

Public Document Pack



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PUBLIC

To: Members of Improvement and Scrutiny Committee - Resources

Wednesday, 23 November 2022

Dear Councillor,

Please attend a meeting of the **Improvement and Scrutiny Committee - Resources** to be held at **2.00 pm** on **Thursday, 1 December 2022** in Committee Room 1, County Hall, Matlock, DE4 3AG, the agenda for which is set out below.

Yours faithfully,

A handwritten signature in black ink that reads 'Helen E. Barrington'.

Helen Barrington
Director of Legal and Democratic Services

A G E N D A

PART I - NON-EXEMPT ITEMS

1. Apologies for Absence
To receive apologies for absence (if any)
2. Declarations of Interest
To receive declarations of interest (if any)
3. Minutes

To confirm the non-exempt minutes of the meeting of the Improvement and Scrutiny Committee – Resources held on 21 July 2022

4. Public Questions (30 minute maximum in total) (Pages 1 - 2)

(Questions may be submitted to be answered by the Scrutiny Committee, or Council officers who are attending the meeting as witnesses, on any item that is within the scope of the Committee. Please see the procedure for the submission of questions at the end of this agenda)

5. Learning and Development - Progress Strategy Update

6. Channel Shift Update

7. Production of 2023-24 Revenue Budget

8. Capital Budget Monitoring & Forecast as at Quarter 1 2022-23

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MINUTES of a meeting of **IMPROVEMENT AND SCRUTINY COMMITTEE - RESOURCES** held on Thursday, 21 July 2022 in Committee Room 1, County Hall, Matlock, DE4 3AG.

PRESENT

Councillor S Swann (in the Chair)

Councillors J Barron, J Dixon, M Foster, A Hayes, J Innes, D Muller and D Murphy.

Apologies for absence were submitted for Councillor R Ashton.

Officers present: Roz Savage, Improvement & Scrutiny Officer and I Walters, Democratic Services

14/22 DECLARATIONS OF INTEREST

There were no declarations of interest.

15/22 MINUTES

RESOLVED that the minutes of the meeting of the Improvement and Scrutiny Committee - Resources held on 12 May, be confirmed as a correct record and signed by the Chairman.

16/22 PUBLIC QUESTIONS

There were no public questions.

17/22 ICT STRATEGY UPDATE

Peter Handford, Director of Finance and ICT attended the meeting and provided a presentation to the committee on the ICT Strategy Development update.

Members had received a copy of the presentation in advance of the meeting.

Reference was made to the journey so far with the current ICT Strategy, and Mr Handford made reference to what had gone well and what hadn't, and referred to observations and feedback that had been received following consultation. He then went on to explain why there was need for a different approach.

Details were given of the proposed development of a new ICT Strategy and that this would follow a themes approach:

- To support the Derbyshire's core mission statement, objectives and business plan, a number of key cross-cutting themes have been identified. The vision and strategy for ICT was influenced by many internal and external drivers. The themes had been developed from the needs of the Council, its stakeholders and partners, whom are tasked with delivery of services to the county.
- The themes had also been aligned with and recognise the Vision for Derbyshire.
- The Council's work with other local authorities, stakeholders, partners and central Government agencies and industry specialists had identified a number Key Themes for the provision of ICT, around which objectives had been defined and grouped the Council's outcomes and success factors
- Each theme is linked to the Future Council's Vision and supports the key aims of the Business Plan; the main features of the themes were:

Each theme would be informed by and inform other dependant strategies

- No theme was independent – all are interlaced
- Together they create a Strategy Framework for change
- They would create a minimum, acceptable standard - a 'Reference Architecture'.
- They would be governed and assured centrally; informed and enabled with our stakeholders and partners.
- Each theme would have set KPI's
- Each theme would have a business case

A series of fundamental strategic themes of operation had been identified as key to how the ICT function operated. The aim was to simplify, standardise and share by being: customer focused, innovative, open and empathetic, planned and consistent, service orientated, data driven, and developing every day.

Members made a number of observations and comments and asked questions that were duly answered or noted. Particular reference was made to the many potential benefits that new ICT systems could provide to the residents of Derbyshire when accessing council services but the technical architecture would need to be absolutely right to enable success. The way the Council wished to work should drive the development of the new ICT Strategy

The Chairman thanked Mr Handford for his interesting and informative presentation.

RESOLVED to note the presentation on the development of the new ICT Strategy

18/22 DISCUSSION WITH THE NEW EXECUTIVE DIRECTOR FOR CORPORATE SERVICES AND TRANSFORMATION

The Chairman welcomed Joe O'Sullivan, the newly appointed Executive Director for Corporate Services and Transformation to the meeting.

Joe thanked the committee for inviting him to attend and took the opportunity to outline his three key priorities to members:

1. That Corporate Services and Transformation be seen as the enabling function that helps to make all other departments in the County Council work;
2. In terms of transformation, the ability to change and nurture aspirations around change whilst continually evolving and developing the capacity internally to do that; and
3. That the individual person be valued and feels a connection with what they do in their individual roles and the outcome that has for residents in the local communities.

Members were given the opportunity to make comments and ask question which were duly answered or noted

The Chairman thanked Joe for attending and that the Committee looked forward to working with him moving forward.

The meeting finished at 3.10 pm

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Procedure for Public Questions at Improvement and Scrutiny Committee meetings

Members of the public who are on the Derbyshire County Council register of electors, or are Derbyshire County Council tax payers or non-domestic tax payers, may ask questions of the Improvement and Scrutiny Committees, or witnesses who are attending the meeting of the Committee. The maximum period of time for questions by the public at a Committee meeting shall be 30 minutes in total.

Order of Questions

Questions will be asked in the order they were received in accordance with the Notice of Questions requirements, except that the Chairman may group together similar questions.

Notice of Questions

A question may only be asked if notice has been given by delivering it in writing or by email to the Director of Legal Services no later than 12noon three working days before the Committee meeting (i.e. 12 noon on a Wednesday when the Committee meets on the following Monday). The notice must give the name and address of the questioner and the name of the person to whom the question is to be put.

Questions may be emailed to democratic.services@derbyshire.gov.uk

Number of Questions

At any one meeting no person may submit more than one question, and no more than one such question may be asked on behalf of one organisation about a single topic.

Scope of Questions

The Director of Legal Services may reject a question if it:

- Exceeds 200 words in length;
- is not about a matter for which the Committee has a responsibility, or does not affect Derbyshire;
- is defamatory, frivolous or offensive;
- is substantially the same as a question which has been put at a meeting of the Committee in the past six months; or
- requires the disclosure of confidential or exempt information.

Submitting Questions at the Meeting

Questions received by the deadline (see **Notice of Question** section above) will be shared with the respondent with the request for a written response to be provided by 5pm on the last working day before the meeting (i.e. 5pm on Friday before the meeting on Monday). A schedule of questions and responses will be produced and made available 30 minutes prior to the meeting (from Democratic Services Officers in the meeting room). It will not be necessary for the questions and responses to be read out at the meeting, however, the Chairman will refer to the questions and responses and invite each questioner to put forward a supplementary question.

Supplementary Question

Anyone who has put a question to the meeting may also put one supplementary question without notice to the person who has replied to his/her original question. A supplementary question must arise directly out of the original question or the reply. The Chairman may reject a supplementary question on any of the grounds detailed in the **Scope of Questions** section above.

