



**OPEN REPORT
COUNCIL**

Council – 27 July 2023

**PROVISIONAL CAPITAL OUT-TURN 2022/23 & REVISED CAPITAL
PROGRAMME 2023/24 TO 2027/28**

Report of the Director of Resources

Report Author and Contact Details

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Wards Affected

District-wide

Report Summary

This report outlines the provisional (subject to audit) out-turn position for 2022/23 and the revised Capital Programme for 2023/24 to 2027/28. Thirteen new projects are proposed for inclusion in the revised programme.

Recommendations

1. That the provisional Capital Out-turn of £4,233,274, as detailed in Appendix A, is approved.
2. That the explanations regarding significant variances in planned and actual capital expenditure for 2022/23 are noted.
3. That an underspend of £1,814,037 be carried forward at 31 March 2023 and other revisions totalling £96,000 set out in paragraphs 3.1 and 3.2 and Appendix A be approved for inclusion into the capital programme.
4. That new projects totalling £4,652,400 set out in paragraphs 3.5 to 3.18 of the report are approved for inclusion in the programme.
5. That the updated capital programme for 2023/24 to 2027/28 set out in Appendix B to the report totalling £38,450,376 be approved.
6. That financing of the Capital Programme from sources summarised at paragraph 3.21 and shown in Appendix C be approved.

7. That the balance of funds available over the 5-year programme, shown at Appendix C, is noted.

List of Appendices

Appendix A Capital Out-turn 2022/23

Appendix B Revised Capital Programme 2023/24 – 2027/28

Appendix C Proposed financing of the Capital Programme 2022/23 to 2027/28

Appendix D Details of bids for Inclusion into the Capital Programme 2023/24 to 2027/28

Background Papers

None

Consideration of report by Council or other committee

Not applicable

Council Approval Required

Yes

Exempt from Press or Public

No

Provisional Capital Out-turn 2022/23 and Revised Capital Programme 2023/24 to 2027/28

1. Background

- 1.1 At Council on 2nd March 2023 Members approved a revised capital programme totalling £35,858,944, covering the financial years 2022/23 to 2026/27, as summarised in table 1 below:

Table 1: Capital Programme approved 2nd March 2023

Financial year	£
2022/23	6,160,505
2023/24	14,843,110
2024/25	13,027,857
2025/26	799,736
2026/27	1,027,736
Total	35,858,944

- 1.2 This report provides information relating to the provisional outturn (subject to audit) for 2022/23 and seeks approval for a revised capital programme for 2023/24 to 2027/28, taking account of slippage from 2022/23 and including bids for 13 new projects and other changes.

2. Provisional Out-turn for 2023/23

- 2.1 At Council on 2nd March a revised capital budget of £6,160,505 was approved for 2022/23.
- 2.2 The actual total capital expenditure for 2022/23 was £4,233,274. Therefore, there was an overall underspend of £1,927,231. The Programme has been financed as shown in table 2 below:-

Table 2: Capital financing arrangements for 2022/23

Sources of Financing	£
Capital Receipts	420,511
Capital Programme Reserve	£354,467
S106 Contributions	1,014,563
Grants	1,940,965
Economic Development Reserve	10,000
IT Reserve	18,700
Vehicle Reserve	474,077
Total	4,233,274

- 2.3 The expenditure incurred against each project is outlined at Appendix A, which provides explanations for under- and over-spends and whether each project has concluded. Where projects are continuing beyond the end of 2022/23, budget underspends have been carried forward and added to the budget for 2023/24. It is proposed to carry forward £1,814,037 of the provisional underspend from 2022/23 into 2023/24.

2.4 Material project under- and over-spends in 2022/23 are explained below.

- Project 270 – Disabled Facilities Grants (funded by the Better Care Fund): overspent by £24,739

Spending of this grant is demand led. The overspend in 2022/23 is to be funded from DFG balances that were unspent in previous financial years and have been held in the capital grants reserve.

- Project 290 - Social Housing Scheme Calver (funded by grant): £44,000 underspent.

This project has been slipped into 2023/24. This scheme is likely to increase in costs, therefore an additional amount of £26,000 is requested for 2023/24 to increase the budget to £70,000.

- Project 305 – Housing Acquisitions in Tansley: £839,498 Underspent.

