



Council - 29 September 2022

URGENT MATTERS REQUIRING UPDATE TO THE 2022/23 CAPITAL PROGRAMME

Report of the Director of Resources

Report Author and Contact Details

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Wards Affected

District-wide

Report Summary

The report requests further changes to the 2022/23 Capital Programme to address urgent operational matters and recognise the impact of rising inflation is having on the estimated costs of existing projects.

Recommendations

1. That project 624 for the purchase of land at Longcliffe for £250,000 be removed from the Capital Programme.
2. That a business case evaluating options to purchase land to provide an owned site for the delivery of waste operations be submitted to a future meeting of the Council.
3. That two new projects – Works to flooring at the Tipping Room Floor at Longcliffe Depot £25,000 and Contribution towards Flood Prevention works at Longford of £20,000 be added to the 2022/23 Capital Programme.
4. That increases in budget totalling £70,000 be approved for existing projects (project 617- Ashbourne Bandstand £35,000, project 627 Matlock Hall Leys Park Clock Tower £30,000 and project 652 Lovers Walk Shelter £5,000) and the Capital Programme be updated accordingly.
5. That the additional capital expenditure arising from the above changes be financed from Capital Receipts Reserve and that the Revised Capital Programme of £8,801,014 for 2022/23 be approved (net reduction of £135,000).

List of Appendices

None

Background Papers

None

Council Approval Required

Yes

Exempt from Press or Public

No

Urgent Revisions to the Capital Programme 2022/23

1. Background

- 1.1 The Revised Capital Programme for 2022/23 of £8,936,014 was approved on 28th July 2022. This took into consideration slippage where projects had not commenced or where projects had commenced but had not completed during 2021/22 as planned.

2. Key Issues

- 2.1 Since the July 2022 report two operational issues have arisen which require capital funding.

Longcliffe Waste Depot – Tipping Room Floor

- 2.2 As part of the 2020 Waste Contract currently operated by Serco, the Council leased a depot site at Longcliffe (already occupied by Serco pre current contract) from a private landlord. The site is leased by the Council from the private landlord on commercial terms for a 24 year term from August 2020 with break clauses at years 8 and 16 in line with the waste contract. As part of the Waste Contract, the Council leases the site to Serco at a peppercorn rent and Serco is responsible for day to day repairs but not latent defects. The current issue with the Tipping Room floor was raised by Serco as a latent defect and a legal dispute ensued. The legal dispute has now been resolved based on legal advice with an agreement for each party to fund 50% of the repairs cost. Serco will arrange and procure the works and the expected total cost is £50,000 with the Council's 50% contribution being £25,000.
- 2.3 Delivery of the project will provide a suitable new surface to the Tipping Room, which will become Serco's responsibility thereafter. Failure to undertake these works would mean that this part of the Tipping Room could no longer be used, which would impact on/delay the collection of recyclables by Serco and could result in reputational damage and further legal/financial claims.
- 2.4 Project 624 for the purchase of land at Longcliffe currently forms part of the Capital Programme. The project was included to explore the purchase of land at Longcliffe to provide the Council with an owned Depot with reduced or no reliance upon the current leasing arrangements. A sale of the land required is not imminent but the Council will continue to review and submit a business case for evaluation and consideration should the situation change. Therefore, it is recommended that project 624 for the purchase of land at Longcliffe be removed from the current capital programme.

Flood Defence Scheme Contribution

- 2.5 This project comprises the completion of a Derbyshire Dales District Council flood alleviation scheme in Longford, which was commissioned in the early 2000s and for some reason was only partially completed. A number of

properties are still at risk of flooding and indeed have flooded in the last 2 years. Although Derbyshire County Council is now the lead local flood authority and has responsibility for flood alleviation schemes, it is considered that Derbyshire Dales District Council has a responsibility in this case, due to its failure to complete the scheme when first constructed. Officers from the County Council have drawn up a scheme valued at £40,000 and have requested a 50% contribution, amounting to £20,000.

Increased Estimates relating to Current Project Costs

Project 617 – Ashbourne Memorial Gardens and Bandstand

- 2.6 A recent tender exercise has been completed for this project with only one bid being received for circa £97,000. However, additional professional fees are also payable. The revised estimate of this project has therefore increased by £35,000 from £72,500 to £107,500. Cost re-engineering has been considered but is not viable in this situation, given the size of overall increase.

An increase of £35,000, funded from the Capital Receipts Reserve, is therefore requested.

- 2.7 Rising inflation is having an impact on project costs and therefore a reassessment of other estimates has also been undertaken.

Project 627 – Matlock Hall Leys Park Clock Tower

The tender for this project is currently being evaluated but, based upon the initial return, a revision to the original estimate of £30,000 is requested. This will increase the project budget cost from £42,500 to £72,500, the additional costs being funded from the Capital Receipts Reserve.

