



OPEN REPORT COUNCIL

Council – 4th April 2024

REFERRED ITEMS FROM POLICY COMMITTEES: TWO NEW BIDS FOR INCLUSION IN THE CAPITAL PROGRAMME FOR 2024/25

Report of the Director of Resources

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Wards Affected

District-wide

Report Summary

This report seeks approval for two new capital projects. The bids have been approved by policy committees and have been referred to Council to seek approval for their inclusion in the capital programme for 2024/25 and associated financing arrangements.

Recommendations

1. That new capital projects for Capital Improvements at Hall Leys Park Matlock (UKSPF) with an estimated cost of £279,263, as described in paragraphs 2.3 to 2.4 of the report, be approved for inclusion in the capital programme for 2024/25, to be financed by match funding from the use of capital receipts.
2. That a new capital project for Public Sector Decarbonisation Scheme phase 3c – proposed energy efficiency improvements to Northwood Depot, with an estimated cost of £153,137, as described in paragraphs 2.5 to 2.7 of the report, is approved for inclusion in the capital programme for 2024/25, with £51,380 being financed by grant and £101,757 of match funding being financed from Capital Receipts.
3. That the financing of project 693 “John Higgs Alms Houses - Smedley Street, Matlock” in the sum of £500,000 be amended from Capital Receipts to Section 106 Contributions.

4. That the balance of funds available over the 5-year programme, shown in Appendix 3, is noted.

List of Appendices

Appendix 1	Report to Community and Environment Committee 6 th March 2024: UKSPF Capital Bid for Inclusion into the capital programme 2024/25
Appendix 2	Report to Governance and Resources Committee 21 st March 2024: Capital Bid for Inclusion into the Capital Programme 2024/25 for Public Sector Decarbonisation Scheme 3c energy efficiency improvements to Northwood Depot
Appendix 3	Summary of reserve movements

Background Papers

None

Consideration of report by Council or other committee

Not applicable

Council Approval Required

Yes

Exempt from Press or Public

No

Referred items from policy committees – New Bids for Capital Programme

1. Background

- 1.1 At the Council meeting on 29th February 2024 Members approved a revised capital programme totalling £39,629,590 covering the financial years 2023/24 to 2028/29, as summarised in table 1 below:

Table 1: Capital Programme approved 29th February 2024

Financial year	£
2023/24	10,755,164
2024/25	21,945,769
2025/26	4,142,449
2026/27	1,077,736
2027/28	806,736
2028/29	901,736
Total	39,629,590

2. Bids for new capital projects

- 2.1 Since the report was prepared for the Council meeting in February, the Council has been offered grant funding towards two new capital projects. Under the grants' terms and conditions, these projects must be completed by 31 March 2025. If the Council wishes to accept the grant offers, formal approval is required for the projects to be included in the capital programme for 2024/25.
- 2.2 As required by financial regulations, the following steps have been undertaken for each of the proposed new capital projects:
- The business cases for the match funding for Capital Improvements at Hall Leys Park, Matlock projects have been assessed by the Capital Programme Working Group, who examined the business cases, scored the new bids and made recommendations to the Corporate Leadership Team.
 - Due to the urgency of the Grant Funding Bid the Energy Efficiency scheme at Northwood Depot was not assessed by the Capital Programme Working Group.
 - The Corporate Leadership Team has considered the new bids in terms of corporate priority, availability of funding, capacity to deliver etc. and supported their bid for inclusion in the capital programme.
 - The two new bids have been approved by policy committees and have now been referred to Council to seek approval for inclusion in the capital programme for 2024/25 and the associated financing arrangements.

New capital projects for match funding for Capital Improvements at Hall Leys Park, Matlock

- 2.3 The first new bid relates to match funding for proposed new capital projects for Capital Improvements at Hall Leys Park, Matlock. This bid for a new capital

project was approved by the Community and Environment Committee on 6 March 2024 and is now referred to Council for inclusion in the capital programme. A copy of the report that was presented to that committee is shown as Appendix 1 to this report.

- 2.4 This bid comprises four projects. A grant from the UK Shared Prosperity Fund covers approximately 61% of the estimated project cost with the other 39% to be match funded by the Council. Table 2 below shows the estimated costs and proposed funding for each project.

