

**REPORT FROM: CHIEF FINANCE OFFICER**

**TO: COUNCIL**

**DATE: 27<sup>TH</sup> SEPTEMBER 2022**

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## **CAPITAL PROGRAMME UPDATE**

### **PURPOSE OF REPORT**

The purpose of this report is to update Members on the Q1 Capital Programme and to seek approval in respect of the proposed New Cemetery Site on Halifax Road, Nelson.

### **RECOMMENDATIONS**

1. To confirm the addition of the New Cemetery Road Scheme in the Capital Programme
2. To give approval to purchase the Halifax Road site from Lancashire County Council.
3. To give delegated powers to the Environmental Services Manager appoint a design and project management company following a formal tender process.

### **REASONS FOR RECOMMENDATIONS**

To comply with the Council's Constitution and wider procurement regulations.

### **ISSUE**

#### **2022/23 Q1 Capital Programme**

1.0A summary table showing the Quarter 1 position is shown in table 1 below.

**Table 1 – 2022/23 Q1 Capital Programme**

<b>£'000</b>	<b>Opening Budget</b>	<b>Revised Budget</b>	<b>Spend to Date</b>	<b>Budget Remaining</b>
Private Sector Housing	4,277	2,729	500	2,229
Environment	1,390	1,390	95	1,294
Waste Collection	70	70	3	67
Other General Capital Schemes	446	1,316	20	1,297
Area Committees	714	714	176	538
Regeneration Schemes	9,282	6,197	269	5,928
Corporate Property Maintenance	738	738	110	628
Parks and Recreations Services	390	198	137	61
<b>Total Capital Programme</b>	<b>17,308</b>	<b>13,353</b>	<b>1,311</b>	<b>12,042</b>

2.0 Further details of the programme are shown in Appendix 1. Key changes and programme risks are highlighted in the report below.

### **Re-profiling over future years**

3.0 The Programme has been re-profiled to reflect when expenditure will actually take place in accordance with the programme and delivery plans. This reduces the 2022/23 budget from £17.308m to £13.353m though the budget as a whole remains high. Further work will continue through the year to allow the budget to reflect the actual position. There are no major reductions in the programme.

4.0 Spending between 2023/24 and 2025/26 is expected to be £13.024m taking the total programme to £27.7m, of which £19.5m is grant funded. The biggest increases relate to the two items below.

### **New Cemetery Site (Halifax Road)**

5.0 A report to the P&R Committee on 21<sup>st</sup> July 2022 recommended that a bid be made to the capital programme to cover the purchase cost of the land at Halifax Road and the subsequent development as a new cemetery for the Borough. Lancashire County Council have offered to sell the site to the Council for £840,000 plus £10,000 contribution to their surveyor and legal costs. Liberata Property Services consider this to be a reasonable price taking into account comparable disposals in the area and the Council's proposed use and recommend acceptance of it. There will also be stamp duty and Land Registry fees amounting to £31,600.

6.0 Lancashire County Council are keen for the sale to progress as quickly as possible. It is hoped that further work can be progress alongside the sale to provide more certainty around the scheme. In any case, the purchase of the site will need to be completed by 31<sup>st</sup> March 2023 (or sooner) to allow the sale to go through in the current financial year.

7.0 As a provisional sum of £1.4m has been included in the programme and funded in 2022/23 through slippage in the capital programme most notably within the Regeneration schemes which will not be spent in year. Council approval is required for this addition to the Capital Programme. The provisional sum of £1.4m is based on the best estimate at the time of writing. Further confirmation will be provided on scheme details are worked up and formal

construction tenders received.

8.0 Due to the complexity of the project the Council will need to appoint technical consultants to assist in delivering the scheme. Consultants will be asked to complete the following stages of the scheme;

- a. technical design and construction drawing,
- b. discharge of planning conditions
- c. construction management
- d. Project management
- e. Post construction monitoring

Further confirmation will be provided as scheme details are worked up and formal construction tenders are received.

9.0 A formal tender process will begin as soon as practical. Council is asked to give delegated powers to the Environmental Services Manager to appoint Consultants in due course.

### **Nelson Town Deal**

10.0 The programme now includes £10.1m of capital spend for the Nelson Town Deal with a further £13.2m to be added when these business cases are signed off. The balance of the £25m is being revenue funded.

### **Increase in Construction Costs**

11.0 There has been an increase in construction costs which may impact on the scale of some schemes, particularly in respect of maintenance of leisure and Council assets and these will need to be monitored and managed through the financial year.

### **Area Committee Budgets**

12.0 At its last meeting in July, Council agreed to maintain the Area Committee budgets at current levels and fund via the Capital Programme. The Council's Accounting Policies set the criteria for capital expenditure as a programme for a whole and as such **new** Area Committee bids need to be over £10,000 in value and on Council owned assets. Further reports on the potential to move the whole of the area committee budget in to revenue can be considered as part of the 2023/24 budget setting process but for the remainder of 2022/23 the Council's capital expenditure policy will need to remain in place.

## **IMPLICATIONS**

**Policy:** There are no policy implications arising directly from the contents of this report.

**Financial:** The financial implications arising are as set out in the report.

**Legal:** The legal implications arising are as set out in the report.

**Risk Management:** The risk management implications arising are as set out in the report.

**Health and Safety:** There are no health and safety issues arising directly from the contents of this report.

**Sustainability:** There are no sustainability issues arising directly from the contents of this report.

**Community Safety:** There are no community safety issues arising from this report.

**Equality and Diversity:**

There are no equality and diversity issues arising from this report.

**APPENDICES**

Appendix 1 - Q1 Capital Programme Monitoring 2022/23

**LIST OF BACKGROUND PAPERS**