Due to timing issues this was carried forward to 2023/24 and has now been spent in the first quarter of 2023/24.

- Project 308 – Eyam/Wirksworth/Matlock Site Appraisals. £55,600 Overspent

Originally profiled to be spent in 2023/24. The profiling has been adjusted to reflect the earlier start and account for expenditure to date.

- Project 313 – LADS Scheme Phase 2. £175,000 Underspent
The budget included an amount to be returned to central government which was paid back in the year.

- Project 360 - Vehicle Replacement Scheme. £207,133 Underspent
The underspend has been carried forward to 2023/24 as per the updated vehicle replacement programme.

- Project 370 - Capital Salaries. Overspent £29,416
The more ambitious capital programme has resulted in increased officer time on capital schemes.

- Projects 621 & 622 - Climate Change / Energy Efficiency projects at Matlock Town Hall and Bakewell Agricultural Business Centre. Underspend £36,383
Projects ongoing; underspend slipped to 2023/24.

- Project 654 - Energy Efficiency (off gas grid homes) HUG1 £265,042
Ongoing project – underspend slipped to 2023/24.

- Project 655 - Energy Efficiency (on gas grid homes) LAD3 £159,665
Ongoing project – underspend slipped to 2023/24.

- Project 662 - Wash Down facility. Overspend £37,440

Works started in 2022/23 ahead of schedule. The 2023/24 budget has been adjusted to account for profiling.

- Project 680 Ashbourne Reborn – Highways and Public Realm – Underspent £95,032
A delayed start to the project has meant the allocated profiled budget for the year has underspent. The 2023/24 budget has been adjusted to account for this.
- Project 681 – Ashbourne Reborn – Community Hub. Underspend £117,672.
A delayed start to the project has meant the allocated profiled budget for the year has underspent. The 2023/24 budget has been adjusted to account for this.
- Project 676 - Rural Innovation Grants (UKSPF) – Underspend £30,000.
The budgeted expenditure was profiled to begin in 2022/23. This will now commence in full in the year 2023/24. The budget has been reprofiled.
- Project 673 – Local Authority Housing Fund. Underspend £61,000.
One property has been financed through this project within 2022/23. The budget has been reprofiled and the underspend from 2022/23 has been slipped to 2023/24.

2.5 The Council has received capital receipts of £476,541 in the year. Housing “Right to buy” receipts total £447,381. Receipts from vehicle sales totalled £29,160.

2.6 Capital Grants received in the year total £3,111,495.

2.7 Capital Grants repaid in the year total £175,072. This repayment relates to the underspend on the LAD scheme green homes work that was undertaken throughout 2020/21 and 2021/22.

2.8 Section 106 monies invoiced in the year total £1,248,911. £39,592 is earmarked for sports facilities with the balance of £1,209,319 earmarked for affordable housing.

3. Proposed changes to the capital programme for 2023/24 to 2027/28

2.9 The housing scheme at Calver (project 290) is expected to cost more than the current allocated capital budget. It is therefore requested to increase this budget by £26,000 to £70,000 in 2023/24.

2.10 With regard the Disabled Facility Grant budget (project 270) increases of £30,000 for 2023/24 and £40,000 in 2024/25 are requested. This increase in expenditure is required to finance the Housing Renewal Policy. A separate report which outlined the details of this scheme, was approved by the Community and Environment committee on 13th July.

2.11 Several projects are no longer proceeding or have resulted in an underspend. It is proposed to move the following schemes totalling £849,126 to the Local

Authority Housing Fund, and £45,000 to Ashbourne Footbridge as detailed in tables 3 and 4 below.

Table 3: Transfers to the Local Authority Housing Scheme – Project 673

Reason	Project Ref.	Scheme	Amount £
Not Proceeding	280	Social Housing Grant – Cromford/Matlock Bath	(100,000)
Not Proceeding	286	Social Housing Grant – Wirksworth Community Land Trust	(350,000)
Not Proceeding	287	Social Housing Grant – Bakewell Alms-houses Trust	(35,000)
Not Proceeding	293	Retained House – Station House Matlock	(104,000)
Underspend on Project	298	Empty Homes – Council Houses	(10,219)
Merged	306	Empty Homes Round 2	(249,907)
	673	Total	(849,126)

