



**OPEN REPORT
COUNCIL**

Council – 2 March 2023

CAPITAL PROGRAMME 2022/23 TO 2026/27

Report of the Director of Resources

Report Author and Contact Details

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Wards Affected

District-wide

Report Summary

This report:

- presents the current financial position of spend against the 2022/23 Capital Programme as at 31st December 2022;
- updates on the position regarding the UK Shared Prosperity Fund (UKSPF) capital grant allocation and provides Members with details of activity proposed under the Rural England Prosperity Fund (REPF) capital grant allocation – a rural ‘top-up’ to the UKSPF programme – added to the Capital Programme;
- updates on the position regarding the Bakewell Road, Matlock scheme following the recent tender process and sets out proposals for consideration for utilising additional UKSPF/REPF grant to support the scheme;
- explains other proposed changes to the capital programme for 2022/23 to 2026/27 and associated financing;
- seeks approval for the updated capital programme for 2022/23 to 2026/27 and associated financing.

Recommendations

1. That the Capital Programme spend to 31st December 2022 be noted.
2. That new projects totalling £16,016,396 (set out in paragraph 3.1 of the report) and other revisions set out in paragraph 3.2 and Appendix C of the report, be approved for inclusion in the Capital Programme.
3. That the updated capital programme for 2022/23 to 2026/27 set out in Appendix B to the report totalling £35,858,944 be approved.

4. That financing of the Capital Programme from the sources summarised at paragraph 3.3 be approved.
5. To include further UK Shared Prosperity Fund capital of £273,000 within the Capital Programme to support delivery of the Bakewell Road, Matlock scheme, along with a further provisional allocation of Rural England Prosperity Funding (a rural top-up to the UK Shared Prosperity Fund allocation) of up to £135,737 subject to the outcome of the tender process and review of final scheme proposals.
6. That authority is delegated to the Director of Regeneration & Policy to enter into the required contract documentation for the Bakewell Road shell construction and public realm works subject to an acceptable tender being received and the tendered costs being within the amended Capital Programme budget. Should tendered costs for these works exceed the amended budget, a report will be brought back to Council for consideration.

List of Appendices

Appendix A - Capital Monitoring Report as at 31st December 2022.

Appendix B - Revised Capital Programme 2022/23 to 2026/27.

Appendix C - List of Revisions to Capital Programme

Appendix D - Movement in Reserves relating to the Capital Programme

Appendix E – Supporting information for UKSPF and REPF

Background Papers

None

Council Approval Required

Yes

Exempt from Press or Public

No

CAPITAL PROGRAMME 2022/23 TO 2026/27

1. Background

- 1.1 The current capital programme was approved at the Council meeting held on 24th November 2022. Planned spending is summarised in the table below.

Table 1: Capital Programme 2022/23 to 2024/25, approved 24 November 2022

2022/23	2023/24	2024/25	Total
£9,269,353	£2,566,004	£1,596,211	£13,431,568

- 1.2 The first part of this report presents the current financial position of spend against the 2022/23 Capital Programme as at 31st December 2022.
- 1.3 The remainder of this report describes new bids and other updates to the capital programme for 2022/23 to 2026/27 and associated financing

2. Capital Expenditure as at 31st December 2022

- 2.1 As at 31st December 2022 (the end of quarter 3) expenditure including commitments against budget was £2,276,854 (24.5% of the approved budget for 2022/23). As shown at Appendix A, the forecast out-turn expenditure against budget is £5,703,758 (61% of the budget for 2022/23, mainly as a result of some new projects being added to the 2022/23 programme in November that are now not planned to start until 2023/24). The monitoring report at Appendix A provides further explanation of the variances and progress on a project by project basis. In summary, just over half of the capital programme is forecast to be completed during the current financial year.
- 2.2 The key variances between budget and forecast spending in 2022/23 are as follows:-
- a) The projects below are forecast to overspend by 31st March 2023 for which additional funding is being requested for 2022/23.