Table 2: Proposed projects comprising new bid for Capital Improvements at Hall Leys Park, Matlock

Ranked	Scheme	CPWG Score	Total Costs	UKSPF (already included in Capital Programme)	DDDC Match Funding	DCC
1	Replacement of the Skatepark	58	£220,000	£165,000	£55,000	
2	Refurbishment of paths & White Peak Loop Multi-User Trail	55	£300,000	£120,737	£169,263	£10,000
3 & 4	Replacement of Paddling Pool with Splashpad	53	£220,000	£165,000	£55,000	
	Total		£740,000	£450,737	£279,263	£10,000

Proposed energy efficiency improvements to Northwood Depot under Public Sector Decarbonisation Scheme phase 3c

- 2.5 The second new bid relates to proposed energy efficiency improvements to Northwood Depot under Public Sector Decarbonisation Scheme phase 3c. This bid for a new capital project was approved by the Governance & Resources Committee on 21 March 2024 and is now referred to Council for inclusion in the capital programme. A copy of the report that was presented to that committee is shown as Appendix 2 to this report.
- 2.6 The proposed works at Northwood Depot are described in Appendix 2. The proposed energy efficiency improvements are predicted to save 7 tonnes of carbon a year. The estimated project cost is £153,137, with a predicted net revenue benefit of £16k/year and a payback period of 3 years on investment.
- 2.7 The Council has received a grant offer of £51,380 from the Public Sector Decarbonisation Scheme (PSDS) phase 3c with a requirement to provide match funding of £101,757 for energy efficiency improvements to Northwood Depot.

Other changes to the capital programme

- 2.8 To release funding for the proposed bids, it is recommended that the financing of project 693 “John Higgs Alms Houses - Smedley Street, Matlock” in the sum of £500,000 be amended from Capital Receipts to Section 106 Contributions. This has been made possible by the receipt of further Section 106 contributions since the previous capital programme update report was prepared. The

Council's Capital Strategy indicates that Section 106 Contributions should be used, where possible, before capital receipts. Section 106 contributions are ring-fenced for specific purposes. At the current time Section 106 contributions are not available to finance the new bids proposed in this report but could finance affordable housing projects such as project 693.

- 2.9 Project 673, Round one of the Local Authority Housing Fund, has allowed the Council to purchase eighteen homes through both grant and match funding. This scheme will complete by 31st March 2024. Financing earmarked for this scheme from Section 106's in 2024/25 will no longer be required.
- 2.10 The out-turn position for 2023/24 Capital Programme will be reported to Council in July.

Summary of changes to the capital programme

- 2.11 If the proposed new bids and changes are accepted, the capital programme for 2023/24 to 2028/29 will be amended as shown in table 3 below.

Table 3: Summary of revisions to capital programme 2023/24 to 2028/29

	£
Capital programme approved 29 th February 2024	39,629,590
New bid for match funding for Capital Improvements at Hall Leys Park, Matlock (see Appendix 1)	279,263
New bid for proposed energy efficiency improvements to Northwood Depot under Public Sector Decarbonisation Scheme phase 3c	153,137
Local Authority Housing Fund Round One	(560,126)
Revised programme for approval at this meeting	39,501,864

Financing Arrangements for the revised capital programme

- 2.12 The proposed financing arrangements are set out in table 4 below, with revised figures shown in bold text.

Table 4: Proposed financing arrangements 2023/24 to 2028/29

	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	Totals
	£	£	£	£	£		£
Proposed Capital Programme (including New Bids)	10,755,164	21,818,043	4,142,449	1,077,736	806,736	901,736	39,501,864
Financed by:-							
Capital Receipts Reserve	574,450	1,218,813	258,529	80,000	50,000	-	2,181,792
Capital Programme Reserve	632,739	111,354	192,833				936,926
S106 Contributions	3,833,228	2,417,250					6,250,478
Grants	4,795,381	17,564,626	2,811,002	601,736	601,736	601,736	26,976,217