Written Answers

The time allocated for questions by the public at each meeting will be 30 minutes. This period may be extended at the discretion of the Chairman. Any questions not answered at the end of the time allocated for questions by the public will be answered in writing. Any question that cannot be dealt with during public question time because of the non-attendance of the person to whom it was to be put, will be dealt with by a written answer.



Agenda Item

FOR PUBLICATION

DERBYSHIRE COUNTY COUNCIL

RESOURCES IMPROVEMENT AND SCRUTINY COMMITTEE

1 December 2022

Report of the Learning and Development Strategy – Progress Update

1. Purpose

1.1 To update Scrutiny Committee on the progress of the deployment of the Learning and Development strategy since approval in April 2021, with focus on:

- The current learning and development offer
- The learning and development budget
- Our priorities for 2022/23

2. Information and Analysis

2.1 Background

Prior to 2020, learning and development (L&D) teams existed within both the Children's Services and Adult Social Care and Health departments, with a small, centralised team responsible for the core training offer, apprenticeships and leadership development. In April 2020 as part of the wider HR review, the L&D teams were centralised, and a Talent Development team and a Leadership Development team were created.

A review was undertaken of how the current L&D provision supports departments to deliver their services, with feedback from key stakeholders across every department, the L&D team and trade unions. Key themes included the need for more training linked to strategic needs, a blended approach to learning, evaluation to be more aligned to learning outcomes, leadership development for all managers, greater clarity on training budgets, learning pathways for key roles, renewed focus on inductions and a learning management system that is easy to navigate and records all learning.

As a result, the Learning and Development strategy was developed and this was approved by Corporate Management Team in April 2021, which sets out to engage, nurture and develop our current people and future potential (see appendix 1).

Aligned to the Council's People Strategy, the L&D team will enable professional development, clear career pathways, a performance culture and succession planning to support the potential, performance, and diversity of our workforce. To achieve high performance, we will deliver across three different levels – develop the individual, develop the organisation, and develop the talent pipeline. The values and behaviours will be central to all development.

The aim of the L&D Strategy is to develop a learning culture, where development is owned by the employee, supported by the manager, and enabled by the L&D team.

The new learning and development operating model proposal was also approved in April 2021 and this was deployed in September 2021, following an extensive restructure. The new operating model introduced:

- L&D Business Partner roles to operate at a strategic level to deploy the customer facing L&D provision, supporting departments to ensure employees have the skills and knowledge to deliver the current and future priorities
- Separate design and delivery functions, creating specialist roles for L&D designers and facilitators to create more efficient ways of working, allowing specialist knowledge and skills to be developed and maintained effectively.
- Expansion of our digital capability to ensure the future development of the learning management system, a digital learning designer role introduced to increase our digital learning capability and the administration of the learning management system was centralised to ensure accurate recording of learning
- Increased Social Worker development resource and a centralised vocational qualification assessment centre
- A centralised Leadership Development and Performance Management team
- A centralised Talent Development team with leads aligned to departments
- A dedicated Employee Engagement Manager role created to develop the new employee engagement cycle

2.2 Current Learning Offer

2.2.1 Develop the individual

The focus of the Design and Delivery team is to support all aspects of learning, including on-the-job, learning from others and formal learning to ensure learning is meaningful and results in practice improvement, effectiveness in role and high performance.

Learning priorities are identified through the four Departmental People Plans and Workforce Plans. L&D deliverable plans have been developed and implemented to support progress and outcomes in these areas. Many initiatives identified were either not in place previously or required significant review.

A quarterly needs review takes place with senior leaders across the Council where the current learning offer is reviewed, and emerging needs understood and added to the L&D plan.

We have a hybrid operating model consisting of both in-house provision and commissioned services where appropriate.

2.2.2 In-House Provision

As part of our in-house provision, we design and deliver blended learning through a combination of virtual (via MS Teams) or face to face training, e-learning and videos. We offer a wide range of learning activities from mandatory training for which we monitor compliance (e.g. Information Governance), job specific training (e.g. Care Certificate for direct care employees) and a variety of optional development courses (e.g. interview skills).

Our current learning offer can be accessed through Derbyshire Learning Online. A summary of our offer is as follows:

Portfolio	Learning Activities Available
Core Skills	165
Health and Safety	92
Social Care	168
Vocational Qualifications	6
Total	431

- Within the core skills portfolio, which is available to colleagues across the Council, the learning activities on offer include Induction pathways, Interview Skills, Assertive Communication, Equality and Diversity and Change Management. There are currently 165 learning activities on offer within this portfolio.
- There are 92 learning activities that make up the Health and Safety portfolio including Display Screen Equipment, First Aid at Work and Moving and Handling – Single Handed Care Equipment.
- The Social Care portfolio, for both Children's Services and Adult Social Care and Health, currently has 168 learning activities including a variety of safeguarding courses, Court Skills for Social Workers, Social Pedagogy, Care Certificate and ASYE – Graded Care Profile.
- For Adult Social Care and Health and Children's Residential Services, we offer 6 vocational qualifications ranging from Level 2 Diploma in Care to Level 5 Diploma in Leadership and Management.

In addition to the offer outlined above, there are currently 70 new learning activities being developed, including 'Introduction to Visual Impairment', 'How to Facilitate Continued Professional Development' and 'Effective Communication in the Workplace'.

2.2.3 Commissioned Provision

Each department currently holds their own L&D budget to commission learning activities and the combined budget identified for 2022/23 is c.£900k. Work is underway to understand and monitor spend of this budget. The aim is to centralise L&D spend into one budget held within the L&D team to ensure greater transparency on the available budget with spend, then allocate and monitor according to priority learning needs across the Council.

Linked to this is the need for a robust centralised learning request and validation process to understand priority needs. In the meantime, learning needs will be captured in quarterly reviews with senior management teams. A process will also be developed to capture ad hoc individual learning requests.

2.2.4 Develop the organisation

The focus of the Leadership Development and Performance Management team and our Engagement Manager is to develop engaging leaders who lead and manage high performing teams.

Key activities since 2020 are:

- the introduction of a performance management process for our 200 senior leaders
- regular engagement and development forums for our senior leaders
- a learning needs analysis of leadership skills
- introduced leadership apprenticeships from level 3 to 7 which 93 leaders are currently completing with University of Derby and DACES
- a new annual employee engagement cycle with a refreshed employee survey, team action planning and engagement forums

2.2.5 Develop the talent pipeline

The focus of the Talent Development team is to enable leaders to identify, attract, develop, and retain talent to deliver a high-performance culture.

Key activities since 2020 are:

- development of strategic workforce plans for priority areas
- undertaken succession planning pilots in all departments
- apprentice levy data processes improved to support departments and align to workforce planning

2.3 Priorities for 2022/23

The following priorities have been identified for delivery in 2022/23:

2.3.1 Develop the individual

- A learning evaluation strategy will be determined so that all future learning interventions are measured against the target outcomes, ensuring there is a return on our investment.

- Learning pathways will start to be developed for priority roles, so that colleagues within those roles understand their learning requirements.