Table 2: Capital Programme 2022/23 – Projects that are forecast to overspend

Ref	Project	Total Budget (£)	Forecast Spend (£)	Variance (£)	Explanation
302	Henmore Gardens New Homes Acquisition	46,492	46,942	450	Scheme now complete. Overspend funded from s106 contribution
614	New Traditional Homes improvement schemes	0	5,468	5,468	Overspend funded from disposal receipts.
	TOTAL			5,918	

b) The following projects are forecast to underspend.

Table 3: Capital Programme 2022/23 - Projects that are forecast to underspend

Ref	Project	Total Budget (£)	Forecast Spend (£)	Variance (£)	Explanation
647	Ashbourne Leisure Centre	65,296	58,705	-5,954	Awaiting final invoice (retention) and return of funds to BEIS from grant of £6590.72
654	Energy Efficiency (Off Gas Grid Homes) HUG1	495,000	400,000	-95,000	Project predicted to underspend by year end - final expenditure TBC
662	Wash-Down Facility Darley Dale Depot	75,000	50,000	-25,000	Quotations lower than estimated cost. £50,000 now planned to be spent in 2023/24, see slippage below.
	TOTAL			-125,954	

c) The forecast position indicates that there are 39 projects which will require all or part of the budget to slip into the 2023/24 for completion. This slippage totals £4,304,312, which represents 46% of the 2022/23 programme. The budgets have been re-profiled as part of the production of the updated 2023/24 Capital Programme included in this report.

d) Approval is sought to reinstate one project into the capital programme for 2022/23.

Table 4: Project to be reinstated into Capital Programme 2022/23

Project Ref	Project	Total Budget (£)	Forecast Spend (£)	Variance (£)	Explanation
305	Housing Acquisitions –Tansley	0	841,000	841,000	This project had previously been included in the capital programme but was removed. The developer chose another RP to buy the homes. The RP has now pulled out and the developer has now come back asking if will reinstate our offer. DDDC to acquire homes but this may slip in to 2023/24. It will be funded from S106 contributions.

e) The remaining 23 projects are either complete or on track to be completed within the current financial year, with no significant under or over spending.

3. Other Revisions to the Capital Programme for 2022/23 to 2026/27

Revisions to the Capital Programme

3.1 Proposed new bids and other revisions to the capital programme are set out in the following paragraphs. Under financial regulations, where a bid for a capital project is for £25,000 or more, or is of a political nature, a report is required to the relevant policy committee before the project is referred to Council for inclusion in the capital programme.

With regard to the funding allocation added to the Capital Programme from the Rural England Prosperity Fund (REPF), as detailed in Appendix E, Members should note that REPF (announced in September 2022) is a rural-top to UKSPF allocations. It is not a separate programme and there is no additional funding to manage it. To access the additional funding, the District Council was required to submit a Rural Addendum to its UKSPF Investment Plan (rather than a new investment plan). Under the Fund criteria, the whole of the Derbyshire Dales is classified rural. Following approval of the UKSPF Investment Plan by Council on 26 July 2022, the Derbyshire Dales UKSPF Partnership Board (at its 2 November 2022 meeting) determined that the Rural England Prosperity Fund top-up should be allocated to existing Derbyshire Dales UKSPF Investment Plan priorities / themes (in line with the existing evidence base) with business grants, community grants, and town centre improvements being the focus of the additional funding. Based on this approach, as determined by the

Partnership Board, and the limited time available to bring a further report to Members prior to the submission deadline, the Rural Addendum to the approved UKSPF Investment Plan was submitted to Defra in November in order to secure the funding allocation for the district.

Table 5: New projects that are proposed for inclusion in this revised capital programme

Project Name	Budget Required £	Policy Committee Approval	Score %	Funded by:
Priority: Prosperity		Service: Economic Development		
Ashbourne Reborn: Highways and Public Realm	£8,804,684	Community & Environment Committee 01/11/2022	DDDC element already in programme, rest not scored as grant funded	LUF Grant £8,402,284, DCC Contr'n £250,000, Ashbourne TC £64,400, Ashcom £48,000, Capital Programme Reserve £40,000
Ashbourne Reborn: Community Hub	£6,417,975	Community & Environment Committee 01/11/2022	Not scored as grant funded	LUF Grant £4,971,225, DCC Contr'n £38,750, Ashbourne Methodist Church £1,408,000
Rural Innovation Grant (business grants)	£523,000	UKSPF Investment Plan priorities approved by Council 26/07/22	Not scored as grant funded	Grant (Rural England Prosperity Fund Addendum - top-up to UKSPF allocation)
Community Resilience Grant (community grants)	£90,000	UKSPF Investment Plan priorities approved by Council 26/07/22	Not scored as grant funded	Grant (Rural England Prosperity Fund Addendum - top-up to UKSPF allocation)
Town Centres Sustainable Communities Programme	£135,737	UKSPF Investment Plan priorities approved by Council 26/07/22	Not scored as grant funded	Grant (Rural England Prosperity Fund Addendum - top-up to UKSPF allocation)

