



OPEN REPORT COUNCIL

Council – 14 December 2023

CAPITAL PROGRAMME UPDATE

Report of the Director of Resources

Report Author and Contact Details

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Wards Affected

District-wide

Report Summary

This report:

- outlines spending for each project against the approved 2023/24 capital programme as at 30th September 2023, and
- seeks approval for an updated capital programme for 2023/24 to 2027/28 and associated financing. Two new projects are proposed for inclusion in the revised programme.

Recommendations

1. That the Capital Programme expenditure to 30th September 2023 is noted.
2. That re-phasing of existing projects for completion over the next 4 years is approved.
3. That new projects totalling £1,259,100, set out in paragraphs 2.12 to 2.15 of the report, are approved for inclusion in the programme.
4. That the revised capital programme for 2023/24 to 2027/28, as shown in Appendix A, totalling £37,770,410 is approved.
5. That financing of the Capital Programme from sources summarised at paragraph 3.21 and shown in Appendix A is approved.
6. That the balance of funds available over the 5-year programme, shown at Appendix B, is noted.

List of Appendices

Appendix A Revised Capital Programme 2023/24 to 2027/28

Appendix B Proposed financing of 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

Capital Programme Update

1. Background

- 1.1 At the Council meeting on 27th July 2023 Members approved a revised capital programme totalling £38,450,376, covering the financial years 2023/24 to 2027/28, as summarised in table 1 below:

Table 1: Capital Programme approved 27th July 2023

Financial year	£
2023/24	21,726,549
2023/24	14,746,357
2024/25	849,736
2025/26	1,077,736
2026/27	50,000
Total	38,450,378

- 1.2 This report provides information on the current financial position of spend against the 2023/24 Capital Programme as at 30th September 2023 and seeks approval for a revised capital programme for 2023/24 to 2027/28, taking account of the expected slippage into 2024/25 and including bids for 2 new projects and other changes.

2. Capital Expenditure for 2023/24

- 2.1 At Council on 23rd July a revised capital budget of £21,726,549 was approved for 2023/24.
- 2.2 As at 30th September 2023/24 expenditure including commitments against the budget was £3,633,566.43 as shown in Appendix A.
- 2.3 The forecast out turn for the 2023/24 capital programme determines that the amount in 2023/24 should be revised to £12,855,250, which is a difference of £8,871,299 from the budget approved in July 2023 as shown in Appendix A.

Table 2: Revised Capital financing arrangements for 2023/24

Sources of Financing	£
Capital Receipts	793,443
Capital Programme Reserve	720,912
S106 Contributions	4,096,942
Grants	6,535,616
IT Reserve	155,737
Vehicle Reserve	329,000
Revenue Grants Unapplied	223,600
Total	12,855,250

- 2.4 The expenditure and forecast out turn forecasted for 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 2023/24, budget underspends have been carried forward and added to the budget for 2024/25. It is proposed to carry forward £9,919,881 of the provisional underspend from 2023/24 into 2024/25.

2.5 As noted above, Slippage on schemes that are to be reprofiled into 2024/25 total £9,919,881 these are explained below:

- Project 281 – Social housing Scheme Tideswell: £412,500 funded by S106 contribution.
Project not yet commenced. Request to carry forward into 2024/25.
- Project 292 - Social Housing Scheme Wirksworth: £100,000 funded by S106 contribution
Delay due to tenancy issues.
- Project 304 – Over Hadden Bequeathed Improvements: £55,000 funded by S106 contribution.
No progress, possibility of electrical works to be completed.
- Project 360 – Vehicle Replacement programme: £166,133 funded by Vehicle Replacement Reserve.
Spend reflects the vehicle replacement programme. The remainder will be used for additional vehicles on completion of the Clean and Green service review.
- Project 625 – Bakewell Road, Matlock Development: £1,143,343 funded from reserves.
Project currently on hold; re-profiled into 2024/25, pending report to Council on 14 December 2023.
- Project 640 – Production Server (ESX) Replacement: £9,263 funded by ICT reserve.
Delivered and Installation in Progress.
- Project 643 – VDI Server Replacement: £30,000 funded by ICT Reserve.
To be moved into 2024/25. Dependant on vendor support.
- Project 659 – Longcliffe Waste Depot Tipping Room Floor: £11,350 funded by Capital Receipts Reserve.
On Target, some slippage expected to 2024/25.
- Projects 660 – Hurst farm Heritage Trail: £462,885 funded by Grant.
Delay to Tender Process, works expected to commence in quarter 4.
- Project 663 – Fleet Decarbonisation Scheme: £16,050 funded by £16k Grant & Capital Programme reserve.
Works costed. Expected to slip into 2024/25.
- Project 668 – Production SAN Storage : £1,714 funded by IT Reserve.
Remainder to slip into 2024/25

