

# WEST NORTHAMPTONSHIRE COUNCIL CABINET

TUESDAY 14<sup>TH</sup> SEPTEMBER 2021

Portfolio Holder For Finance: Councillor Malcolm Longley

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Report Title                      Q1 Capital Monitoring Report 2021-22

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## Contributors/Checkers/Approvers

<b>West MO</b>	Catherine Whitehead	3 <sup>rd</sup> September 2021
<b>West S151</b> (for West and joint papers)	Martin Henry	27 <sup>th</sup> August 2021
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## List of Appendices

Appendix A – Carry forward requests General Fund capital programme

Appendix B – Carry forward requests HRA capital programme

Appendix C – Revised General Fund capital programme

Appendix D – Revised HRA capital programme

## **1. Purpose of Report**

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- 1.1. This report sets out the provisional capital outturn position for 2020-21 for all legacy West Northamptonshire Council (WNC) authorities, and the subsequent carry forward requests from each authority due to the rephasing of scheme expenditure profiles.
- 1.2. The report also sets out the latest revised capital programme for 2021-25 for WNC for both the General Fund (GF) and the Housing Revenue Account (HRA) incorporating the latest capital scheme information, including new schemes which have been approved since 1 April 2021, or are in the process of being approved.

## **2. Recommendations**

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- 2.1 It is recommended that the Cabinet:
  - a) Note the provisional capital outturn position from all legacy WNC authorities for the financial year 2020-21
  - b) Note the proposed capital carry forwards for the GF and HRA capital programmes as detailed in appendices A and B
  - c) Note the latest capital budget and Medium Term Financial Plan for the GF and HRA
  - d) Note the new schemes that have been approved since 1<sup>st</sup> April 2021 or are in the process of being approved.
- 2.2 Reason for recommendations -
  - This in accordance with the policy of the Council and constitution

## **3. Report Background**

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- 3.1 This report sets out the provisional 2020-21 outturn for each of the legacy authorities' capital programmes. The position is provisional as the annual statutory audit of accounts for each legacy organisation is still ongoing. As part of the outturn process, the Council has identified which capital schemes are still active and, as a result, will carry forward into the new authority for completion.
- 3.2 The WNC capital budget was approved at Shadow Executive on 23 February 2021. As part of the budget setting process, the Shadow Authority gave the Executive Director – Finance (\$151 Officer), in consultation with the portfolio holder for Finance, the delegated authority to amend the capital programme, so that it accurately reflects the changes arising from each legacy authorities capital programme prior to the start of the new financial year.

## **4. Governance and process**

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- 4.1 A robust approval and monitoring process for the capital programme have now been set up for the Council, which is in line with the constitution and the approved capital strategy. This governance will ensure the Council has financial rigour and strict management controls in place to manage the programme effectively.

4.2 The approved Capital Programme is managed through defined groups / Boards as detailed below.

Executive Leadership Team (ELT)

- ELT will have first sight of all budget proposals / capital bids and will undertake an initial scrutiny and challenge process before any schemes are submitted to the Capital and Assets Board for approval (see below). There is an expectation that before any proposal is considered by ELT that it has already received the relevant portfolio holder's support.

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 prior to their submission to Cabinet / Full Council for final approval, in line with the limits outlined in the Capital Strategy. The group will also monitor and challenge active projects, holding project managers to account for specific project performance.