2.3.2 Develop the organisation

- We have commenced the second year of the PDR performance management pilot, to enable a full review and consideration of the expansion of the process to other leaders.
- A further 41 leaders have successfully applied for leadership apprenticeships at levels 3, 5, 6 and 7 which commence in September 2022.
- We are developing an engagement strategy which identifies four key enablers of engagement – strategic narrative, engaging leaders, employee voice and organisational integrity. Plans behind each of the four enablers are being developed.
- A three-phase leadership development programme has been approved and we are currently procuring a provider to design and deliver phase one for all grade 12 and above leaders and all line managers regardless of grade, c. 1,800 colleagues. This will equip leaders with a consistent set of essential core leadership skills, creating a shared language to drive a culture of high performance and embed best practice. The programme will enable our leaders to understand their role in leading their teams within a high-performance culture and support the facilitation of cultural transformation across the Council.

2.3.3 Develop the talent pipeline

- The first talent review process is currently being undertaken for 200 senior leaders which helps prepare the Council for the future by supporting the identification and development of a talent pipeline for business-critical roles. The talent review is the 4th stage of our performance management cycle. It is a structured annual process where leaders calibrate individuals' performance and potential ratings established during the PDR. It provides a mechanism to ensure a consistent approach across divisions and departments and will result in the identification of the Council's high potential employees and a succession plan for senior business-critical roles.
- In order to ensure that the apprenticeship levy is maximised, leaders will be supported to embed apprenticeships into their workforce plans. Frameworks, processes and an evaluation approach will be developed to ensure apprenticeships are an effective talent pathway.
- There will be a range of placement opportunities available over the coming years such as 12-month 'sandwich' university placements, internships, short industry placements as part of T-levels and other post 16 learning and work experience to support education in the county, whilst building the Council's reputation as an employer of choice and building a pipeline of future employees.
- We will develop, lead and coordinate the approach to graduate recruitment and development. A development programme will be created to support graduates at the Council to become future leaders. A Council-wide graduate programme will be developed for the first intake in September 2023.
- We will start to develop clear career paths in difficult to recruit to areas, improving career development and job satisfaction for employees.

3. Consultation

3.1 Extensive consultation on the L&D strategy and operating model took place with stakeholders across the organisation, the L&D team and trade unions.

4. Alternative Options Considered

4.1 To maintain the original L&D operating model which was not the most effective way to support departments to deliver their services.

4.2 To maintain a decentralised budget which would not result in greater transparency or allocated funding according to priority learning needs across the Council.

5. Implications

5.1 Appendix 1 sets out the relevant implications considered in the preparation of the report.

6. Background Papers

6.1 None.

7. Appendices

7.1 Appendix 1 – Implications

7.2 Appendix 2 – Learning and Development Strategy

8. Recommendation(s)

That Committee:

- a) Note the work to date in implementing the L&D strategy, operating model and associated implications for the budget.
- b) Receive an update in 6 months on progress including further updates on the Leadership Development Programme.

9. Reasons for Recommendation(s)

9.1 To ensure the Committee are updated on work associated with L&D strategy and planned priorities for 2022/23.

Report Author: Sally Pearson

Contact details: sally.pearson@derbyshire.gov.uk

Appendix 1

Implications

Financial

1.1 As outlined in the report, financial considerations will be considered aligned to the work underway to formulate a centralised organisational learning budget.

Legal

2.1 None identified within the report.

Human Resources

3.1 As outlined within the report.

Information Technology

4.1 As outlined within the report.

Equalities Impact

5.1 Learning is aimed to be accessible to all employees across the organisation and work will continue to ensure equality and inclusion is central to the deployment of the L&D strategy.

Corporate objectives and priorities for change

6.1 The L&D Strategy is a key enabler for deployment of the Council's People Strategy and aligns to the Council Plan.

Other (for example, Health and Safety, Environmental Sustainability, Property and Asset Management, Risk Management and Safeguarding)

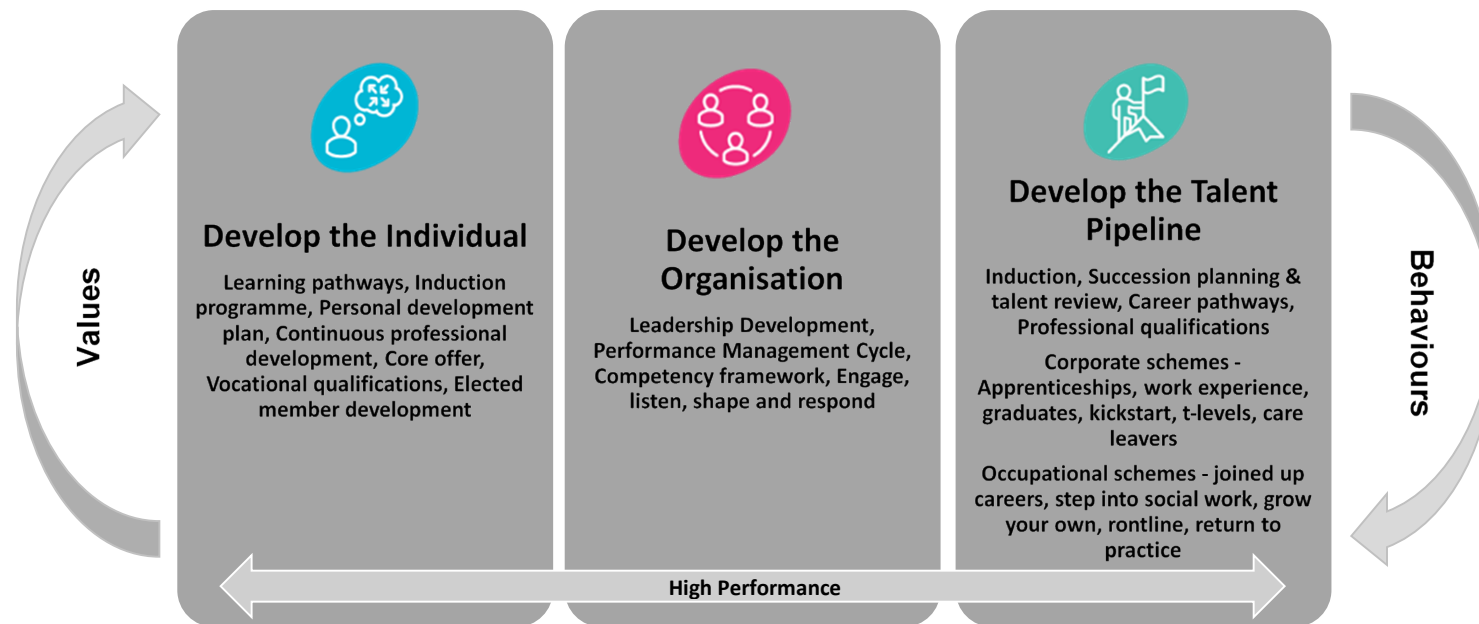
7.1 None identified within the report.

Learning & Development Strategy



Engage, nurture and develop our people and our future potential

We will enable professional development, clear career pathways, a performance culture and succession planning to support the potential, performance and diversity of our workforce.



Learning & Development Strategy



The role of Learning & Development

We will know we have been successful when development is owned by the employee, supported by the manager and enabled by the Learning & Development Team.

Develop the Individual

We support all aspects of learning, including on-the-job, learning from others and formal learning to ensure learning is meaningful and results in practice improvement, effectiveness in role and high performance.

