

WEST NORTHAMPTONSHIRE COUNCIL CABINET

11 JUNE 2024

CABINET MEMBER FOR FINANCE: COUNCILLOR MALCOLM LONGLEY

Report Title **General Fund and Housing Revenue Account Capital Provisional
Outturn 2023-24 and Revised Capital Programmes**

Report Author **Martin Henry, Executive Director (Finance)**
Martin.Henry@westnorthants.gov.uk

Contributors/Checkers/Approvers

West MO	Catherine Whitehead	22/05/24
West S151	Martin Henry	22/05/24
Communications Lead/Head of Communications	Becky Hutson	22/05/24

List of Appendices

Appendix A - Changes to the General Fund capital programme since Period 9 February Cabinet

Appendix B – Proposed carry forwards for the GF capital programme

1. Purpose of Report

- 1.1. This report sets out the 2023-24 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.

2. Recommendations

2.1 It is recommended that the Cabinet:

- a) Note the 2023-24 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 due to rephasing in the 2023-24 programme. These are detailed in appendix B;
- c) Approve the proposed capital carry forwards for the HRA capital programme which are required due to rephasing in the 2023-24 programme.

3. Reason for Recommendations

- To comply with the policy of the Council and the Council's Constitution;
- To ensure that the Authority complies with its financial regulations.

4. Provisional General Fund Capital Outturn 2023-24

- 4.1 This section sets out the 2023-24 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 2024-25 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 2023-24 budget between the Period 9 report to February Cabinet and provisional outturn. These are shown in Appendix A.
- 4.4 Table 1 sets out the summary provisional outturn position for 2023-24 by Directorate, setting out the budget variations since the last reported position to Cabinet in February 2024.

Table 1 – Provisional Capital Outturn 2023-24 £k

Directorate £k	Previous y reported P9 Budget £k	Amend- ments as per Appendix A £k	23/24 Budget £k	23/24 Actuals £k	Propos ed Carry Forwar ds £k	Capital Budget no longer required £k	Passport -ed Capital Funds * £k	Over/un derspen ds (-) £k
Adult Social Care	7,183	0	7,183	7,754	-17	0	0	588
Assets and Environment Capital	22,387	-290	22,097	17,075	-5,624	-286	0	888
Children's	19,842	-860	18,982	14,723	-4,872	0	381	231
Children's Trust	2,786	0	2,786	272	-2,503	0	0	-10
Corporate	3,655	0	3,655	3,026	-962	0	0	334
Economic Growth & Regeneration	29,266	468	29,734	22,463	-7,220	-39	0	-12
Finance	936	0	936	319	-546	0	0	-72
Highways and Waste Capital	45,798	3,254	49,052	45,057	-8,304	-91	0	4,400
Housing & Communities	5,772	0	5,772	3,320	-2,362	0	0	-91
Total	137,627	2,572	140,197	114,009	-32,410	-416	381	6,256
Additional capital budgets to be released subject to full council as per 4.8			5,600					-5,600
Total after additional capitalisation budgets	137,627	2,572	145,797	114,009	-32,410	-416	381	656

*Funding which is passported to other public sector bodies.

4.5 The Provisional outturn expenditure for 2023-24 is £114.0m compared to a budget of £145.8m.

Budget Variations

- 4.6 Included in table 1 is an additional £5.6m of capitalisation which was put in place at year end to benefit the revenue accounts where resources are more scarce.
- 4.7 The affected schemes are listed below. All costs were previously treated as revenue but can be capitalised. The Capital Finance team have worked with services and auditors to ensure that all costs are true capital costs.
- Highways Minor Works £4,324k
 - Assistive Technology £370k
 - ANPR Cameras £230k
 - Shared Programme Resource (DTI scheme) £279k
 - Digital Technology £423k
- 4.8 The Revenue Outturn Monitoring report includes a recommendation to approve additions to the 2023-24 general fund capital programme to cover these costs. The bottom line in table 1 has been adjusted to take this into account.

Rephasing

- 4.9 It is being proposed that £32.410m of budget is to be rephased into 2024-25.
- 4.10 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, and the wider current economic climate. Carry forwards of greater than £1m are detailed below:

Table 2 – Proposed carry forwards in excess of £1m

WNC GF Capital Programme	Carry forward £k	Funding Source
Northampton Market Square	2,843	CIL / Borrowing
Purchase of Leasehold Properties in Brackley	2,132	Borrowing
Northampton North-West Relief Road	2,100	Borrowing
Disabled Facilities Grant	1,609	Grant
Abington Street Redevelopments	1,481	Grant
USVF Road Safety Review - RAF Croughton	1,266	Grant
Refurbishment of John Greenwood Shipman	1,170	Borrowing / External contributions
New Residential 4 Bed Childrens Home	1,142	Borrowing / External contributions
Hunsbury Park/Chiltern - SEND Capital Funding	1,103	Grant / Borrowing
Network North Highways Maintenance Grant 2023	1,084	Grant
Provision of Secondary SEND places	1,062	Borrowing
24 Guildhall Road Block	1,044	Borrowing

- 4.11 A full list of rephased projects which require carry forwards into 2024-25 is shown in Appendix B which also includes the reason for any rephasing.
- 4.12 The Capital Team will continue to work with Project Managers to improve the forecasting for 2024-25 onwards.
- 4.13 The Capital Team will also continue to undertake a formal in-year rephasing exercise as part of the budget setting process for 2025-26.