Economic Development Reserve	9,896	38,104					48,000
IT Reserve	155,737	30,000					185,737
Invest to Save Reserve			562,510				562,510
Corporate Plan Priority Reserve		51,896	149,575				201,471
Vehicle Reserve	495,133	386,000	168,000	396,000	155,000	300,000	1,900,133
Revenue Grants Unapplied	258,600						258,600
Total	10,755,164	21,818,043	4,142,449	1,077,736	806,736	901,736	39,501,864

2.13 A summary of reserve movements and balances is provided in Appendix 3. This demonstrates that, following the proposed change to financing project 693 and 673 (as described in paragraph 2.8 and 2.9 of this report), sufficient resources are available to finance the proposed new bids. However, it also shows that if the capital programme proposals set out in the report are accepted, sources of capital funding are forecast to reduce from £13m at 1st April 2023 to £2m by 31st March 2029. It should also be noted that grants and contributions, section 106 contributions and the amounts in other strategic reserves are set aside for specific purposes; if these are excluded the amount available for new capital schemes in the capital receipts reserve and the capital programme reserve is only circa £0.4m. This reflects a prudent forecast of the capital receipts that might be received in the coming 5 years and excludes proposed transfers to reserves resulting from the forecast revenue account surplus for 2023/24 (as reported to Governance and Resources Committee on 21 March 2024).

3. Options considered and Recommended Proposal

- 3.1 The changes to the capital programme, and associated financing, set out in this report are recommended for approval.
- 3.2 An alternative option would be to NOT approve the proposed new projects. This alternative option is rejected as this approach would not generate the benefits for each project, which are described in the business cases and summarised in Appendices 1 and 2 to this report. Such an approach could mean that these elements of the Council's priorities and Corporate Plan actions would not be delivered (without their inclusion in the capital programme, there is no authority to incur expenditure).
- 3.3 If the project for Capital Improvements at Hall Leys Park is not approved, then a significant amount of UK Shared Prosperity Funding (in the region of £450,000) would be returned to government due to the very tight timescales in which all the projects need to be completed (by March 2025). There is a risk of reputational damage if this action is taken.
- 3.4 Should Council decide not to proceed with Depot Decarbonisation project, it would mean rejecting the grant offer and turning down our allocation. This option is not recommended as:
- there may be some reputational risk associated with rejecting the offer
 - significant work has been undertaken to get to the stage of the grant offer

- the improvements at Northwood Depot are key to the Council becoming net zero by 2030.

4. Consultation

4.1 None.

5. Timetable for Implementation

5.1 If approved, the budget will be updated shortly after notification of Council approval and officers will have the authority to incur expenditure within project budgets.

5.2 Expenditure for both new bids must be incurred in 2024/25 to meet the terms and conditions of grant funding.

6. Policy Implications

6.1 Capital investment in the Council's assets is necessary to continue to provide effective services and to deliver the Council's Corporate Plan and priorities.

6.2 The proposed Capital Projects will assist in delivering Council services that are important to residents' well-being and the Dales economy.

6.3 Both projects, bit in particular the depot decarbonisation project, align with the approved Climate Change Strategy and Action Plan.

7. Financial and Resource Implications

7.1 The estimated additional costs of these 2 new bids, requested for inclusion in the capital programme for 2024/25, is shown below, together with the proposed financing:

Table 5: Additional cost and financing of new bids

	Estimated cost £	Financed By:		
		Capital Grants £	Capital Receipts £	S106 Contrib'ns £
New bid for match funding for Capital Improvements at Hall Leys Park, Matlock (see Appendix 1)	279,263	0	279,263	-
New bid for proposed energy efficiency improvements to Northwood Depot under Public Sector Decarbonisation Scheme phase 3c	153,137	51,380	101,757	-
Proposed change to financing of project 693 "John Higgs Alms Houses - Smedley Street, Matlock"	-	-	-500,000	500,000
Total	432,400	51,380	-118,980	500,000

7.2 The proposed changes to the financing of projects 673 "The Local Authority Housing Fund" and 693 "John Higgs Alms Houses" (see paragraphs 2.8 and 2.9) mean that sufficient resources are available to finance these proposed new bids to be included in the capital programme.