Deliver high quality blended and accessible learning interventions through a combination of professional facilitators and subject matter experts

Quality assure L&D activity and evaluate the impact of learning interventions; aligned to specified learning outcomes

Design innovative, inspiring and flexible learning interventions in partnership with subject matter experts, aligned to our values, behaviours and competencies

Produce strategic L&D plans and learning pathways to meet the current and future learning needs of the organisation

Store learning resources that are accessible for all and easy to navigate

Record all learning interventions, including CPD and provide MI

Develop the Organisation

We develop engaging leaders who lead and manage high performing teams.

Identify behaviours which the Council value and develop a competency framework so that individuals understand what behaviours are expected

Introduce a performance management cycle enabling leaders to monitor, maintain and improve individual's performance; agree goals aligned to the Council/service plan so individuals know what they are expected to achieve and what behaviour will help them achieve it, through regular conversations and gathering feedback

Leadership development programmes and robust management inductions to equip leaders with the skills to engage and motivate their teams and develop aspiring leaders

Provide an employee engagement framework where we engage, listen, shape & respond to employees both at a local, departmental and organisational level

Develop the Talent Pipeline

We enable leaders to identify, attract, develop and retain talent to deliver a high performance culture.

Attract talent into our organisation, showcasing careers and our talent development offer, building partnerships with local education providers

Design corporate and occupational talent schemes and pathways to build pipelines of external talent

New starters and individuals changing roles have a comprehensive induction to ensure effective integration into the organisation and their team so they quickly settle into their role

Identify and develop internal talent through succession planning and talent reviews

Create career pathways and tools to enable career planning

Provide frameworks to support professional development and young people's strategy, utilising apprenticeships where possible

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FOR PUBLICATION

DERBYSHIRE COUNTY COUNCIL

IMPROVEMENT AND SCRUTINY COMMITTEE – RESOURCES

1st December 2022

Report of the Assistant Director of Communications & Customers

Channel Shift Programme update

1. Purpose

To provide the Improvement and Scrutiny Committee - Resources with an update on the implementation of the Channel Shift programme, its achievements and next steps.

2. Information and Analysis

2.1 Channel Shift programme overview

The Channel Shift programme was approved by Cabinet in March 2020 with the aim of improving interaction and satisfaction with the council. This is delivered through an online portal (web access) for residents to interact with the council and request services, underpinned by significant work within council departments to review current processes, improve them for residents and staff and to make them available through the new system.

The above is enabled by a Customer Relationship Management system (CRM) which has the benefit of giving the council a 'single view of the customer' and enabling the delivery of complex and varied services to residents across Derbyshire.

2.2 Programme aims

The aims for the programme, as stated in the March 2020 Cabinet paper and in divisional service plans, are:

- Achieve a significant proportion of Derbyshire's residents engaging, communicating and transacting with the Council through a single online portal, significantly improving the resident experience.
- Achieve a 'single view' of the customer, improving their experience of the council and our 'one council' response.
- Deliver significant organisation efficiencies in terms of processes, feedback response, service improvement, reporting and data use.
- Phase 1 online, with approximately 80 services, by December 2021.

2.3 Expected benefits

The expected benefits of the programme, as stated in the March 2020 Cabinet paper, are:

For residents:

- A single, online 'front door' for interactions with the council, usable 24 hours a day
- The ability to check on a request / report and see progress
- Automated updates emailed to the resident, keeping them informed of progress on their issue
- Ability to see on a map where an issue like a pothole has already been reported
- Tangible improvements in the resident experience and an increase in customer satisfaction
- Council officers will have access to requests / reports a resident has made, so there is no need for the resident to repeatedly explain an issue and receives a high quality experience.

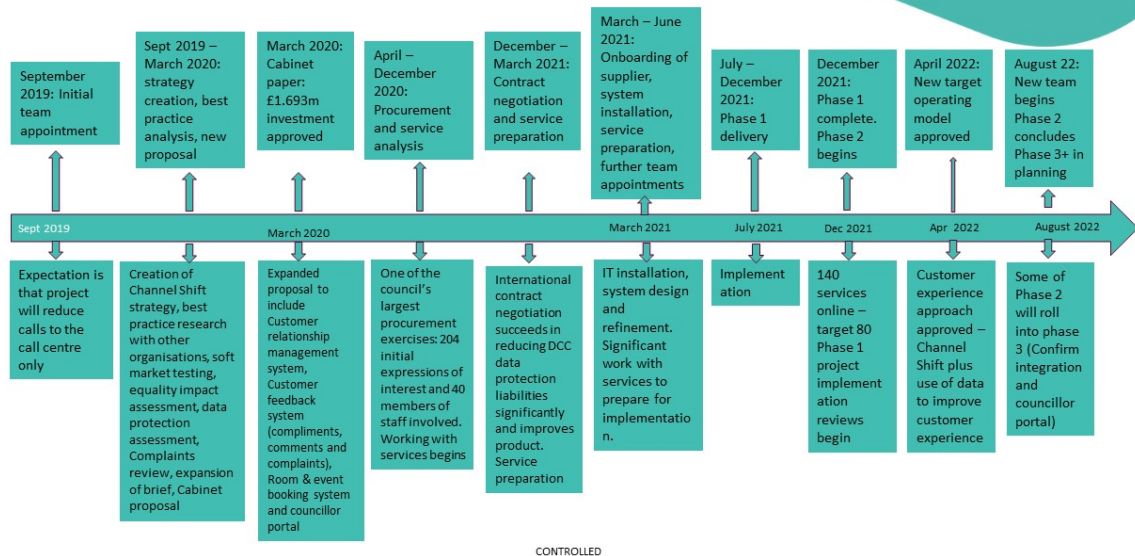
For the council:

- More efficient 'back office' processes introduced, saving time and money
- Consistent system used across the organisation allowing for better cross-department working
- Integration of the CRM with existing systems, improving process efficiency
- Reduced need for multiple systems – savings on software
- Reductions in inbound call volumes
- Reductions in complaints volumes and an increase in the number of compliments and comments
- Significant data received from the system, allowing for improvements based on customer feedback (complaints), analysis of performance, service demand prediction and management.
- A true measure of customer satisfaction – NetPromoter score

2.4 Timeline to date

An overview of the programme timeline is given below.

Timeline to this point



2.5 Programme achievements to date

After a significant period of procurement, contract negotiation and technical implementation, the CRM system went live in December 2021. The programme's achievements to date are:

- Over 140 services available online.
- 23,100 reports made by residents through the website (as of 1 November 2022).
- 60,000 reports using the system via Call Derbyshire (as of 1 November 2022).
- 4,226 accounts opened by residents.
- 42% of interactions rated 5 star by residents (as of 1 November 2022).
- Netpromoter score (a customer satisfaction measure) of 49 (with anything over zero being positive, and a score of 30+ being considered good) – as of 1 November 2022).
- Phase 1 delivered on time and on budget.
- Benefit tracking processes established and implemented.
- Additional services being included through a flexible approach – example being the Derbyshire Discretionary Fund.
- Programme held up by supplier as an example of best practice – featured in webinars and press activity, and now advising other councils on their implementation.

- Project implementation reviews have established learning of benefit to the council as a whole.