In- year Completions

- 4.14 In totality £54.050m of Schemes have been completed, the most significant are set out below;
- £13.571m for general highway works
 - £7.869m on implementing heat decarbonisation schemes in four rural leisure centres.
 - £7.819m on potholes
 - £7.688m on the provision of Community Equipment, Assistive technology and Minor Adaptations to prevent falls and allow people to live safely in their own home.
 - £3.816m on general property works across the WNC asset portfolio
 - £2.969m 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.
 - £2.072m on schools minor works projects.
 - £1.996 of completed works on school across West Northants to increase capacity.
 - £1.673m on Office Optimisation
 - £1.434m on SEND facilities at Moulton School & Science College
- 4.15 Significant partial scheme completions are set out below;
- £17.9m spent on the North West Relief Road. This is a single-carriageway road linking the A428 Harlestone Road with the A5199 Welford Road.
 - £8.49m on redevelopment of the Market Square in Northampton. Works is progressing well and due to open in 24/25.
 - £8.037m spent on planned improvements in schools across the West Northants area to increase capacity and improve facilities.
 - £2.291m on the 24 Guildhall Road Block project which is creating a cultural arts hub in Northampton. Work is again progressing with completion expected this financial year.

Table 3 – Funding of the 23-24 GF capital expenditure (provisional outturn) £k

	Prudential Borrowing	S106 / CIL	Grant	Reserve	Revenue	External	Total
Adult Social Care	2,658	-	-	-	32	5,065	7,754
Assets and Environment Capital	9,427		7,648	-	-	-	17,075
Children's	436	1,660	12,627	-	-	-	14,723
Children's Trust	70	-	202	-	-	-	272
Corporate	3,026	-	-	-	-	-	3,026
Economic Growth & Regeneration	4,590	1,042	16,491	339	-	-	22,463
Finance	319	-	-	-	-	-	319
Highways and Waste Capital	25,731	1,203	18,123	-	-	-	45,057
Housing & Communities	81	255	2,915	-	-	69	3,320
Total	46,338	4,160	58,006	339	32	5,134	114,009

5. HRA Capital Programme Outturn 2023-24

5.1 Table 4 sets out the summary provisional outturn position for 2023-24, setting out the budget variations since the last reported position to Cabinet in February 2024.

Table 4 Provisional HRA Capital Outturn 2023-24

HRA Expenditure Analysis	Previously Reported P9 Budget 2023-24 £k	New scheme approvals 2023-24	P12 Spend in year 2023-24 £k	Proposed Carry Forward Budget into 2024-25 £k	Variation 2023-24 £k
External Improvements	15,301	0	15,369	0	68
Energy Efficiency	5,000	0	5,000	0	0
Internal Works	1,899	0	1,849	0	(50)
Structural Works & Compliance	3,083	0	3,158	0	75
Disabled Adaptations	2,009	0	1,955	0	(54)
Environmental Improvements	2,206	0	1,193	0	(1,013)
ICT Development	329	0	271	58	0
New Build / Major Projects	15,210	0	11,156	4,054	0
Total Managed by NPH	45,037	0	39,950	4,112	(975)
Acquisitions, LAHF 1,2, RSAP 1,2	17,002	0	8,664	8,338	0
Total	62,039	0	48,613	12,451	(975)

5.2 The provisional outturn expenditure for 2023-24 is £48.6m compared to the P9 budget position of £62.0m.

Budget Variations

5.3 External Improvements and Structural Works and Compliance have overspent by £143k combined, this is mainly due to compliance regulations.

5.4 There are underspends of £1,013k in Environmental Improvements due to Neighbourhood external schemes having delays getting into contract, £50k in Internal Works due to slower than anticipated programme for Reinforced Autoclaved aerated concrete work and £54k of Disabled Adaptations as a result of specific review criteria in place, meaning not as many requests were accepted, as expected.

5.5 The remaining underspend within Environmental Improvements are due to Neighbourhood external schemes having delays getting into contract. These works will continue but the 2024-25 budget is sufficient, without the rephasing of the underspend of £975k.

Proposed Carry Forwards

5.6 It is being proposed that £12.5m of budget is to be rephased into 2024-25. This re-phasing is mainly two programme areas;

- New Builds totalling £4.1m, managed by NPH.
- Acquisitions totalling £8.3m retained by the council.