- 7.3 Appendix 3 provides details of forecast balances on reserves that are available for financing future capital bids. Potential future liabilities include a gypsy and traveller site, solar farm, car park capital works, further window replacements at the Town Hall, an extension to Bakewell cemetery, play area replacement programme and splashpad replacements at both Bakewell and Ashbourne parks. As explained in paragraph 2.13, the balances available from reserves to fund new capital projects are diminishing. Therefore, it will be necessary to prioritise future new bids, bearing in mind these potential future liabilities and their potential financing.
- 7.4 Officers are aware that the Council may not receive all the funding required to deliver the projects as outlined. Should this be the case, or should costs increase, officers will look to raise additional funds externally or to carry out a value engineering exercise or make changes to the areas covered which will not compromise the whole project, to ensure the schemes are within the estimated costs shown table 5 of this report.
- 7.5 For the Hall Leys Park projects, there are already revenue budgets in place for the maintenance of all the areas which are included in this bid. These budgets will be used to continue to manage and maintain the equipment moving forwards. It is expected that the costs relating to the new splashpad will be much reduced in comparison to those related to the existing pool. The introduction of a programme for yearly maintenance and inspection will also help to keep revenue costs lower and to plan expenditure.
- 7.6 For the depot decarbonisation project, the net revenue benefit is predicted to be £16k/year with a payback period of 3 years on investment.
- 7.7 The financial risk of these bids is assessed as medium.
- 7.8 Given the significant external funding that is available for these new bids, their contribution towards corporate priorities, and the forecast savings in revenue expenditure, they are recommended for approval.
- 7.9 Staffing requirements and availability have been considered as part of the business cases and by the Corporate Leadership Team, as part of the process for new bids. Consultancy support for the depot decarbonisation project is available under an existing contract.

8 Legal Advice and Implications

- 8.1 As stated above, this report seeks approval for two new capital projects. The bids have been approved by policy committees and have been referred to Council to seek approval for their inclusion in the capital programme for 2024/25 and associated financing arrangements.
- 8.2 The legal risk of challenge associated with taking the recommended decision as set out in this report has been assessed as low.

9. Equalities Implications

- 9.1 Equality implications will be assessed for the Hall Leys Park projects as more detailed planning takes place.
- 9.2 There are not considered to be any equality implications arising from depot decarbonisation project.

10. Climate Change Implications

- 10.1 The climate change implications of each of the bids has been assessed.
- 10.2 The Hall Leys Park Project includes an extension of the White Peak Loop multiuser trail through the park providing an opportunity for a reduction in carbon footprint from traffic emissions through improved connections to the current cycle network. The materials used in the skatepark and for the composite surfacing have a longer life span than the original timber structure and will be more resilient in future flooding events. In addition, it is noted that the water in the splash pad can be repurposed unlike the previously treated pool water making more effective use of this resource.
- 10.3 Delivery of the depot decarbonisation project is predicted to reduce carbon emissions from one of the Council's key sites by around 7 tonnes of carbon a year. This is aligned with the aims of the Corporate Plan - reducing emissions from Council operations in order to achieve net zero by 2030.

11. Risk Management

- 11.1 Financial and legal risks have been explained above.
- 11.2 Each project business case includes a risk assessment. The risks vary depending on the project, but common risks and mitigations include:
- Cost Inflation and Overruns. Mitigation measures include inflation allowances, contingencies within the estimated project costs and value engineering.
 - Delays on site due to adverse weather conditions and delayed deliveries. Mitigation measures include undertaking the works outside of peak times to minimise the impact on the service.
 - Delays due to staff resources/competing priorities. This risk is mitigated by good project planning and inclusion within action plans and scheduled workloads.
 - Complaints, Bad Publicity etc. Publicity by appropriate notices and use of the website and social media will be used to update the public on the project and timescales.
 - Reliance on existing/as built information. Accuracy cannot be guaranteed, which could mean that changes to design will be required. This increases the risk of delays and cost overruns, which would be mitigated as shown above.
 - Incoming electricity supply at depot. Problems with the depot electricity supply could cause project delays. This potential risk will be mitigated by supply checks being undertaken to assess the capacity available.

Report Authorisation

Approvals obtained from Statutory Officers:-

	Named Officer	Date
Chief Executive	Paul Wilson	22/03/2024
Director of Resources/ S.151 Officer	Karen Henriksen	22/03/2024
Monitoring Officer	Helen Mitchell	22/03/204