Table 4: Transfer to Ashbourne Footbridge – Project 630

Reason	Project Ref.	Scheme	Amount £
No longer required	651	Matlock Hall Leys Park Footbridge Refurbishment	(45,000)

Other Revisions to the Capital Programme

- 2.12 As required by financial regulations, business cases for the proposed capital projects have been assessed firstly by the Capital Programme Working Group, who examined the business cases, scored the new bids and made recommendations to the Corporate Leadership Team. The Corporate Leadership Team has proposed 13 new projects for inclusion in the capital programme, considering the Council's priorities, the availability of funding etc.
- 2.13 Proposed new bids are set out in in table 5 below and in more detail in Appendix D. 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. The 13 new bids were approved by Community and Environment committee on the 13 July.

Table 5: New Projects that are proposed for inclusion in this revised capital programme (see Appendix D for further details)

Project Name	Budget Required £	Score	Funded by:
HUG 2	1,897,500	*	Grant
Acquisition of 4 homes in Doveridge	700,000	82	Section 106 £610,000 Capital Receipts £90,000
Social Housing Grant – 3 affordable homes at Wash Green Wirksworth	586,505	72	Section 106 £436,505 Grants £150,000
Bradbourne small sewer site	45,000	70	Capital Receipts
Garage vehicle lift	20,000	67	Capital Receipts
Social Housing Grant – Edgefold Road Matlock - 2 affordable housing units	288,395	65	Section 106 £198,395 Grants £90,000
Harrison Alms-houses phase 3 – renovation of houses to flats	195,000	64	Section 106
John Higgs Alms-houses – Smedley Street Matlock	500,000	64	Capital Receipts
Automated toilet locking facilities. Ashbourne, Matlock & Bakewell	15,000	62	Capital Programme Reserve
Cemetery paths	145,000	56	Capital Receipts £100,000, Capital Programme Reserve £45,000
Lychgate at Ashbourne Cemetery	25,000	56	Insurance Reserve
Parks & Recreation grounds paths	200,000	56	Capital Receipts
Ashbourne Fishpond footbridge	35,000	56	Capital Receipts
Total New bids	£4,652,400		

*Not scored as fully grant funded

Summary of changes to the capital programme

2.14 If the proposed new bids and changes are accepted, the capital programme for 2023/24 to 2027/28 will be increased as shown in table 6 below.

Table 6: Increases to the capital programme

	£
New Bids (see table 5 & Appendix D)	£4,652,400
Slippage brought forward from 2022/23 (see Appendix A)	£1,814,037
Growth to existing projects (see paragraphs 3.1 & 3.2)	£96,000
Total additional expenditure requested	£6,562,437

2.15 The updated programme is set out in appendix B and summarised in table 7 below.

Table 7: Summary of revisions to capital programme 2023/24 to 2027/28

	2023/24 £	2024/25 £	2025/26 £	2026/27 £	2027/28 £	Total £
Approved Capital Programme (2nd March 2023)	14,843,110	13,027,857	799,736	1,027,736	0	29,698,439
Project Approved by Council 16th March - Decarbonisation Arc Leisure Matlock / Wirksworth LC	2,189,500					2,189,500
Approved Programme 16 March 2023	17,032,610	13,027,857	799,736	1,027,736	0	31,887,939
New bids approved by Community & Environment Committee 13 July 2023	2,438,900	2,063,500	50,000	50,000	50,000	4,652,400
Underspends on continuing projects to add to 2023/24	1,736,911					1,736,911
Underspends on projects to transfer to the Local Authority Housing Fund	77,126					77,126
Transfers From Projects not Progressing to The Local Authority Housing Fund	772,000					772,000
Transfer projects in 2023/24 not proceeding to The Local Authority Housing fund	-387,000	-385,000				-772,000
Transfers From Matlock Footbridge to Ashbourne Footbridge	-45,000					-45,000
Transfers From Projects not Progressing to Ashbourne Footbridge	45,000					45,000
Growth to Existing Projects	56,000	40,000				96,000
Total change to the programme	4,693,937	1,718,500	50,000	50,000	50,000	6,562,437
Revised capital programme for approval 27th July 2023	21,726,547	14,746,357	849,736	1,077,736	50,000	38,450,376