Project 652 – Matlock Lovers Walk Shelter

This project is currently being tendered but based upon the outcome of other tender exercises a revision to the original estimate of £5,000 is requested. This will increase the project budget cost from £32,500 to £37,500, with the additional amount being funded from the Capital Receipts Reserve.

3. Options Considered and Recommended Proposal

Longcliffe Waste Depot – Tipping Room Floor

- 3.1 Tender Cost Inflation risk is mitigated as the cost will be based on a fixed price quotation to be obtained by Serco and checked by DDDC Facilities Team.
- 3.2 Failure to undertake these works would mean that this part of the Tipping Room could no longer be used which would impact on/delay the collection of recyclables by Serco and could result in reputational damage and further legal claims, consequently no other options are being considered.

Flood Defence Scheme Contribution

- 3.3 Tender Cost Inflation risk is mitigated as the cost will be based on a fixed price quotation to be obtained by Derbyshire County Council and checked by DDDC.
- 3.4 Failure to undertake these works would mean that a significant residual flooding risk would remain and could result in reputational damage and legal claims. The amount payable to Derbyshire County Council could be re-negotiated but it is considered that 50% is a fair contribution.

Increased Estimates relating to Current Project Costs

- 3.5 A higher tender than budget has already been received in respect of Ashbourne Memorial Gardens and Bandstand. Other than not completing the project, no other options are being proposed.
- 3.6 The tender closing date for the other two projects is not until the end of September 2022, therefore only at this stage will the full cost be known. It is hoped that by updating estimates in this report, based upon previous recent tender exercises, projects will be contained within the budget and are able to proceed. Every effort will be made to reduce costs where possible without providing a material detriment to overall delivery of the scheme. Both projects are in Conservation Areas.

4. Consultation

- 4.1 As highlighted in the report above, consultation has taken place with all parties to establish a solution and financing of the Longcliffe Waste Depot floor.
- 4.2 The Council has been in negotiation with Derbyshire County Council in respect of the Flood Defence Scheme.
- 4.3 In terms of the Ashbourne Memorial Gardens and Bandstand project, the Council has consulted Friends of Ashbourne Park and the Ashbourne British Legion and their comments have informed the design.

5. Timetable for Implementation

- 5.1 If approved, the budget will be updated shortly after notification of Committee Approval.
- 5.2 Timetables for tendering and completion of all schemes has been established. All existing schemes are anticipated for completion by 31st March 2023. Works at Longcliffe Depot and the Flood Defence Contribution is expected to be completed by 31st March 2023.

6. Policy Implications

- 6.1 Capital investment in the Council's assets is necessary to continue to provide effective services.
- 6.2 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.

7. Financial and Resource Implications

- 7.1 If the proposed changes are approved the overall Capital Programme for 2022/23 will reduce by £135,000 to £8,801,014, providing reduced contributions from Capital Receipts Reserve and increasing the resources available for other potential projects (new or increased costs).
- 7.2 While rising inflation presents a high financial risk to the overall capital programme, 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 of overspend cannot be completely eliminated therefore the risk remains at 'medium'.
- 7.3 There are no staffing implications.

8. Legal Advice and Implications

- 8.1 This report requests further changes to the 2022/23 Capital Programme to address urgent operational matters and recognise the impact of rising inflation is having on the estimated costs of existing projects.
- 8.2 There are 5 recommendations contained within the report, in brief (1) Relates to removal of project 624 (2) Advises that further works are ongoing (3) Introduces 2 new projects (4) Requests budget increases (5) Requests that the changes be met from the Capital Receipts Reserve.

Specific Legal Advice has been sought in respect of the work at Longcliffe Depot.

- 8.3 Taking into account the above the legal risk associated to this report has been assessed as low.

9. Equalities Implications

- 9.1 There are no equalities implications for this report.

10. Climate Change Implications

Longcliffe Waste Depot – Tipping Room Floor

- 10.1 If the work at Longcliffe Depot is not completed this will impact upon the Council's ability via Serco to collect recyclables, potentially increasing the volume of waste going to landfill.

Flood Defence Scheme Contribution

- 10.2 By undertaking this work the Council is contributing towards flood prevention within the District. A changing climate change is likely to mean more frequent and intense flooding. Flood defences are one means by which to reduce the risk of flooding.

Increased budgets for existing schemes

- 10.3 No implications

11. Risk Management

- 11.1 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 of overspend cannot be completely eliminated therefore the risk remains at 'medium'.

Report Authorisation

Approvals obtained from:-

	Named Officer	Date
Chief Executive	Paul Wilson	22/09/2022
Director of Resources/ S.151 Officer (or Financial Services Manager)	Karen Henriksen	22/09/2022
Monitoring Officer (or Legal Services Manager)	Kerry France	22/09/2022