2.6 Next steps

The Channel Shift programme continues until March 2025 and there are a range of significant delivery points in Autumn and Winter 2022

- Launch of event booking functionality
- Launch of room booking functionality
- Derbyshire Discretionary Fund application process online – target January 2023
- Childrens' Services use of new Customer feedback process (complaints etc.) – from November 2022
- Launch of the Councillor portal – tbc: dependent on the implementation of the new highways asset management system.
- Place use of new Customer feedback process (complaints etc.) - tbc: dependent on the implementation of the new highways asset management system.
- Enhanced reporting established - Autumn 2022.

Some challenges are being experienced in the implementation and integration of complex IT systems which has led to the movement of intended timescales for Children's Feedback, enhanced highways issue reporting and the Councillor portal implementation. This is consistently monitored by the programme governance board and through performance monitoring.

2.7 Customer Experience activity

In August 2022 the Channel Shift team took on a new function related to customer experience and will now analyse the data from the CRM and selected other systems to identify areas where customer interaction is not optimal and could be improved. It will use this data to work with departments to improve the customer experience, leading to an enhanced service to residents.

3. Alternative Options Considered

N/A

4. Implications

The benefits of the programme and next steps are outlined above.

5. Consultation

Extensive Equality Impact Assessment and Data Privacy Impact Assessments have been completed and continue to be reviewed.

6. Background Papers

N/A

7. Appendices

Appendix 1 - Implications

8. Recommendation(s)

That the Committee:

a) notes the overview information provided by the Assistant Director of Communications & Customers.

9. Reasons for Recommendation(s)

To support the committee to consider areas for further scrutiny as part of its future work programme

Report Author: Julie Odams

Contact details: julie.odams@derbyshire.gov.uk

Implications

Financial

The Channel Shift programme as a whole has the potential to achieve significant financial benefits for the Council as outlined in the Channel Shift Cabinet Paper of March 2020.

Improved customer experience and processes will improve internal efficiency, leading to benefit release, and will reduce risk which in turn reduces the risk of fines imposed by the Local Government and Social Care Ombudsman.

Legal

As above, improved processes will reduce the referral of cases to the Local Government and Social Care Ombudsman.

Human Resources

There are no specific implications for HR resource as part of the Channel Shift programme.

Information Technology

The programme activity and delivery is based upon a Customer Relationship Management system which has been in place since December 2021. There are significant and ongoing ICT implications in the maintenance and enhancement of the system and integration with other council ICT systems. A thorough Data Protection Impact Assessment has been carried out and is regularly reviewed.

Equalities Impact

A thorough Equality Impact Assessment has been carried out and is regularly reviewed.

Corporate objectives and priorities for change

This programme delivers against the Enterprising Council priority and supports corporate transformation.

FOR PUBLICATION

DERBYSHIRE COUNTY COUNCIL

IMPROVEMENT AND SCRUTINY COMMITTEE - RESOURCES

1 December 2022

Report of the Director of Finance & ICT

PRODUCTION OF 2023-24 REVENUE BUDGET

1 Purpose of the Report

- 1.1 To consult Members of the Improvement and Scrutiny Committee – Resources as part of the process towards production of the 2023-24 Revenue Budget, providing Members with an update of the Revenue Budget Forecast Outturn for 2022-23, an update on the projected funding and pressures in respect of the Revenue Budget 2023-24, based on currently known information, and a summary of the key announcements relevant to Local Government in the recent Autumn Statement 2022.

2 Information and Analysis

Background

- 2.1 In setting the Revenue Budget in 2022-23, the Five-Year Financial Plan was updated, demonstrating that savings of £67m were required over the period of the Five-Year Financial Plan. In terms of the 2023-24 Revenue Budget, based on estimates at that time, savings of £11.114m had been identified to be delivered in 2023-24 in order to achieve a balanced budget. It was assumed that grant funding to the Council in 2023-24 would be cash-flat i.e., at 2022-23 levels, with a 2% Council Tax increase. Services pressures totalling approximately £19m were assumed for 2023-24, with a pay award of 2% estimated at a cost of £6.651m. The estimated Revenue Budget position as of February 2022 for 2023-24 is summarised in the table below.

	£m	£m
Expenditure		
Base budget b/f	601.250	
Pay Award	6.651	
Cost pressures	19.475	
Additional interest receipts	(2.182)	
Increase Risk Management Budget	1.856	
Total Expenditure		627.050
Less Funding		
Business Rates	(18.069)	
Government Grants	(215.686)	
Council Tax	(382.181)	
Total Funding		(615.936)
Savings Required		(11.114)

- 2.2 Since February 2022, the global economy has shifted dramatically, in response to events in Ukraine and rising energy costs, resulting in unprecedented inflation levels. Demand pressures on Council services have also continued to grow.
- 2.3 Over the course of the Summer/Autumn 2022 departments have undertaken significant work in identifying new savings proposals and preparing details of revenue cost pressures, along with an update on Forecast Revenue Outturn 2022-23.
- 2.4 The key announcements in the recent Autumn Statement, relevant to Local Government, are also set out in paragraphs 2.22 - 2.23 below. More details and Council-specific information are unlikely to be available until the Provisional Local Government Finance Settlement is announced, which is expected to be in the week commencing 19 December 2022.

Forecast Revenue Outturn 2022-23 Summary

- 2.5 The Council's forecast Revenue Outturn 2022-23 summary below was reported to Cabinet on 13 October 2022 and is as at Quarter 1 (30 June 2022). The Quarter 2 (30 September 2022) forecast will be reported to Cabinet on 8 December 2022.
- 2.6 The forecast position is reported net of the impact of the ring-fenced Dedicated Schools Grant (DSG) of £389.554m and Public Health grant of £43.803m, other ring-fenced grants and income from other third parties and associated spend.

- 2.7 An overall Council overspend of £29.654m is forecast as at Quarter 1, after using £0.478m of un-ringfenced Department for Levelling Up Housing & Communities (DLUHC) Covid-19 general emergency grant funding brought forward from 2021-22. However, against this forecast, it is planned that the Council will use all, or some, of the balances on the Budget Management (all £10.000m), Covid-19 (£9.654m of £15.370m) and Inflation Earmarked Reserves (all £10.000m), to report a break-even position (net zero).
- 2.8 Whilst use of earmarked reserves, in-year, will result in the Council reporting a break-even position, the impact of the unfunded pay offer for 2022-23, demand pressures and inflationary costs will need to be addressed as part of the budget setting process for 2023-24, as the effect will be an ongoing cost pressure.
- 2.9 There is a £31.317m forecast portfolio overspend as at Quarter 1. The significant variances are:
- an overspend of £19.971m on the Adult Care portfolio;
 - a £2.726m overspend on the Corporate Services and Budget portfolio;
 - a £6.428m overspend on the Highways and Transport portfolio; and
 - a £2.095m overspend on the Children's Services and Safeguarding and Education portfolios.
- 2.10 The forecast £19.971m overspend on the Adult Care portfolio relates to Purchased Services costs. There has been an increase in demand in relation to hospital discharges and because there is an insufficient supply of home care and reablement services, this has driven increased placements into residential homes rather than into care at home.
- 2.11 The forecast £2.726m overspend on the Corporate Services and Budget portfolio has mainly arisen in the Corporate Property division, primarily because of delays in achieving previously allocated savings.
- 2.12 The forecast £6.428m overspend on the Highways Assets and Transport portfolio mainly relates to unachieved savings from previous years, and additional costs arising from highways maintenance potholes repair, highways management under-recovery of highways salaries recharged to capital schemes and highways agency expenditure.