- 5.7 The key new build projects which were delayed and therefore require the budget to be rephased to future years are the following:
- Three paused schemes, Roof Gardens, Avenue Campus, and Belgrave House, which are being reviewed to ensure they demonstrate best value when resumed.
 - Southbridge Road had two main delays, restricted access, and weather.
 - Riverside, phase two (Ground Floor) had tender delays, impacting the start on site date.
 - Garage sites Lot 1 development is made up of 4 schemes and each element has had its own challenges causing delays, challenges including S278 technical approval, Sewer diversion agreement, Final accounts delay.
 - Garage sites Lot 2 development is made up of 4 schemes that had delayed starts on site.
 - The rephasing of £4,054k has been adjusted to consider overspends on completed projects in year. Riverside House (original project) £382k, Woodstock roof extension £669.5k and Dover Court roof extension £433.2k.
- 5.8 The acquisitions programme has focussed mainly on delivering the two complex government schemes, Local Housing Fund (LAHF) 1, and Local Housing Fund 2. Total spend on LAHF in 2023-24 was £6.611m, acquiring 37 properties.
- 5.9 General acquisitions whilst being mainly delivered were reliant upon the large Broadmead Court scheme which is now due for completion in 2024-25 and therefore requiring budget to be re-phased. Other general street acquisitions include the acquisition of 13 properties totalling £1.852m. Other general street acquisitions are in the process of completion and are to be completed in 2024-25.

New Build - In- Year Completions

6. Five schemes consisting of 91 properties were completed in 2023-24. Breakdown below of completed of schemes in 2023-24;
- Swale Drive made up of 6 properties
 - Dover Court made up of 10 properties
 - Woodstock Roof Extension made up of 10 properties
 - Riverside House (Phase 1) made up of 60 properties
 - Derwent Drive made up of 5 properties

Table 5 - Funding of 2023-24 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	14,851	1,368	7,031	9,264	110	15,989	48,613

Table 6 - Revised HRA Capital Budget 2023-24 and Medium Term

HRA Capital Schemes	2023-24 £k	2024-25 £k	2025-26 £k	2026-27 £k	2027-28 £k	Total £k
External Improvements	15,369	4,841	0	0	0	20,210
Energy Efficiency - Net Zero	5,000	0	0	0	0	5,000
Internal Works	1,849	0	0	0	0	1,849
Structural Works and Compliance	3,158	403	0	0	0	3,560
Disabled Adaptations	1,955	2,300	2,300	2,300	2,300	11,155
Environmental Improvements	1,193	0	0	0	0	1,193
Stock Investment	0	16,051	19,023	17,000	19,973	72,047
IT Development	271	657	480	425	315	2,148
New Build Programme	11,156	25,749	48,861	26,330	23,695	135,791
Total NPH Managed Budget	39,950	50,002	70,664	46,055	46,283	252,953
Acquisitions, LAHF 1,2, RSAP 1,2	8,664	10,450	5,450	2,000	2,000	28,564
Total	48,613	60,452	76,114	48,055	48,283	281,516

Table 7 – Funding of the HRA Capital Budget 2023-24 and Medium Term

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	(14,851)	(14,300)	(14,600)	(14,900)	(15,200)	(73,851)
Capital Receipts – RTB (excl 1-4-1)	(1,368)	(1,441)	(1,785)	(2,136)	(2,493)	(9,224)
Capital Receipts RTB 1-4-1	(7,031)	(13,182)	(6,174)	(4,985)	(5,539)	(36,911)
Grant Funding	(9,264)	(806)	(8,197)	(2,512)	(2,843)	(23,622)
Revenue Contributions Earmarked Reserve	(110)	(1,528)	(1,877)	(2,451)	(2,730)	(8,696)
Borrowing / CFR	(15,989)	(29,195)	(43,480)	(21,071)	(19,477)	(129,213)
Total Funding	(48,613)	(60,452)	(76,114)	(48,055)	(48,283)	(281,516)

7. Implications (including financial implications)

7.1 Resources and Financial

- This report informs Cabinet of the provisional capital outturn position 2023-24 for both the General Fund and HRA.

7.2 **Legal**

- There are no legal implications arising from the proposals.

7.3 **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.

7.4 **Consultation and Communications**

7.5 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 2023 for the 2023/24 budget.

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

7.7 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.

7.8 **Consideration by Overview and Scrutiny**

7.9 All 2023-24 budget proposals were consulted on prior to the budget being approved by Full Council in February 2023. Budget monitoring and provisional outturn reports are also considered by the Corporate Overview and Scrutiny committee.

7.10 **Climate Impact**

A number of schemes within the capital programme will have a positive impact on CO2e emissions and this information would be available on a scheme by scheme basis.

7.11 **Community Impact**

7.12 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 2023-24.

8. **Background Papers**

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