Individual Project Board Groups

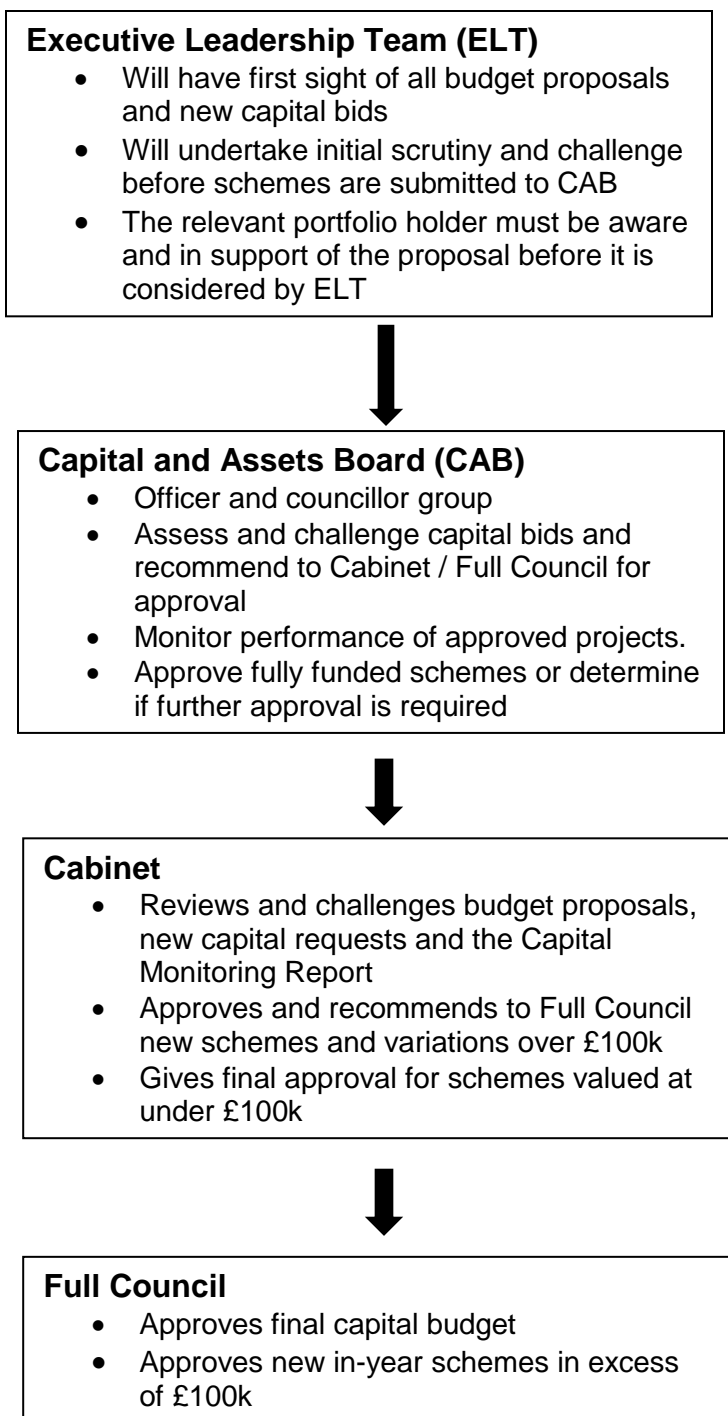
- Specific Project Board Groups must be set up for high risk / high value projects which should meet regularly. CAB will identify the need for a specific Project Board as part of its approval process for each scheme. These groups will be concerned with the management of a specific project, including contract details, contractor performance, value for money and publication / communication of progress.

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

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

4.5 The governance process for scheme approval and review is set within diagram 1.

**Diagram 1 – West Northamptonshire capital governance process**



4.6 It should be noted that when the final budget for 2021-22 was set by full council delegated authority was granted to the Executive Director – Finance in consultation with the finance portfolio holder to amend the capital programme as required throughout the year. However, as is the case in this report, any amendments to the Capital Programme will be reported through to Cabinet for information and major new schemes will continue to be reported to Cabinet for approval before amendment of the Capital Programme.

## 5. Provisional Capital Outturn from Legacy Authorities 2020-21

- 5.1 Table 1 sets out the provisional capital programme outturn for 2020-21 (subject to audit) for the legacy West Northamptonshire authorities, and Table 2 sets out the sources of funding.
- 5.2 To demonstrate a robust audit trail, Table 1 shows the movements between the previously reported capital expenditure by the legacy West Northamptonshire authorities and the provisional outturn position.
- 5.3 Legacy authorities last reported their 2020-21 capital expenditure at the following meetings:
- Daventry District Council – Portfolio Holders meeting in January 2021
  - Northampton Borough Council – Cabinet meeting in March 2021
  - South Northamptonshire Council – Cabinet BPM meeting in March 2021
  - Northamptonshire County Council – Cabinet meeting in February 2021