Financing Arrangements for the capital programme

2.16 The proposed financing arrangements are set out in table 8 below.

Table 8: Proposed financing arrangements 2022/23 to 2027/28

	2022/23 (Outturn) £	2023/24 £	2024/25 £	2025/26 £	2026/27 £	2027/28 £	Totals £
Proposed Capital Programme (including New Bids)	4,233,274	21,726,548	14,746,357	849,736	1,077,736	50,000	42,633,651
Financed by:-							
Capital Receipts Reserve	420,511	1,150,631	725,000	80,000	80,000	50,000	2,456,142
Capital Programme Reserve	354,467	925,409	-	-	-	-	1,279,876
S106 Contributions	1,014,563	5,773,352	260,000	-	-	-	7,047,915
Grants	1,940,955	12,353,191	13,375,357	601,736	601,736	-	28,872,975
Economic Development Reserve	10,000	48,000	-	-	-	-	58,000
IT Reserve	18,700	191,852	-	-	-	-	210,552
Invest to Save Reserve	-	562,510	-	-	-	-	562,510
Corporate Plan Priority Reserve	-	201,471	-	-	-	-	201,471
Vehicle Reserve	474,077	495,133	386,000	168,000	396,000	-	1,919,210
Insurance Reserve	-	25,000	-	-	-	-	25,000
Borrowing	-	-	-	-	-	-	-
Total	4,233,274	21,726,548	14,746,357	849,736	1,077,736	50,000	42,633,651

2.17 A summary of reserve movements and balances is provided in Appendix C. 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 the report are accepted, sources of capital funding are forecast to reduce from £12.320m at 1st April 2022 to £1.476m by 31st March 2028. 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 £294k. This reflects a prudent forecast of the capital receipts that might be received in the coming 5 years.

4. Options considered and Recommended Proposal

4.1 The changes to the capital programme, and associated financing, set out in this report are recommended for approval, including additional expenditure from 2023/24 to 2027/28 totalling £6,562,437 (see table 6 above).

4.2 An alternative option would be to NOT approve the recommended changes, including 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 set out in Appendix D. 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).

5. Consultation

5.1 None at this stage. The need for consultation will be assessed for each project as more detailed planning takes place

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 9: Proposed capital programme 2023/24 to 2027/28 analysed by Corporate Plan Priority

Priority	2023/24 £	2024/25 £	2025/26 £	2026/27 £	2027/28 £	Total Capital Programme £
People	5,199	0	0	0	0	5,199
Place	2,247,192	75,000	50,000	50,000	50,000	2,472,192
Prosperity	18,497,430	14,225,357	601,736	601,736	0	33,926,259
Other	976,727	446,000	198,000	426,000	0	2,046,727
Total	21,726,548	14,746,357	849,736	1,077,736	50,000	38,450,377

- 7.2 It is important that 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 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 eliminated and therefore the risk is assessed as 'medium'.

- 8.2 As explained in the report, sufficient resources are available to finance the proposed capital programme. However, the amount available in the capital receipts reserve and the capital programme reserve after funding this programme is forecast to reduce to around £294,000. 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.

- 8.3 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 The Council has a legal duty to set a balanced budget and has a general duty to act in the public interest in managing the custody of public funds. The accounts have been prepared by qualified personnel using accepted principles for to ensure proper accountability. The legal risk is therefore low.

10. Equalities Implications

- 10.1 Equality implications will be assessed for each project as more detailed planning takes place. An EIA on the location and range of planned housing is recommended to ensure it is fairly distributed in the district and to ensure the range of housing types made available meet the needs of all residents e.g. bungalows and houses, larger homes for big families.

11. Climate Change Implications

11.1 The climate change implications of each of the bids has been assessed as part of the preparation of the business cases. Some of the benefits in terms of the climate are detailed in Appendix D to the report.

12. Risk Management

12.1 Financial and legal risks have been explained above.

12.2 Each project business case includes a risk assessment. The risks vary depending on the project, but common risks and mitigations include:

- Cost Inflation. Mitigation measures include inflation allowances and contingencies within the estimated project cost.
- 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.

Report Authorisation

Approvals obtained from Statutory Officers:-

	Named Officer	Date
Chief Executive	Paul Wilson	17/07/2023
Director of Resources/ S.151 Officer	Karen Henriksen	18/07/2023
Monitoring Officer (or Legal Services Manager)	James McLaughlin	18/07/2023