

Council
27 January 2022

Report of Director of Resources

CAPITAL PROGRAMME MONITORING 2021/22 & CAPITAL PROGRAMME 2022/23 TO 2024/25

PURPOSE OF REPORT

The purpose of this report is to:-

- Present the current financial position of spend against the 2021/22 Capital Programme as at the end of November 2021; and
- Seek approval for an updated capital programme for 2021/22 to 2026/27 and associated financing.

RECOMMENDATION

1. That the Capital Programme spend to the end of November 2021 be noted;
2. That re-phasing of existing projects for completion over the next 3 years and the removal of projects not proceeding be approved;
3. That 4 new projects totaling £1.963m (£247,000 in 2021/22 and £1.621m in 2022/23) be approved for inclusion in the Capital Programme;
4. That financing of the Capital Programme for 2021/22 to 2024/25 from the sources summarised at paragraph 2.7 of the report also be approved.

WARDS AFFECTED

All

STRATEGIC LINK

The Council's Capital Programme takes into account all the priorities and targets within the Corporate Plan and these are identified in the Capital Strategy. The Proposed Capital Programme will assist in delivering Council services that are important to residents' well-being and the Dales economy.

1 BACKGROUND

- 1.1 The Council approved a Revised Capital Programme on 8th July 2021 which shows a Capital Budget of £10,444,275. Since July further specific reports to committees approved the following changes as outlined below:

Table 1: Approved Revised Capital Programme 2021/22

Position as at July 21 Council	£
21/22 Capital Budget	10,444,275
<u>Additions</u>	
Wirkworth Steeple Arch Landscaping & Footpath	70,000
Height Barriers Car parks	10,000
Knabbs Lane Contamination	25,000
	10,549,275
<u>Recent additions (post budget monitoring</u>	
Hurst Farm Social Club - Phase 2)	251,000
<u>Deletions</u>	
Uninterruptable power supply (Now in Revenue Budget	- 20,000
21/22 Approved Capital Budget	10,780,275

2 REPORT

Capital Expenditure as at November 2021

- 2.1 As at 25th November 2021 expenditure including commitments against budget was £3,412,928 (32.5% of the annual budget). As shown at Appendix A, the forecast out-turn expenditure against budget is £4,432,507 (46.7% of the annual budget). The end column provides the likely date for completion. In summary, just under half of the capital programme is forecast to be completed during the current financial year.
- 2.2 In light of the forecast out-turn position and slippage in the Capital Programme, projects have been re-phased where necessary into 2022/23 and beyond. A fundamental review of projects has also highlighted some projects which have now been concluded or are no longer feasible, so these have been removed from the programme.
- 2.3 In summary, movements in the capital programme are as outlined overleaf.

Table 2: Proposed changes to the Capital Programme 2021/22 to 2024/25

		2021/22	2022/23	2023/24	2024/25
	£	£	£	£	£
Approved Capital Programme		10,780,275	1,354,162	377,000	-
Projects carried forward into 2022/23		- 3,243,200	3,243,200		
Social Housing Grant - Wirksworth	280,000				
Social Housing Grant - Tideswell	412,500				
Retained House - Station House Matlock	104,000				
Hulland Ward Recreation Ground	22,000				
Climate Change: Energy Efficiency Measures (*revised project to be submitted with part grant funding)	65,000				
Climate Change: Town Hall Biomass Boiler (* as above)	150,000				
Climate Change: Electrification of Heater (*as above)	55,000				
Potential Purchase of land at Longcliffe	250,000				
Vehicles	462,670				
Bakewell ABC Various	40,000				
Network switch replacement	30,000				
Projects in progress (revised phasing of budget)	1,372,030				
Projects removed from Capital Programme		- 2,056,230	- 6,692		
Carsington Fund Grants (still available but likely to be Revenue Grant)	26,760				
Social Housing Grant - Darley Dale	157,500				
Social Housing Grant - Luke Lane/Mercaston	135,000				
Social Housing Grant - Matlock YMCA with NCHA	500,000				
Social Housing Grant - Bradwell	40,000				
Energy Efficiency GHG: LAD Phase 1B (funding bid unsuccessful)	880,000				
Other projects concluded no longer required	316,970				
Amendments to 2021/22 budget		- 131,115			
Projects carried forward to 2023/24					
Social Housing Grant - Housing Initiatives Cromford/Matlock Bath		- 100,000		100,000	
Projects carried forward to 2024/25					
Social Housing Grant - Wirksworth Community Land Trust		- 350,000			350,000
Social Housing Grant - Bakewell Almshouse Grant		- 35,000			35,000
Amendments to 2022/23 budget (moved to 2023/2024					
Production Server (ESX) replacement			- 30,000	30,000	
VDI Server Replacement			- 30,000	30,000	
		4,864,730	4,530,670	537,000	385,000

New bids for the Capital Programme

2.4 Each year there is the opportunity to consider new projects for inclusion within the Capital Programme. Business cases are submitted to the Capital Programme Working Group and collectively scored against a scoring matrix linked to the Council's objectives. These are then considered by the Corporate Leadership Team. The successful bids for 2021/22 and 2022/23 were scored as follows:-