Project Name	Budget Required £	Policy Committee Approval	Score %	Funded by:
Priority: People		Service: Parks		
Hall Leys Park Matlock, Tennis Courts Resurfacing	45,000	Governance & Resources Committee 16/02/2023	Not scored as fully funded by grant	Grant from Lawn Tennis Association
TOTAL	16,016,396			

The next section of the report provides the narrative in respect of each new project.

Ashbourne Reborn: Highways and Public Realm

- 3.1.1 The Levelling Up Fund (LUF) project will deliver a series of transformed public spaces including the Market Place, Victoria Square, Millennium Square and Shrovetide Walk. Connections between these spaces will also be improved. A comprehensive set of highways improvements along Compton, Dig Street and St John Street are also proposed with the aim of creating a better pedestrian experience, reducing the impact of vehicles and improving safety. Project delivery will be led by Derbyshire County Council.

Ashbourne Reborn: Community Hub

- 3.1.2 The Levelling Up Fund (LUF) project aims to transform the Methodist Church into a multi-purpose community space, providing a wide range of event and meeting spaces, a performance venue and flexible work areas with high quality digital provision. The hub will also link to a range of sustainable transport options to improve connectivity, including charging for e-bikes and scooters and connections to the Tissington Trail. The venue will also offer a modern range of accommodation options for groups and families, and a new outdoor riverside garden event space. The project is led by Ashbourne Methodist Church.

Rural Innovation Grant (business grants)

- 3.1.3 Targeted at small and micro businesses inc. social enterprises, the UKSPF/REPF business grant scheme aims to assist business diversification, growth, adaptation and long-term resilience with priority to be given to businesses operating from business premises and employing staff. The additional REPF funding allocation has enabled the size and scope of the original UKSPF grant scheme to be expanded e.g. to include eligible farm diversification and visitor economy businesses.

Community Resilience Grant (community grants)

- 3.1.4 The UKSPF/REPF grant scheme will be open to applications from local community and voluntary organisations, social enterprises and town and parish councils with projects aimed at strengthening local communities and fostering local pride. The scheme, to be administered by a third party, has

been designed to complement the Better Derbyshire Dales Fund. The additional REPF funding allocation has enabled the size and scope of the original UKSPF grant scheme to be expanded e.g. to increase the size of capital grants following advice from VCS colleagues.

Town Centres Sustainable Communities Programme

- 3.1.5 Indicative REPF allocation to improve public and community infrastructure / facilities in market towns, local cultural and heritage assets and improve the visitor experience.

Hall Leys Park Matlock, Tennis Courts Resurfacing

- 3.1.6 The Lawn Tennis Association Parks Investment Panel has, in principle, agreed grant funding to support a renovation project for the tennis courts at Hall Leys Park. The project includes resurfacing works and the provision of gated access and is fully funded by a grant of circa. £45,000.

Summary of changes to the capital programme

- 3.2 If the proposed new bids and changes are accepted, the capital programme for 2022/23 to 2026/27 will be as shown in the table below. The updated programme is set out in Appendix B. A List of Revisions is shown at Appendix C and is summarised in table 6.

