

WEST NORTHAMPTONSHIRE COUNCIL CABINET

23 SEPTEMBER 2022

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

Report Title **Quarter 1 General Fund and Housing Revenue Account (HRA)
Capital Monitoring Report 2022-23**

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List of Appendices

Appendix A – Revised General Fund capital programme

Appendix B – Revised Housing Revenue Account (HRA) capital programme

1. Purpose of Report

- 1.1. The report sets out the latest General Fund and HRA capital programme monitoring positions for 2022-26 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 2022.

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 2022.

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 2022 as part of the authority's budget-setting process.

4.2 As part of that approval, Full Council gave delegated authority to the Executive Director - Finance in consultation with the cabinet member for Finance to amend the capital programme for 2022-23 going forward so that it accurately reflects a number of issues. These include rephrasing on 2021-22 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.

4.3 The February budget-setting process for 2022-23 was undertaken before the end of the financial year. As part of the year end process, carry forwards have been identified and these were reported to Cabinet in July 2022.

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 2022. 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 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.

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 2022-2026

6.1 Since the update to Cabinet in July there have been a several minor changes to the capital programme. These changes are outlined below:

Table 1 – Changes to the General Fund capital programme since July 2022 Cabinet.

| Scheme | | 2022-23 £k | 2023-24 £k | 2024-25 £k | 2025-26 £k | Total £k | Funding Source |
|---|-----------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|---------------------|---------------------------|
| Additional CIL budget requested for the Watermeadows' project approved by Capital and Asset Board | Economic Growth & Regeneration | 75 | 0 | 0 | 0 | 75 | CIL |
| Additional re-phasing of budget from 21/22 for the Guildhall Roof project | Assets and Environment Capital | 42 | 0 | 0 | 0 | 42 | Existing Borrowing |
| Virement from Wootton Library to Doddridge Centre | Adults, Communities and Wellbeing | -4 | 0 | 0 | 0 | -4 | Net nil |
| Virement to Doddridge Centre from Wootton Library | Adults, Communities and Wellbeing | 4 | 0 | 0 | 0 | 4 | |

| | | | | | | | |
|--|-----------------------------------|------------|----------|----------|----------|------------|-----------|
| New scheme - Adult Social Care Cygnum Replacement System | Adults, Communities and Wellbeing | 82 | 0 | 0 | 0 | 82 | Borrowing |
| New scheme - East Hunsbury Primary School - S106 improvement project | Children's | 92 | 0 | 0 | 0 | 92 | S106 |
| New scheme - Harlestone Primary School - S106 improvement project | Children's | 154 | 0 | 0 | 0 | 154 | S106 |
| Total | | 445 | 0 | 0 | 0 | 445 | |

6.2 Given the current economic situation, detailed reviews are currently being undertaken into:

- The impact of inflation on capital schemes
- Project delivery plans

This will inform the next monitoring report and regular updates will be made to the Capital and Assets Board).

7. Summary of Changes and Revised 2022-26 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 - Summary of changes from the July reported position

| West Northants GF Capital Budget | 2022-23 | 2023-24 | 2024-25 | 2025-26 | Total |
|-------------------------------------|----------------|---------------|---------------|---------------|----------------|
| | £k | £k | £k | £k | £k |
| Revised budget 2022-23 July Cabinet | 134,083 | 48,500 | 29,053 | 13,093 | 224,729 |
| New scheme approvals | 328 | 0 | 0 | 0 | 328 |
| Changes to existing scheme budgets | 75 | 0 | 0 | 0 | 75 |
| Slippage | 42 | 0 | 0 | 0 | 42 |
| Total | 134,528 | 48,500 | 29,053 | 13,093 | 225,174 |
| Movement from July Cabinet | 445 | 0 | 0 | 0 | 445 |

Table 3 - Revised WNC capital programme by Directorate

| Revised WN Capital Programme as at July 22 | Approved Capital Programme | New scheme approvals | Changes to existing | Additional re-phasing | Total 2022-23 to 2025-26 |
|--|----------------------------|----------------------|---------------------|-----------------------|--------------------------|
| | | | | | |

| | July Cabinet Report | | scheme budgets | from 2021-22 | |
|--------------------------------|---------------------|------------|----------------|--------------|----------------|
| | £k | £k | £k | £k | £k |
| Adults, Housing & Communities | 31,599 | 82 | 0 | 0 | 31,681 |
| Assets and Environment Capital | 36,136 | 0 | 0 | 42 | 36,178 |
| Children's | 29,369 | 246 | 0 | 0 | 29,615 |
| Corporate | 4,966 | 0 | 0 | 0 | 4,966 |
| Economic Growth & Regeneration | 48,711 | 0 | 75 | 0 | 48,786 |
| Finance | 732 | 0 | 0 | 0 | 732 |
| Highways and Waste Capital | 73,216 | 0 | 0 | 0 | 73,216 |
| Total | 224,729 | 328 | 75 | 42 | 225,174 |

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

Table 4 - Funding for the revised WNC capital programme

| WN Revised Capital Financing | 2022/23 £ | 2023/24 £ | 2024/25 £ | 2025/26 £ | Total £k |
|---------------------------------------|----------------|---------------|---------------|---------------|----------------|
| Capital receipts | 2,578 | 85 | 85 | 0 | 2,748 |
| Prudential Borrowing | 58,011 | 9,588 | 4,796 | 9,118 | 81,512 |
| Internal Borrowing | 834 | 415 | 428 | 0 | 1,677 |
| S106** | 8,370 | 6,119 | 3,750 | 0 | 18,239 |
| Community Infrastructure Levy (CIL)** | 4,251 | 14,117 | 1,000 | 393 | 19,761 |
| Grant Funding | 54,732 | 14,360 | 8,694 | 382 | 78,168 |
| Funded from Reserve | 413 | 0 | 0 | 0 | 413 |
| Revenue Funding | 1,047 | 0 | 0 | 0 | 1,047 |
| External Funding | 4,292 | 3,816 | 10,300 | 3,200 | 21,608 |
| Total Funding | 134,528 | 48,500 | 29,053 | 13,093 | 225,174 |