**Table 1 – Provisional outturn position 2020-21**

Authority	Previously reported capital expenditure (to legacy authority's Executive)	New Schemes	Approved Budget increase	Over-spend	Under-spend	Rephasing	Latest capital expenditure (Outturn)
£k	£k	£k	£k	£k	£k	£k	£k
<b>General Fund</b>							
DDC	17,323	0	0	0	0	-3,898	13,425
NBC	19,283	1,025	1,174	1,295	0	-8,795	13,982
SNC	3,396	0	0	128	0	-743	2,781
NCC*	75,391	0	0	0	0	-11,103	64,288
<b>HRA</b>							
NBC	62,298	0	230	0	-19	-13,966	48,543

\*The figures shown above for NCC relate to the whole County and have not been disaggregated at this stage.

- 5.4 Key movements between previously reported capital expenditure and the provisional outturn position for each legacy authority are shown in Table 2

**Table 2 – Key movements between previously reported position and provisional outturn.**

Legacy authority	Scheme Name	Type of change	£k	Reason for change
DDC	Homelessness Temporary Accommodation	Rephasing	-993	Timing re unitary
	Town Centre Vision	Rephasing	-971	Covid

NBC	Northampton Leisure Trust	Rephasing	-1,687	Planned rephasing
	Asbestos removal 41-45 Abington St	Rephasing	-974	Planned rephasing
	Vulcan Works	Budget increase and rephasing	-968	Budget increased to reflect original Cabinet approval. Planned rephasing
	North West Relief Road	New scheme	1,025	Final tranche of Cabinet approved expenditure
NCC	Kier main capital highways works	Rephasing	-4,237	Works have not progressed in line with original plan.
	Schools minor works 2020-21	Rephasing	-1,176	Works have not progressed as quickly as previously forecast with planned works at 4 specific primary schools making up £845k of the rephasing and £250k being work plans still being finalised.
	Superfast broadband	Rephasing	-1,100	Milestone not achieved by 31 <sup>st</sup> March in the contract. Payments are linked to the achievement of milestones related to the number of connections achieved in the contract and are renewed quarterly.

5.5 Table 3 sets out the sources of funding for the provisional capital outturn.

**Table 3 – Funding of the capital expenditure (provisional outturn)**

Authority	Borrowing £k	Capital Receipts £k	Grants and other contributions £k	S106 and CIL £k	Major Repairs Reserve £k	Revenue Financing Reserve £k	Total £k
<b>General Fund</b>							
DDC	2,586*	9,655	692	492	0	0	13,425

NBC	8,196	811	3,316	1,659	0	0	13,982
SNC	0	1,685	868	228	0	0	2,781
NCC	6,901	887	46,000	10,500	0	0	64,288
<b>HRA</b>							
NBC	21,856	5,565	1,800	0	13,209	6,115	48,545

\*Internal borrowing was funding taken from the Strategic Infrastructure Fund revenue earmarked reserve. This will be repaid when the s.106 and CIL for the Leisure Centre come in to reimburse that reserve.

5.6 The General Fund expenditure rephasing / carry forwards are shown in appendix A.

5.7 The HRA rephasing / carry forwards are shown in appendix B.

## 6. Revised General Fund Capital Programme 2021-2025

6.1 The full updated General Fund capital programme is shown in Appendix C. The revised capital programme includes carry forwards due to scheme rephasing, new funding announcements and scheme cost changes from legacy authorities.