Table 6: Summary of revisions to capital programme 2022/23 to 2026/27

	2022/23 £	2023/24 £	2024/25 £	2025/26 £	2026/27 £	Total £
Approved Capital Programme (24 November 2022)	9,269,353	2,566,004	1,596,211	0	0	13,431,568
Project approved by Council 27 January 2023	135,000	3,450,000	0	0	0	3,585,000
Reinstatement Requested for 2022/23	841,000	0	0	0	0	841,000
Growth to existing projects in 2022/23	5,918	0	0	0	0	5,918
Projects where planned expenditure has reduced in 2022/23	-125,954					-125,954
Projects where planned expenditure has reduced in future years		-144,456	0	0	0	-144,456
Slippage in existing projects from 2022/23 to 2023/24	-4,304,312	4,304,312	0	0	0	0
Additional years for recurring projects	0	0	416,000	799,736	1,027,736	2,243,472
Other amendments to existing projects	21,000	-13,460	38,460	0	0	46,000
Projects to be removed	0	-40,000	0	0	0	-40,000
New Bids	318,500	4,720,710	10,977,186	0	0	16,016,396
Revised capital programme for approval 2 March 2023	6,160,505	14,843,110	13,027,857	799,736	1,027,736	35,858,944

Financing Arrangements for the capital Programme

- 3.3 The table below sets out the proposed financing arrangements.

Table 7: Summary of proposed financing for revised capital programme 2022/23 to 2026/27

	2022/23	2023/24	2024/25	2025/26	2026/27	Totals
	£	£	£	£	£	£
Proposed Capital Programme (including New Bids)	6,160,505	14,843,110	13,027,857	799,736	1,027,736	35,858,944
Financed by:-						
Capital Receipts Reserve	357,807	784,559	60,000	30,000	30,000	1,262,366
Capital Programme Reserve	372,463	806,469	-	-	-	1,178,932
S106 Contributions	2,026,923	3,509,324	385,000	-	-	5,921,247
Grants	2,687,802	8,450,925	12,196,857	601,736	601,736	24,539,056
Economic Development Reserve	10,000	48,000	-	-	-	58,000
IT Reserve	24,300	191,852	-	-	-	216,152
Invest to Save Reserve	-	562,510	-	-	-	562,510
Corporate Plan Priority Reserve	-	201,471	-	-	-	201,471
Vehicle Reserve	681,210	288,000	386,000	168,000	396,000	1,919,210
Borrowing						-
	6,160,505	14,843,110	13,027,857	799,736	1,027,736	35,858,944

- 3.4 A summary of reserve movements and balances is provided in Appendix D. This demonstrates that sufficient resources are available to finance the proposed capital programme. However, it also shows that if the capital programme proposals set out in this report are accepted, sources of capital funding are forecast to reduce from £12m at 1 April 2022 to £2.3m by 31 March 2027. However, 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 £1m.

4 Options Considered and Recommended Proposal

- 4.1 An alternate option would be to NOT approve the recommended projects. This alternative option is rejected as this approach would not generate the benefits for each project, which are described above. Such an approach could mean that these elements of the Council's priorities and Corporate Plan Actions would not be delivered (without inclusion in the capital programme, there is no authority to incur expenditure).

5 Consultation

- 5.1 In terms of the grant funded projects, specifically new bids to / proposals for inclusion in the Capital Programme:
- The Ashbourne LUF Reborn proposals were developed through consultation with the Ashbourne Town Team and other Ashbourne partners including the Town Council, Derbyshire County Council, AshCom and Ashbourne Methodist Church;
 - the Council has consulted with the Derbyshire Dales UKSPF Board partners to shape proposals for the Rural Addendum submission to

access REPF (based on the agreed evidence base for UKSPF, partner / Member workshops held in Summer 2022 and the themes / priorities identified).

- Users from the 'Rusty Rackets' sessions held at the Hall Leys Park tennis courts have been consulted and welcomed the resurfacing works and gated access. This will improve the overall condition of the courts and also deter any anti-social behaviour to take place or misuse on the courts.

5.2 No consultation is required for the one project that is to be removed from the programme as this has been transferred to the larger Ashbourne Reborn project, so the scheme will still be delivered.

6 Timetable for Implementation

6.1 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.

6.2 Timetables for tendering and completion of all schemes have been established and incorporated into the programme.

7 Policy Implications

7.1 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. 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.