** 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. HRA Capital Monitoring Report – Period 4

8.1 Set out in Table 5 is the forecast outturn as at the end of Period 4

| Table 5 Forecast HRA Capital Outturn 2022/23 - Period 4 | | | | | |
|--|---|---------------------------------------|--|---|---|
| Programme | Original Budget plus Carry Forwards 2022/23 £k | Net Over (Under) Spends £k | Re-phasing of Projects and External Improvements £k | Brought Forward from Future Years £k | Period 3 Forecast Outturn 2022/23 £k |
| External Improvements | 23,570 | 0 | (6,263) | | 17,307 |
| Internal Works | 2,201 | 0 | 0 | 515 | 2,716 |
| Structural Works and Compliance | 172 | 0 | 0 | 235 | 408 |
| Disabled Adaptations | 1,500 | 0 | 0 | 0 | 1,500 |
| Environmental Improvements | 3,198 | 0 | (308) | 0 | 2,890 |
| IT Development | 512 | 0 | 0 | 0 | 512 |
| New Build Projects | 51,179 | 0 | (35,526) | 0 | 15,652 |
| Buybacks and Spot Purchases | 4,409 | 0 | 0 | 0 | 4,409 |
| Total | 86,741 | 0 | (42,097) | 750 | 45,394 |

8.2 It can be seen from the above table that following a major review of current new build and external improvements projects by NPH there has been significant re-phasing of the capital programme over the medium-term. Table 6 shows how the capital programme is re-phased over the medium term 2022-2027.

Table 6 - Re-profiling the Capital Programme over the Medium Term 2022-2027

| Description | Forecast 2022-23 £k | Estimate 2023-24 £k | Estimate 2024-25 £k | Estimate 2025-26 £k | Estimate 2026-27 £k | Total £k |
|--|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|---------------------|
| WNC approved HRA Capital Budget plus approved 2021/22 carryovers | 86,741 | 67,292 | 53,019 | 39,083 | 38,650 | 284,785 |
| Changes to Existing Schemes in 2022/23 Budget | 0 | 0 | 0 | 0 | 0 | 0 |
| Re-phasing of New Build and External Improvement Schemes | (42,097) | 8,245 | (2,913) | 17,976 | 18,789 | 0 |
| Schemes brought forward from future years | 750 | (750) | | | | 0 |
| New Schemes into Approved Capital Programme | 0 | 0 | 0 | 0 | 0 | 0 |

| | | | | | | |
|--------------------------------------|---------------|---------------|---------------|---------------|---------------|----------------|
| New Funding Announcements | 0 | 0 | 0 | 0 | 0 | 0 |
| Revised HRA Capital Programme | 45,394 | 74,787 | 50,106 | 57,059 | 57,439 | 284,785 |

8.3 External improvements are undertaken by NPH in accordance with an agreed work programme. This includes Wave 1 of the decarbonisation programme which must be delivered according to Government timescales. The planned workload plus the decarbonisation programme means that some external improvements will have to be re-phased.

8.4 Many new build projects have had to be re-phased due to a whole variety of reasons and a detailed list is set out in Appendix B. However, there have been several projects where the re-phasing is significant, and these are as follows:

- Belgrave House Clock House, Town Centre
Building control negotiations have concluded resulting in an uplift in the fire proofing specifications and changes to the design. These changes are in line with the post Hackett review recommendations but will result in delays to the start of construction works.
- Avenue Campus
Enabling works, including asbestos removal and utility diversions are continuing along with structural demolitions. It is anticipated that these will be completed by the autumn, but the extent of the works and the time taken to complete them will mean that the budget will have to be re-profiled.
- New Stourbridge Road
The scheme is being reviewed. This delay has resulted in the budget being re-profiled.
- Berkeley House & St Mary's
Archaeological investigations and other technical explorations require the budget to be re-profiled.
- Fraser Road, Thorplands
The land for development has been identified in the Local Plan, however, the planning application has necessitated a significant re-profiling of the 2022/23 capital programme. This project is not funded by any grant from Homes England, and it is anticipated that the project will be part funded using Right to Buy (RTB) receipts. This is a large project and should it not proceed other schemes will be brought forward to utilise the receipts.
- Riverside House
Work has commenced on site and all drainage works have been completed. The full strip of the previous office accommodation has taken place and the conversion to flats is continuing. Due to the sequencing of the work the current level of expenditure is lower than anticipated which has necessitated some re-profiling.

- Ringway Briar Hill
There have been delays in considering the planning applications. As a consequence the budget has had to be re-profiled.
- Bouverie Road Hardingstone
This scheme is at the feasibility stage and due to the site constraints, the development is challenging. This has necessitated the re-profiling of the budget.

9. Implications (including financial implications)

9.1 Resources and Financial

- This report informs Cabinet of the latest capital position for 2022-23 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 Finance and the Capital and Assets Board.

9.2 Legal

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

9.3 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

9.4 Consultation

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

9.5 Climate impact

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

9.6 Community impact

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

10. Background Papers

- ### **10.1 Provisional Outturn 2021-22 and Revised Capital Programme for 2022-26 report – July 2022.**