- 2.13 The forecast £2.095m overspend on the Children's Services and Safeguarding and Education portfolios is partly due to a continued high demand for placements for children who are in care or unable to remain at home. The number of children requiring support is growing because the rate at which children enter care is greater than the rate at which children exit care, and because alternatives to care often require long-term financial support, leading to a growing number of arrangements to fund. Average cost increases are due to inflation and the need to make more higher cost placements with independent providers.

2023-24 Cost Pressures

- 2.14 A significant sum of cost pressures has been identified for 2023-24 and beyond.
- 2.15 In addition, there are several 2023-24 inflationary cost pressures. Historically, these pressures are held in a contingency budget until the full cost implications are ratified later in the financial year and allocated to the departmental budgets as appropriate.

2023-24 Pay Pressures

- 2.16 The current version of the Five-Year Financial Plan assumed annual pay increases of 2% from 2022-23 onwards. The recently accepted pay offer for the current financial year has resulted in additional costs over and above those originally estimated. Furthermore, given the current high inflation rates, a pay offer of 2% is unlikely for the next financial year and this will be reflected in revised budget proposals for the Revenue Budget 2023-24.
- 2.17 The 2021-22 pay award was also higher than the sum originally estimated, which has resulted in an additional ongoing pressure. The pay award was not agreed until 28 February 2022. This has been funded in 2022-23 by drawing down reserves, which is unsustainable and now needs to be recognised as a base pressure to align the salary budgets. Again, this will be addressed as part of the 2023-24 budget proposals.

Savings

- 2.18 Departments have identified a range of new savings proposals, although some of these savings only serve to mitigate previously agreed unachievable savings.

Funding

- 2.19 The current Consumer Price Index (CPI) inflation rates should result in additional general grant funding allocations in 2023-24, albeit the increases as a result of this are likely to be nominal. The Autumn Statement 2022 announced details of Council Tax referendum limits for 2023-24 which permit a general increase of 3% and an Adult Social Care Precept increase of 2%. However, it should be noted that a decision on the level of the Council Tax increase will not be made until details of the Provisional Local Government Finance Settlement are announced, which is expected to be towards the end of December 2022.
- 2.20 Utilising the balance on the risk management budget and clawing back the budget allocated for the National Insurance Levy being reversed with effect from November 2022 will help to mitigate any funding gap.

Projected 2023-24 Revenue Budget

- 2.21 There are still several uncertainties at this stage and the final detail in terms of funding allocations will not be known until the announcement of the Provisional Local Government Finance Settlement. The additional cost pressures are only mitigated with nominal additional savings and projected additional funding, which is likely to result in a significant ongoing base budget shortfall. The funding projections are prudent, so the funding gap may be closed to some extent when actual allocations are indicated by Government. The gap could be significantly reduced with the use of reserves in 2023-24 but this is unsustainable into the medium-term and the Council's reserves would be depleted unless significant savings can be identified in order to bring the base budget into balance. The Autumn Statement 2022 (see below) announced on 17 November 2022, indicated that additional funding would be made available to local authorities, however, the final detail of individual grant allocations will not be known until the Finance Settlement is announced, probably in the week before Christmas.

Autumn Statement 2022

- 2.22 On 17 November 2022, the Government announced the details of the Autumn Statement 2022 and the Spending Review 2022, setting out public spending totals for two years, 2023-24 and 2024-25. The Office of Budget Responsibility's Economic and Fiscal Outlook was published alongside the Autumn Statement.
- 2.23 The key announcements in the Autumn Statement, relevant to Local Government, were:

- The Local Government Departmental Expenditure Limit (LG DEL) is set to increase significantly, by around 30%, in 2023-24 and 2024-25. This assumes that increased Council Tax flexibilities are fully utilised. LG DEL is the Government budget that is allocated to and spent by the Local Government sector. It includes funding for local authorities and certain other Local Government organisations.
- After this Spending Review period, it is assumed that LG DEL will grow at 1% a year in real terms from 2025-26 to 2027-28. Departmental capital spending will continue at the same level in cash terms.
- Local authorities will have additional flexibility in setting Council Tax, with the referendum limit for setting Council Tax being increased to 3% each year from April 2023. In addition, local authorities with social care responsibilities, such as the Council, will be able to increase the Adult Social Care Precept (ASC Precept) by up to 2% per year.
- The approach to allocating funding in 2023-24 will be set out in the Provisional Local Government Finance Settlement. There was no indication of whether the Settlement will cover multiple years.
- The Government will launch an Efficiency and Savings Review, which will target increased efficiency, reprioritise spending away from 'lower-value' programmes and review the effectiveness of public bodies. Savings will be reinvested in public services. A report on progress is planned in the Spring.
- There was no mention of the Fair Funding Review. It was previously announced that this would be delayed until 2025 at the earliest.
- Social Care charging reforms are delayed for two years to October 2025, responding to the concerns of Local Government. Funding for implementation will be maintained to enable local authorities to address current adult social care pressures. This will be allocated at the Local Government Finance Settlement through the Social Care Grant.
- The NHS will receive additional funding of £3.3bn in each of the next three years.
- NHS performance also relies on the adult social care system, so £2.8bn in 2023-24 and £4.7bn in 2024-25 is being made available to help support adult social care and discharge. This includes £1bn of new grant funding in 2023-24 and £1.7bn in 2024-25. £600m in 2023-24 and £1bn in 2024-25 of new funding will be distributed through the Better Care Fund to get people out of hospital on time into care settings, which will be split 50:50 between local authorities and the NHS. £400m in 2023-24 and £680m in 2024-25 of new funding will be distributed through a new grant ring-fenced for adult social care, which will also help to support discharge. In addition to this new funding, £1.3bn in 2023-24 and £1.9bn in 2024-25 of

repurposed Reform Funding will be distributed to local authorities through the Social Care Grant for adult and children's social care. Utilising additional Council Tax flexibility of 2% (1% additional ASC Precept and 1% on general Council Tax) is calculated to contribute £0.7bn in 2023-24 and £1.3bn in 2024-25. This is then reduced by £0.2m in 2023-24 and £0.2m in 2024-25 with regard to reduced funding for National Insurance Contributions.