- Project 680/681 – Ashbourne Reborn: £3,356,784 funded by Grant/Capital Programme reserve. Slippage reflects the October 2023 monitoring return to Government.
- Project 682 – Rural Innovation Grants REPF: £168,000 funded by Grant applications not coming forwards at previous rates. Reprofiled into 2024/25.
- Project 679 Town Centres Sustainable Communities Programme: £33,333 funded by Grant. Reprofiled into 2024/25.
- Project 673 -Local Authority Housing Fund Round 1: £560,126 funded by Grant/S106 Contribution. On target, some slippage expected. Reprofiled into 2024/25.
- Project 684/685 Arc Leisure Matlock & Wirksworth Leisure Decarbonisation Schemes: £2,189,500, funded by capital grant £1,925,000 and capital receipts £264,000. This project was incorrectly added to the capital programme in 2023/24. The project is scheduled to commence in 2024/25.
- Project 686 Home Upgrade Grants (HUG) 2: £239,000 funded by Grant. Delayed start to project awaiting guidance from funder.
- Project 687 - Acquisition of four homes in Doveridge: £235,000. funded by S106 Contribution/Capital receipts. Works to commence in November 2023, with a scheduled completion date of November 2024.
- Project 688 -Social Housing Grant – Wash Green Wirksworth three affordable homes: £586,505. funded by Section 106. Pre-application works underway. Reprofiled into 2024/25
- Project 691 – Social Housing Grant Edgefold Road Matlock two properties: £143,395 funded by S106 Contribution/Grant Pre-application works underway. Reprofiled into 2024/25
- Project 691 – Lychgate Ashbourne Cemetery: £25,000 funded by Insurances Reserve. Works complete.

2.6 Several schemes that will be completing in 2023/24 are likely to overspend. The forecast overspend is £149,133 and is summarised as follows:

Table 3: Forecasted Overspends

Project Number	Project Title	Overspend £	Funding
290	SHG Calver	15,000	S106
298	Empty Homes – Council Houses	25,408	Capital receipts. It

			is likely that a grant will be received for this overspend.
303	Monyash Homes Renovation	79,255	S106
305	Housing Acquisitions - Tansley	11,861	S106
617	Ashbourne Memorial Gardens & Bandstand	8,155	Capital receipts
622	Climate Change Energy Efficiency - ABC	5,242	Capital programme reserve
631	Ashbourne Recreation Building Rationalisation	607	Capital programme reserve
636	Harrison way Northwood	3,372	Capital programme reserve
672	Hall Leys Park Matlock – Tennis courts	231	Grant

Other Revisions to the Capital Programme

- 2.7 The Ashbourne Reborn scheme totalling £15,222,659 has been amended in the capital programme to only reflect the Levelling Up funding and the Council's own contribution to the scheme. This has resulted in a decrease in the capital programme of £1,809,150. The profiling of the scheme reflects the latest submission to The Levelling Up Fund.
- 2.8 The Homes Upgrade Grant (HUG) 1 scheme was incorrectly added to the programme at £400,000 instead of £495,000. The extra amount of £95,000 is entirely grant funded.
- 2.9 The Energy Audit & Carbon Reduction Scheme spend is likely to cost more in 2023/24 than originally forecast. It is proposed to alter the profiling of this scheme to increase the 2023/24 programme by £8,700 to £44,000 and therefore reducing 2024/25 scheme by the same amount.

New Projects

- 2.10 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 2 new projects for inclusion in the capital programme, considering the Council's priorities, the availability of funding etc.

- 2.11 Due to a short turnaround required to return the grant funding agreement, the Devolution Retrofit project hasn't been presented to the Community and Environment Committee. A report was presented to the Corporate Leadership Team and the budget for the project, which is entirely grant funded, was approved by the Director of Resources and is included in this report for members' information, as permitted under financial regulation 2.14.2.
- 2.12 Proposed new bids are set out in in table 4 and in more detail below. Under financial regulations, where a bid for a capital project is for £30,000 or more, or is of a political nature, a report is required to the relevant policy committee (unless financial regulation 2.14.2 applies).

Table 4: New Projects that are proposed for inclusion in this revised capital programme.

Project Name	Budget Required £	Score	Funded by:	Approved By Committee
Local Authority Housing Fund Round 2	675,600	Not Scored	Grant £292,000, Section 106 £160,000. Revenue Grants £223,600	Community & Environment 7 th September 2023
Devolution Retrofit	583,500	Not Scored*	Grant £583,500	By Director of Resources under FR 2.14.2 and by this report
Total New bids	£1,259,100			

*Not scored as fully grant funded

Local Authority Housing Fund – Round 2

- 2.13 The objective of the project is to achieve the purchase of two homes by March 2024 and to accommodate two refugee families. The scope of the project is time and resource limited based on the funding available, our capacity to deliver and the timescale set by the Department for Levelling Up, Housing and Communities (DLUHC). The two homes will most likely be delivered in Ashbourne, given the support provided by the Ashbourne Refugee Community Support (ARCS) group and a reasonable supply of appropriately sized homes. The project itself is discretionary but there is an expectation that properties will be in ownership and occupied by the end of March 2024.
- 2.14 Capital and revenue finance (revenue grants that may be used to finance capital expenditure) to support the project are set out below and include;
- LAHF2 acquisition costs £126,000 per property being 40% of the total value. This limits the average purchase price to £315,000.
 - LAHF2 additional works and fees grant £20,000 per property (which can be added to the acquisition costs).