Table 8: Proposed capital programme analysed by Corporate Plan Priority

	2022/23	2023/24	2024/25	2025/26	2026/27	Total capital programme
Priority	£	£	£	£	£	£
People	18,468	-	-	-	-	18,468
Place	1,011,377	2,058,324	-	-	-	3,069,701
Prosperity	4,118,340	8,648,996	12,581,857	601,736	601,736	30,137,665
Other	877,320	685,790	446,000	198,000	426,000	2,633,110
	6,025,505	11,393,110	13,027,857	799,736	1,027,736	35,858,944

7.2 It is important the Capital Programme contains the appropriate budget within which projects should be managed. Approval of this report will provide financial approval and enable projects to commence / continue.

8 Financial and Resource Implications

8.1 If the proposed changes are approved the overall Capital Programme for 2022/23 to 2026/27 will increase by £22.43m from £13.43m to £35.86. The

biggest contributor to the increase is the addition of £15.22m in respect of the Ashbourne Reborn projects, which are almost entirely funded by grants.

- 8.2 While rising inflation presents a high financial risk to the overall capital programme, this report seeks to set accurate budgets for projects based upon previous tendering experience. Some of the larger projects include contingencies for price increases. Even with these measures in place, the risk of overspend cannot be completely eliminated and therefore the risk is assessed as 'medium'.
- 8.3 As explained in the report, sufficient resources are available to finance the proposed capital programme. However, the amounts available for new capital schemes in the capital receipts reserve and the capital programme reserve is only £1m. This presents a high risk in terms of funding availability for future projects. The Council could, of course, consider borrowing for future capital schemes, but the resulting borrowing costs are unlikely to be affordable for the revenue account, given the Council's medium term financial position set out in other reports on this agenda.
- 8.4 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.

9 Legal Advice and Implications

- 9.1 This report relates to the current financial position as detailed at the top of this report.
- 9.2 There are 6 recommended decisions to be made contained within the report relating to capital project for the coming financial years. At the current time the legal risk associated to this report has been assessed as low.

10 Equalities Implications

- 10.1 There are considered to be no equalities implications for this report. Both the Ashbourne LUF proposals and UKSPF Investment Plan proposals (upon which the REPF allocations are based) were subject to Equality Impact Assessments (details included in 26 June 2022 C&E and 27 July 2022 Council reports).

11 Climate Change Implications

The climate change implications of the new bids are set out below.

Ashbourne Reborn: Highways and Public Realm

- 11.1 Climate Change impacts assessed in 26 June 2022 C&E report including encouraging residents to walk into and around the town rather than using vehicles to access retail/leisure offerings elsewhere and improving the environment for cyclists.

Ashbourne Reborn: Community Hub

- 11.2 Climate Change impacts assessed in 26 June 2022 C&E report including works to improve the thermal fabric of the building, improving energy efficiency and using part of the space as a DCC mobility hub, with EV charging points for e-bikes and public transport information.

Rural Innovation Grant (business grants)

- 11.3 Climate Change impacts assessed in 27 July 2022 Council report including applications from small and micro-businesses for kit and equipment to deliver the objective of 'encouraging green business growth'.

Community Resilience Grant (community grants)

- 11.4 Climate Change impacts assessed in 27 July 2022 Council report including potential for climate change benefits in communities depending on applications received e.g. climate change strand to the community grant programme to help reduce carbon emissions and promote behaviour change

Town Centres Sustainable Communities Programme

- 11.5 Potential benefits through improvements to public realm / cultural / heritage assets and facilities and re-use of underutilised space, helping to increase footfall and patronage from residents and visitors.

Hall Leys Park Matlock, Tennis Courts Resurfacing

- 11.6 There are no direct climate change implications arising from this project.

12. Risk Management

- 12.1 This report seeks to set more accurate budgets for projects based upon previous tendering experience, which in turn should minimise the risk of overspend. The risk has increased at this time of rapidly increasing inflation, however it has been mitigated somewhat with the inclusion of contingencies within the estimated costs. The risk of overspend cannot be completely eliminated therefore the risk remains at 'medium'.

Report Authorisation

Approvals obtained from:-

	Named Officer	Date
Chief Executive	Paul Wilson	22/02/2023
Director of Resources/ S.151 Officer (or Financial Services Manager)	Karen Henriksen	21/02/2023
Monitoring Officer (or Legal Services Manager)	Kerry France	21/02/2023