Finance to amend the capital programme for 2023-24 going forward so that it accurately reflects issues such as rephrasing.

### **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**

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