- The indication to the Society of County Treasurers following enquiries after the Autumn Statement is that funding for local authorities in addition to the current Adult Social Care Grant will therefore be £2.5bn in 2023-24 and £4.2bn in 2024-25, provided Council Tax increases by the maximum amount permitted by the increased referendum limits.
- There will be a £1bn extension of the Household Support Fund to 2023-24, to deliver support with the cost of essentials to households.
- The 2023 Business Rates revaluation will take place as planned. Recognising that businesses are facing significant inflationary pressures, an overall package of targeted support to help with Business Rates of £13.6bn over the next five years is announced. Business Rates multipliers will be frozen in 2023-24, and upward transitional relief caps will provide support to ratepayers after the revaluation. Support for eligible retail, hospitality and leisure businesses is being extended and increased from 50% to 75% Business Rates Relief, up to £0.110m in 2023-24. There will be additional support for small businesses.
- Local Authorities will be fully compensated for the loss of income as a result of the business rates measures and will receive new burdens funding for administrative and IT costs. There will be additional compensation for under-indexation of the Business Rates.
- There was no further announcement on previously announced Business Rates Reform.
- There will be an increase in the National Living Wage (NLW) by 9.7% to £10.42 an hour for people aged 23 and over, starting on 1 April 2023. The Government continues to aim for a NLW of two-thirds of median incomes by 2024.
- Recommendations are being sought from Pay Review Bodies, where applicable, for 2023-24 pay awards.
- The level at which employers start to pay Class 1 Secondary National Insurance Contributions for their employees (the Secondary Threshold) will be fixed at £9,100 from April 2023 until April 2028. This will be legislated in early 2023.
- The core schools budget will receive an additional £2.3bn of funding in 2023-24 and £2.3bn in 2024-25. After adjusting Spending Review 2021 budgets down to account for the removal of the compensation for employer costs of the Health and Social Care Levy, this brings the core schools budget to a total of £58.8bn in 2024-25, £2bn

greater than published at Spending Review 2021. This restores 2010 levels of per pupil funding in real terms and provides an average cash increase for every pupil of more than £1,000 by 2024-25, compared to 2021-22.

- A second round of the Levelling Up Fund is announced, which will allocate at least £1.7bn to priority local infrastructure projects. Successful bids will be announced by the end of the year.
- A previously announced Investment Zones programme will be refocused to a limited number of 'high potential' clusters. Further announcements will take place in the coming months. Existing expressions of interest will not be taken forward.
- A devolution deal, which will bring an elected mayor to Suffolk, is announced, with agreement expected shortly for Mayoral deals in Cornwall, Norfolk and an area in the North East. This will increase the proportion of people living under a directly elected mayor to 50% in England.
- The potential for providing a single departmental style settlement to the Greater Manchester and West Midlands Combined Authorities at the next Spending Review will be explored.

Summary

- 2.24 In supporting the demand and inflationary cost pressures in 2023-24 there is likely to be a significant base budget shortfall. It is anticipated that the announcements made in the Autumn Statement 2022 will help to bridge the funding gap, however, details of funding allocations to local authorities will not be announced until the Provisional Local Government Finance Settlement, which is not expected until late December 2022.
- 2.25 The Government's Autumn Statement 2022 provided an indication that Local Government funding is not being cut to fill the Government's current financial shortfall, although this does assume that increased Council Tax flexibilities of up to 5% are fully utilised.
- 2.26 There will be a significant use of earmarked/general reserve to support the 2022-23 outturn position and a balanced budget in 2023-24. Whilst this approach is feasible in 2022-23 and 2023-24, it is unsustainable beyond that period, unless additional funding support is provided by Government.
- 2.27 In the absence of additional funding support, significant savings will be required to balance the base budget.

- 2.28 Whilst a review of earmarked reserves is currently ongoing, in the event that insufficient balances are clawed back to support the level required to balance the budget, further measures may be needed, which include utilising balances on un-ringfenced reserves, with the intention that these will be replenished in later years.
- 2.29 Further measures may be required to ensure departments remain within budget. These include cessation of:
- New expenditure.
 - Recruitment to temporary or permanent vacancies.
 - Spend on ICT, assets and other consumables.
 - Suspension of key projects.
- 2.30 Detailed budget proposals will be considered by Cabinet on 2 February 2023 prior to Council approving the Revenue Budget 2023-24 on 15 February 2023.

3 Recommendations

That Members:

- 3.1 Note the Revenue Budget Forecast Outturn for 2022-23, as at Quarter 1 (30 June 2022).
- 3.2 Note that there is likely to be a significant shortfall in the Revenue Budget 2023-24 based on currently known information.
- 3.3 Note the ongoing work to identify further savings options, to reduce the 2023-24 Revenue Budget shortfall and therefore mitigate the use of one off-reserves to deliver a balanced budget.
- 3.4 Note the key announcements in the Autumn Statement 2022 relevant to Local Government.

PETER HANDFORD

Director of Finance & ICT

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Agenda Item

FOR PUBLICATION

DERBYSHIRE COUNTY COUNCIL

IMPROVEMENT AND SCRUTINY COMMITTEE - RESOURCES

1 December 2022

Report of the Director of Finance & ICT

Capital budget monitoring and forecast as at Quarter 1 2022-23
(Corporate Services and Budget)

1. Purpose

- 1.1 To inform Members of the Improvement and Scrutiny Committee – Resources of the Capital budget monitoring position as at 30 June 2022.

2. Information and Analysis

- 2.1 The report includes Cabinet approved schemes that have been active during this financial year, including schemes closed in year. Each scheme has a nominated budget holder who is responsible for ensuring the scheme stays within budget, and who provides the projected spend figures. The schemes have been approved over several previous years in addition to the current year. Monitoring Reports have been considered by Cabinet in accordance with the Budget Monitoring Policy and Financial Regulations.
- 2.2 The 2022-23 capital programme is £101.896m, approved adjustments to this figure reduced this to £95.757m. The budget for active schemes being monitored this year total £624.846m, this reduction reflects the projects closed since 1 April 2022. There is a forecast underspend of £5.309m over the life of these projects (see Appendix 2).

2.3 Adult Social Care & Health - projected underspend of £0.997m

Adult Care has a budget of £94.538m comprised of 59 schemes. Five schemes account for 76% of the budget. These are summarised in the table and narrative below.

Major Schemes	£m
Disabled Adaptations 2019 - 2022	20.583
Belper Integrated Specialist Facilities Centre	15.613
Bennerley Avenue – Care Home	15.000
Darley Dale Specialist Community Care Centre	10.520
Heanor Specialist Community Care Centre	9.750

Disabled Adaptations

The Disabled Adaptations schemes are the currently open programmes which relate to aids and adaptations installed in resident's own homes so they may remain as independent as possible. They will be fully financed from borrowing together with contributions from clients and district councils. Currently the spend is forecast to be under budget by £0.617m. With approval this will be used to fund schemes in future years.

The Belper Integrated Specialist Facilities Centre

The Belper Centre offers accommodation for up to 40 older persons and includes a library on site. The Care Home opened in June 2020 and the residents from Ada Belfield moved into the new accommodation during September 2020. The risk of asbestos contamination reported to Cabinet in previous monitoring reports remains and the cost of this is currently estimated to be in the region of £1.500m. Legal have now advised that pursuing the asbestos contamination claim is not viable. The overspend has been covered by using underspends from other projects, the overall spend is projected to be £15.613m. Although the defects period has now expired some remedial works relating to flooring and doors are still underway, therefore the final certificate has not yet been signed off.

Bennerley Avenue - Care Home

Construction for this commenced in February 2021 with final completion estimated to be autumn 2023. The timely completion is subject to the finalising of a legal easement - pressure is being applied to achieve this. The Home will replace the nearby Hazelwood Care home and will have 30 general needs beds and 10 Community support beds. The budget and forecast expenditure are £15.000m. The Authority is still seeking a partner to develop an Extra Care Home on the same site.