**Table 4 – Changes to the approved GF capital programme (Feb 21)**

West Northants GF Capital Budget	2021-22	2022-23	2023-24	2024-25	Total
	£k	£k	£k	£k	£k
Approved Budget 2021-22	52,256	21,815	6,630	3,522	84,223
New scheme approvals	23,659	27,659	2,262	3,865	57,445
Changes to existing scheme budgets approved by legacy councils	526	-333	-170	246	269
Scheme rephasing	25,483	0	0	0	25,483
<b>Total</b>	<b>101,924</b>	<b>49,141</b>	<b>8,722</b>	<b>7,633</b>	<b>167,420</b>
<i>Movement from February 2021 capital programme</i>	<i>49,668</i>	<i>27,326</i>	<i>2,092</i>	<i>4,111</i>	<i>83,197</i>

**Table 5 – Revised WNC General Fund capital programme by Directorate.**

Revised WN Capital Programme as at July 21	Approved Capital Programme as at Feb 2021	New scheme approvals	Changes to existing scheme budgets approved by legacy councils	Rephasing	Total 2021-22 to 2024-25
	£k	£k	£k	£k	£k
Adults, Communities and Wellbeing	13,754	254	-747	4,969	18,230
Children's Service	14,740	5,779	1,762	565	22,846
Corporate	1,380	0	641	715	2,736
Finance	568	0	0	164	732

Place	53,781	31,565	18,460	19,070	122,876
<b>Total</b>	<b>84,223</b>	<b>37,598</b>	<b>20,116</b>	<b>25,483</b>	<b>167,420</b>

**Table 6 – Funding for the revised WNC capital programme (General Fund).**

WN Revised Capital Financing	2021-22 £k	2022-23 £k	2023-24 £k	2024-25 £k	Total £k
Capital receipts	4,707	146	115	85	5,053
Prudential Borrowing	22,281	2,933	2,406	0	27,620
Internal Borrowing	2,364	727	667	684	4,442
S106**	29,670	14,563	869	110	45,212
Community Infrastructure Levy (CIL)**	3,487	100	100	0	3,687
Grant Funding	38,340	30,444	4,465	6,654	79,905
Funded from Reserve	119	0	0	0	119
Revenue Funding	411	128	0	0	539
External Funding	545	100	100	100	845
<b>Total Funding</b>	<b>101,924</b>	<b>49,141</b>	<b>8,722</b>	<b>7,633</b>	<b>167,420</b>

\*\* 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.

### New General Fund Capital Scheme Approvals

- 6.2 Table 5 shows £37.6m of new schemes added to the programme since the WNC General Fund capital budget was set in February 2021. This figure is comprised of new approvals made by legacy authorities between February 2021 and 31 March 2021 and new schemes approved by West Northamptonshire after 1 April 2021
- 6.3 There are four new schemes which have been added to the capital programme since 1 April 2021. These schemes have been approved in accordance with the WNC capital approval process.

**Table 7 - Additions to the General Fund capital programme since 1<sup>st</sup> April 2021.**

Scheme		2021-22 £K	2022-23 £k	2023-24 £k	2024-25 onwards £k	Total £k	Funding Source
Northampton Market Square. Redevelopment of the square including the creation of an event space.	Place	822	6,742	864	0	8,428	Grant



24 Guildhall Road, Northampton. Addition to existing programme to carry out renovation works to create artist studios and art gallery. The total budget £1,560k (includes £385k in 20-21, some of which will carry forward into the current year)	Place	1,175	0	0	0	1,175	Grant
Northamptonshire Holistic Flood Resilience. Delivery of a series of interventions and measures to improve holistic flood resilience from multiple sources.	Place	334	805	1,198	3,865	6,202	Grant
North West Relief Road. The final aspects relating to the NWRR were approved by Cabinet in June 2021. The additional funding requirement will be met by grant.	Place		20,000			20,000	Grant
<b>Total</b>		<b>2,331</b>	<b>27,547</b>	<b>2,062</b>	<b>3,865</b>	<b>35,805</b>	

#### Additional General Fund Capital Schemes

6.4 There is one additional scheme which is currently going through the approval process but have yet to receive final approval from Cabinet / Council.

- Northamptonshire Libraries Management System
  - Joint scheme with North Northamptonshire to upgrade the library management system to ensure a robust, efficient and up to date system which complies with GDPR.
  - Total value of the scheme is £203k.
  - A separate report on the scheme will be presented to Cabinet at the September meeting.

### **7. Revised 2021-25 Housing Revenue Account Capital Programme**

7.1 The full HRA capital programme is shown in Appendix D. As highlighted above it includes rephasing carry forwards schemes from the last financial year.