- Flexible Housing Fund Grant to support move on from bridging hotels, equal to £7,100 per person. So, a six-person household would attract a grant of £42,600.
- Homeless Prevention Grant awarded in 2023/24.
- Homes for Ukraine funding already provided via Derbyshire County Council.
- S106 income will be required but the amount would be reduced by using the Flexible Housing Fund, Homeless Prevention Grant and Homes for Ukraine funding.

Devolution Retrofit

- 2.15 The Devolution Retrofit project will deliver fully funded domestic energy efficiency improvements in private housing where residents are likely to be in fuel poverty. The project aims to improve 20 solid brick low EPC properties in an on gas IMD1 area. The project will improve the EPC ratings of the homes, leading to improved health and wellbeing, reduced energy bills and lower emissions.
- 2.16 The project will be financed from a capital grant funded from Nottingham City Council to the value of £583,500 and will be delivered by 30th September 2024.

Summary of changes to the capital programme

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

Table 5: Increases to the capital programme

	£
New Bids (see table 5 & Appendix D)	1,259,100
Overspends	149,135
Underspends no longer required	(359,851)
Ashbourne Reborn – amended to show DDDC /Grant only <i>and change to Profiling</i>	(1,823,350)
Error in July Programme	95,000
Total reduction to programme	(679,966)

- 2.18 The updated programme is set out in appendix B and summarised in table 6 below.

Table 6: Summary of revisions to capital programme 2023/24 to 2027/28

	2023/24 £	2024/25 £	2025/26 £	2026/27 £	2027/28 £	Total £
Approved Programme 27th July 2023	21,726,547	14,746,357	849,736	1,077,736	50,000	38,450,376
New bids approved by Community & Environment Committee	1,155,600	103,500				1,259,100
Reprofiling of Projects from 2023/24 to 2024/25	(9,919,881)	9,919,881				0
Reprofiling of projects from 2024/25 to 2023/24	8,700	(8,700)				0
HUG 1 Grant Funding	95,000					95,000
Forecast Underspends not required	(359,851)					(359,851)
Ashbourne Reborn Profiling		(4,072,616)	2,249,266			(1,823,350)
Growth to Existing Projects	149,135					149,135
Total change to the programme	(8,871,297)	5,942,065	2,249,266	0	0	(679,966)
Revised capital programme for approval 14th December 2023	12,855,250	20,688,422	3,099,002	1,077,736	50,000	37,770,410

Financing Arrangements for the capital programme

2.19 The proposed financing arrangements are set out in table 7 below.

Table 7: Proposed financing arrangements 2023/24 to 2027/28

	2023/24 £	2024/25 £	2025/26 £	2026/27 £	2027/28 £	Totals £
Proposed Capital Programme (including New Bids)	12,855,250	20,688,422	3,099,002	1,077,736	50,000	37,770,410
Financed by:-						
Capital Receipts Reserve	793,443	1,180,593	80,000	80,000	50,000	2,184,036
Capital Programme Reserve	720,912	168,883	40,000	-	-	929,795
S106 Contributions	4,096,942	2,202,526	-	-	-	6,29,468
Grants	6,535,616	15,733,043	2,811,002	601,736	-	25,681,397
Economic Development Reserve		48,000	-	-	-	48,000
IT Reserve	155,737	39,263	-	-	-	195,000
Invest to Save Reserve		562,510	-	-	-	562,510
Corporate Plan Priority Reserve		201,471	-	-	-	201,471
Vehicle Reserve	329,000	552,133	168,000	396,000	-	1,445,133
Revenue Grants Unapplied	223,600	-	-	-	-	223,600
Borrowing	-	-	-	-	-	-
Total	12,855,250	20,688,422	3,099,002	1,077,736	50,000	37,770,410

2.20 A summary of reserve movements and balances is provided in Appendix B. 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 £12.959m at 1st April 2023 to £1.826m 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 £431,000. This reflects a prudent forecast of the capital receipts that might be received in the coming 5 years.

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 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. 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).

4. Consultation

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

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

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. 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 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	1,591,144	490,285	0	50,000	0	2,081,429
Prosperity	10,330,918	19,470,027	2,851,002	601,736	0	33,253,683
Other	927,989	728,110	248,000	476,000	50,000	2,430,099
Total	12,855,250	20,688,422	3,099,002	1,077,736	50,000	37,770,410

Note* The new corporate plan is elsewhere on this agenda for this meeting, therefore these priorities will change.

- 6.2 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.

7. Financial and Resource Implications

- 7.1 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'.

- 7.2 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 £431,000. 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.

- 7.3 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.

8. Legal Advice and Implications

- 8.1 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.

9. Equalities Implications

- 9.1 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.

10. Climate Change Implications

10.1 The climate change implications of each of the bids has been assessed as part of the preparation of the business cases.

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. 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	04/12/2023
Director of Resources/ S.151 Officer	Karen Henriksen	04/12/2023
Monitoring Officer	Helen Mitchell	04/12/2023