Table 3 – Scoring for new Project Bids

Project Name	Budget Required £	Score (out of 100)	Funding Options
Affordable Housing provided by Housing Associations and DDDC	1,868,000	93	S106 contributions
Matlock Hall Leys Park Footbridge Refurbishment	45,000	60	Capital Receipts
Matlock Bath Lovers Walk Shelter Rebuild	30,000	58	Capital Receipts
Installation of CCTV at 6 District Council Toilet Blocks	20,000	53	Capital Receipts
PROPOSED COSTS	1,963,000		

2.5 Projects have been recommended for inclusion in the capital programme on the following basis:-

Table 4 – Business Cases

<p>Affordable Housing projects.</p>	<p>This business case consists of projects:-</p> <ul style="list-style-type: none"> • Contribution to purchase 4x1 bedroom flats to house homeless £160,000 and reduce B&B costs Required 2021/22 • Long lease for 125 years 5 homes at Monyash for £1 each plus repairs by NCHA totalling £275,000. Requirement in 2021/22 £25,000; remainder £250,000 in 2022/23 • Purchase of 7 homes plus work to gardens, sheds, house numbers etc. £42,000. Required 2021/22 • Renovation to bequeathed property £60,000. £20,000 required in 2021/22. £40,000 in 2022/23 • Purchase of 8 homes from a house-builder for £841,000 (4 to be for rent, 4 for shared ownership) Will obtain a capital receipt for shared ownership element. • Round 2 Empty Homes. 2 purchases (including renovation) £320,000. • Properties purchased for £1 each at Derby Rd Ashbourne £40,000, includes solar panels, turf, sheds etc. • Pre-development costs for District Housing scheme sites at Eyam/Wirksworth/Matlock £60,000. • Harrison Almshouse Trust phase 2 £70,000. <p>Projects proposed on the basis that they achieve key objectives and may be funded from S106 contributions.</p>
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Matlock Hall Leys Park Footbridge Refurbishment	The subject asset is an important and well used public thoroughfare connecting Hall Leys Park to Derwent Avenue / Dale Road. It is highly valued by the local community. Failure to undertake this work risks its permanent closure which would inhibit access to the Park generally but reduce access for people with disabilities. Also mentioned that closure has impacted upon businesses on Dale Road.
Matlock Bath Lovers Walk Shelter Rebuild	The project comprises the complete reconstruction of a shelter using appropriate materials commensurate with its status as an important historical structure in a Conservation Area adjacent to a Site of Special Scientific Interest (SSSI).
Installation of CCTV at 6 District Council Toilet Blocks	If implemented should reduce instances of vandalism. If closed due to repairs reflects badly upon the Council. No formal complaints but comments on social media in the past. Compliance with of DPA and IPCO guidance will need to be considered. The Team involved has put in place CCTV previously.

2.6 If the proposals are accepted the capital programme budget will be as shown in Table 5 below.

Table 5 Revised Capital Programme (including Bids)

	2021/22	2022/23	2023/24	2024/25
	£	£	£	£
Re-phased Capital Programme	4,864,730	4,530,670	537,000	385,000
New bids	247,000	1,716,000	0	0
Revised Capital Programme (inc bids)	5,111,730	6,246,667	537,000	385,000

Revised Capital Programme by Priority

2.7 The Revised Capital Programme is shown at **Appendix B**. The programme shown by priority including new bids is summarised overleaf:-

Priority	2021/22	2022/23	2023/24	2024/25	Total
	£	£	£	£	£
Prosperity	2,043,655	4,187,350	100,000	385,000	6,716,005
Place	2,508,291	1,058,573	0	0	3,566,864
People	9,000	2,000	0	0	11,000
Other	550,784	998,744	437,000	0	1,986,528
Total	5,111,730	6,246,667	537,000	385,000	12,280,397

Financing Arrangements for the Capital Programme

2.8 Financing of the Capital Programme is as shown in table 6 below:-

Table 6 – Financing of the Capital Programme.

	2021/22	2022/23	2023/24	2024/25	Totals
	£	£	£	£	£
Proposed Capital Programme (including New Bids)	5,111,730	6,246,667	537,000	385,000	12,280,397
Financed by:-					
Capital Receipts Reserve	1,492,609	1,052,000	55,000	-	2,599,609
Capital Programme Reserve	726,055	704,523	90,287	-	1,520,865
S106 Contributions	841,090	2,667,498	100,000	385,000	3,993,588
Grants	1,753,447	491,470	-	-	2,244,917
Economic Development Reserve	10,000	-	-	-	10,000
IT Reserve	29,000	92,000	60,000	-	181,000
Invest to Save Reserve	-	562,510	-	-	562,510
Waste Vehicle Reserve	144,529				144,529
Vehicle Reserve	115,000	676,666	231,713		1,023,379
Borrowing	-	-	-	-	-
	5,111,730	6,246,667	537,000	385,000	12,280,397

2.9 **Appendix C** shows the capital expenditure and capital contributions for each year of the programme to 2024/25. Whilst the balances for each capital related reserve are forecast, there are issues which may result in further changes:-

- 1) **Vehicle Renewals Reserve:** A further review is being undertaken of the fleet requirements which will also include climate change considerations. Presently £150,000 per annum is being contributed from the General Fund into the Vehicle Renewals Reserve. The fleet requirements and the adequacy of the contributions into the Reserve will be considered as part the March 2022 Council report.