**Table 8 – Changes to the approved HRA capital programme 2021-22 to 2024-25**

	Approved capital programme 2021-22 to 2024-25 as at Feb 2021	New scheme approvals / deletions	Changes to existing scheme budgets approved by legacy councils	Approved Virements	Re-phasing	Total 2021-22 to 2024-25
	£k	£k	£k	£k	£k	£k
External Improvements	47,000		3,000	150	2,610	<b>52,760</b>
Internal Works	11,800			-450	-299	<b>11,051</b>
Structural Works & Compliance	1,800				29	<b>1,829</b>
Disabled Adaptations	2,600			300	-521	<b>2,379</b>
Environmental Improvements	12,000				-1,748	<b>10,252</b>
IT Development	1,096				56	<b>1,152</b>
New Build Programme / Major Projects	132,589	-9,325			32,137	<b>155,401</b>
Buyback and Spot Purchases	10,000				1,518	<b>11,518</b>
Next Steps Accommodation Programme (NSAP)		-1,442			1,725	<b>283</b>
<b>Total</b>	<b>218,885</b>	<b>-10,767</b>	<b>3,000</b>	<b>0</b>	<b>35,507</b>	<b>246,625</b>

**Table 9 – Summary revised WNC HRA capital programme**

Revised capital programme summary	2021-22	2022-23	2023-24	2024-25	Total
	£k	£k	£k	£k	£k
External Improvements	18,808	12,150	12,102	9,700	<b>52,760</b>
Internal Works	2,300	2,250	2,250	4,251	<b>11,051</b>
Structural Works & Compliance	479	450	450	450	<b>1,829</b>
Disabled Adaptations	429	650	650	650	<b>2,379</b>
Environmental Improvements	2,752	1,500	3,000	3,000	<b>10,252</b>
IT Development	332	315	260	245	<b>1,152</b>

New Build Programme/Major Projects	34,725	58,433	41,343	20,900	<b>155,401</b>
Buyback and Spot Purchases	10,018	500	500	500	<b>11,518</b>
Next Steps Accommodation Programme (NSAP)	283	0	0	0	<b>283</b>
<b>Total</b>	<b>70,126</b>	<b>76,248</b>	<b>60,555</b>	<b>39,695</b>	<b>246,625</b>

**Table 10 – Funding for the revised WNC HRA capital programme.**

	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>	<b>Total</b>
	<b>£k</b>	<b>£k</b>	<b>£k</b>	<b>£k</b>	<b>£k</b>
Major Repairs Reserve/Depreciation	18,588	14,850	14,802	14,401	<b>62,641</b>
Capital Receipts - RTB (excl 1-4-1)	2,912	2,912	2,912	2,912	<b>11,648</b>
Capital Receipts - RTB 1-4-1 Receipts	6,270	6,050	3,640	3,640	<b>19,600</b>
Capital Receipts - Grant Funding	16,022	1,992	3,787	3,787	<b>25,588</b>
Revenue/Earmarked Reserve	642	3,217	5,408	9,657	<b>18,924</b>
Borrowing / CFR	25,692	47,227	30,006	5,299	<b>108,224</b>
<b>Total Funding</b>	<b>70,126</b>	<b>76,248</b>	<b>60,555</b>	<b>39,695</b>	<b>246,625</b>

## **8. Implications (including financial implications)**

### **8.1 Resources and Financial**

- This report informs Cabinet of the provisional capital outturn position 2020-21 for all legacy West Northamptonshire authorities, for both the general fund and HRA. Carry forwards and sources of funding have been identified and will transfer from legacy authorities. 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.

### **8.2 Legal**

- There are no legal implications arising from the proposals.

### **8.3 Risk**

- There are a number of processes in place to robustly challenge new schemes and progress for existing schemes such as through ELT, CAB and in reports to Cabinet. Where required, completed projects will be subject to a 'lessons learned' exercise. Funding for all capital

schemes has been identified, and progress against budgets will be closely monitored to Cabinet on a regular basis

## **9. Background Papers**

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9.1 Final Capital Budget to West Northants Shadow Executive – February 2021.