- 2) Capital Receipts Reserve & Capital Programme Reserve: The Council is seeking external funding to carry out projects to improve the energy efficiency of public buildings. Although a more advanced project is envisaged than those in the capital programme (projects 620,621,622 & 623) it is hoped that, if successful and grant is awarded, this will reduce the amount currently required to be withdrawn from both of these reserves.
- 3) In-year Section 106 contributions: These are not included in the Capital Programme on the basis that it is not always clear when and if they will be received. It would not be prudent to finance projects from such contributions without such certainty. The Section 106 contributions balance may also increase.
- 4) Economic Development Reserve: The cost of the Bakewell Road Matlock development is currently being evaluated and may impact upon reserve balances, including the Economic Development Reserve, if the estimated costs are revised. A further report will be presented to Members updating on this project in February / March 2022.
- 5) Other reserves: Further work is underway to assess the adequacy of all reserves in light of future spend estimates. The outcome of the review will be reported to Council in March as part of the budget report. The waste vehicles have been replaced during 2021/22. The replacement of these vehicles is expected outside the current capital programme cycle nonetheless planning for their replacement and financing the purchases will be considered.

3 RISK ASSESSMENT

3.1 Legal

There are no legal comments for this report

3.2 Financial

A risk assessment of the Capital Programme has been undertaken in the formulation of the schemes. The most significant risks are:

- Forecast capital receipts may not be achieved – Medium Risk;
- Overspending on capital schemes with no available finance to meet the overspending – Medium Risk;
- Budgets for individual projects may be insufficient when tenders are received – High Risk;
- Insufficient funding for future projects (the Council's future requirement to finance mandatory Capital expenditure, such as Disabled Facility Grants, will need to be kept under review) – High Risk;
- Insufficient funding to deal with unforeseen capital expenditure, for example, if there are legislative changes requiring projects to deliver carbon neutral outcomes sooner – High Risk.

The overall financial risk is assessed as Medium to High.

4 OTHER CONSIDERATIONS

- 4.1 In preparing this report, the relevance of the following factors has also been considered: prevention of crime and disorder, equalities, environmental, climate change, health, human rights, personnel and property.
- 4.2 The climate change impacts of each recommendation are addressed separately.

Recommendation One - no impacts, for information only

Recommendation Two – the proposal includes moving the climate change efficiency and emissions reductions projects into 2022/23. This represents a delivery delay which clearly has a climate change impact, as emissions from the main Council sites have continued through 2021/22 without any significant means of reduction (although the LED lighting replacement programme has continued). The delay has occurred as officers have been preparing a successful bid for a grant from the Public Sector Decarbonisation Fund for these works, as approved by Council on the 14th October 2021. As noted when the final grant funding offer amount has been confirmed a revised business case will be submitted to the Capital Working Group. To an extent the delay has been mitigated by the significant reduction in the amount the Council will have to contribute to the projects and the opportunity this therefore presents to use this funding for other emissions reductions projects.

Recommendation Three – if approved, operational decisions on the four new projects will be taken by the relevant Officers. Whilst all of the detail is not available at this stage it can be noted that:

Affordable housing – the programmes include works to:

- refurbish homes which will improve energy efficiency and reduce emissions
- renovate empty properties, which has the potential to support a decrease in emissions from homes in the district that neighbour empty properties through a reduction in energy required for heating. Reusing existing housing reduces the emissions inherent in the building of new homes and the associated necessary infrastructure. It also ensures the longevity of the existing housing stock, protecting the embodied carbon and decreasing the likelihood of properties deteriorating to the point at which demolition and replacement is needed.
- purchase newly built properties, the climate change impacts of these developments will have been assessed through the development control process. In Ashbourne (Derby Road) specifically it is noted that part of the funding will be used to install solar panels, reducing energy demand in the homes.
- improve the outside space at the Harrison Almshouses – this may include measures such as outside clothes drying space, provision for 'grow your own' and increased biodiversity (all subject to discussion and agreement with the trustees and tenants).

Footbridge refurbishment in Matlock – ensuring the long term sustainability of the bridge supports active travel, joining up areas of the town and enabling journeys to be completed on foot.

Matlock Bath shelter rebuild – the original materials have been salvaged and will be used where possible in the rebuild.

Recommendation Four – no perceived climate change impact of this decision.

5 CONTACT INFORMATION

Karen Henriksen, Director of Resources, Telephone: 01629 761284;
Email: karen.henriksen@derbyshiredales.gov.uk

6 BACKGROUND PAPERS

Business cases are available for each new scheme.

7 ATTACHMENTS

Appendix A: Capital Budget monitoring for 2021/22 to November 2021.

Appendix B: Capital Programme Revised 2021/22 plus Original Budget 2022/23 to 2024/25

Appendix C: Movement in Reserves relating to the Capital Programme.