Specialist Care Centres

These provide care for physically frail, elderly clients with dementia:

- Darley Dale - opened in March 2016 and had issues with its roof and remediation is now complete. This scheme is due for sign off pending the completion of some minor works and retention fees. The Authority is awaiting the final certificate. The retention fees have now been released except for £0.020m to cover off the minor works still outstanding. Additionally, the sources of the leaks in the roof are still being investigated and until this is identified, it is not possible to provide a date for completion. As the Contractor has accepted full responsibility to resolve this issue, it was not necessary to proceed with an independent inspection (which was primarily to apportion liability). The budget is £10.520m and spend to date is £10.418m.
- Heanor - opened in August 2015 and is now complete in terms of build, and all remedial works have been completed. Property Services are awaiting the Completion Notice. Spend was £8.968m and £0.200m is anticipated for final minor works giving a forecast underspend of £0.582m.

- 2.4 Children's Services - projected underspend of £2.007m. This is across multiple projects with no individual significant item. This is across multiple projects with no individual significant item.

Children's Services has a budget of £159.241m comprised of 664 schemes. Five schemes account for almost 25% of the budget. These are summarised in the table and narrative below.

Major Schemes	£m
Alfreton Park School Replacement	13.350
Tibshelf New Primary School	7.013
Highfield Farm School	6.253
Bramley Vale Primary Replacement	6.097
Boulton Moor School	5.923

Alfreton Park School

Phase 1 achieved practical completion and hand-over of the new school took place on 4 March 2022. Phase 2 demolition of the old school building is taking longer than anticipated due to large amounts of asbestos being found hidden in the (CLASP) structure which were not evident from the surveys. This will involve additional costs which are

currently being calculated. Other Phase 2 works include landscaping and installation of an adventure playground. The earliest completion of Phase 2 is now autumn 2022.

Tibshelf New Primary School

The feasibility for the new 'Federated' school at Tibshelf has been completed and cost estimates prepared. Children's Services are now considering the feasibility study and further consultation will be undertaken in September. During this time, it is likely that the costs will increase due to rising construction costs.

Highfield Farm School

The new build at Highfield Farm School was completed in August 2020. The making good defects certificate has now been issued with no defects outstanding. All works have now been completed in line with budget and the final account settled. The remaining expenditure outstanding of £0.823m relates to equipment still to be purchased.

Bramley Vale

The project at Bramley Vale Primary School is for the replacement of all the school, except for the Foundation Unit and a single block. Morgan Sindall have been engaged via the SCAPE framework. The most recent cost estimate is significantly over the last cost estimate. Value engineering is being undertaken to reduce project costs.

Boulton Moor School

Boulton Moor is funded by S106 contributions. The main project has stalled due to legal agreements being finalised regarding site access. Concertus Derbyshire Limited have been asked to investigate a temporary school option but have not yet been commissioned by Children's Services to undertake this element of additional works. The project has recently been repriced due to the delays and this has resulted in additional costs of over £2.000m. Additional funding is currently being sought.

2.5 Corporate Services and Transformation - projected underspend of £0.668m

Corporate Services and Transformation has a budget of £31.451m comprised of 232 schemes. Five schemes account for 30% of the budget. These are summarised in the table and narrative below.

Major Schemes	£m
Green Deal and Fuel Poverty grant	2.521
SAP S/4 upgrade	2.000
Glossop 3G Pitch and Changing Room	1.714

County Hall - Winter Gardens Refurbishment	1.700
SRM Upgrade & TASK Replacement	1.563

Green Deal and Fuel Poverty Grant

This scheme will potentially assist up to 30 fuel poor Derbyshire residents as part of the Derbyshire Healthy Home Programme. They will comprise of replacement or first-time central heating systems. In some cases, this will assist with hospital discharge. These schemes, follow referrals by Adult Social Care and Health Services and the first 4 of these are expected to be in autumn 2022.

SAP S/4 upgrade

This project which is for a major computer system has been delayed from initial forecasts due to ongoing issues with the ICT infrastructure and staff availability issues. The completion date is planned to be autumn 2022. This delay has caused some extra costs and it is now anticipated that there will be an overspend of £0.043m after all project contingency is used. This will be met by a Revenue Contribution as approved by Cabinet on 15 April 2021.

Glossop 3G Pitch and Changing Room

This development is in partnership with Glossop North End Football Club. It will be at no cost to Derbyshire County Council with funding coming from other parties including The Football Foundation. Work has not yet commenced, and further funding is required before it does so, due to increased estimated costs of electricity infrastructure.

County Hall - Winter Gardens Refurbishment

This scheme was commissioned to Concertus Derbyshire Ltd (CDL) for design. The space cannot currently be used as a function space due to inadequate toilet provision and issues with accessibility. Surveys identified that the costs could be more substantial than budgeted for. The project is currently under review pending further decisions. However, in the meantime CDL are designing a scheme of works which would bring the area up to a basic standard and keep weatherproof to avoid further deterioration.

SRM Upgrade & TASK Replacement

This project was for a major computer system which has now been completed and the project closed. The scheme came in under budget by £0.226m.

- 2.6 Place - projected underspend of £1.637m.
This is mainly due to projected under spends of £1.556m relating to the LED Invest to Save project.

Place has a budget of £339.616m comprised of 96 schemes, this is approximately 54% of the total Capital budget. Six schemes account for 72% of the Place budget. These are summarised in the table and narrative below.

Major Schemes	£m
Local Transport Plan (LTP) 2017-2022	98.813
Markham Vale Employment Zone	41.583
Pothole and Challenge Fund 2020-2021	33.365
LED Street Lighting	32.100
Waste Project, Derby	25.000
Woodville Swadlincote Regeneration Route	12.797

Local Transport Plan

These schemes are managed within the Council's Local Transport Plans and funded from grants provided by the Department for Transport (DfT). All grants are fully utilised, and subject to approval, reallocated to other infrastructure projects. The separate yearly schemes that make up the budget total relate to schemes from 2017- 2022. These schemes totalling £98.813m are forecast to be completed by the end of 2025-26. The forecast underspend of £1.186m will be required for additional pothole schemes undertaken. (See below)

Markham Vale

An amount of £2.557m remains to be spent from the approved capital budget. This will require reviewing against the estimated costs of the remaining works packages that are required to be completed given the high construction inflationary pressures currently being experienced.

On three previously prepared plots and where terms have been agreed with inward investors, planning applications have either been recently submitted or are to be submitted imminently. Subject to securing planning approval and other development conditions, capital receipts of approximately £2.300m will be received over the coming 12 to 24 months. Another 0.7-acre development plot has been recently created which will attract a further capital receipt when developed.

During the last quarter two capital grant offers were secured towards the costs of completing the Markham Mining Memorial: £0.039m from the National Lottery Heritage Fund and £0.018m from Viridor Credits Environmental Company through the Landfill Communities Fund.

The Staveley Waterside project comprises a phased mixed-use development. The Council have recently secured a provisional capital grant offer of £2.664m from the Staveley Town Deal fund towards the £3.064m project. Proposed match funding comprises in-kind land value and £0.150m of DCC Reclamation capital already secured plus

contingency of £0.721m funded by capital receipts generated by Markham Vale. The design of the Phase 1 comprising up to 12,000 sq. ft of lettable business units has started with the aim of submitting a planning application before the end of 2022.

Pothole and Challenge Funds

A significant programme of surface treatment schemes that can only be carried out in favourable weather have been delivered so far this summer. This continues in addition to a significant programme of resurfacing works which are ongoing and will continue for the next few months. This progress has contributed to the reduction of defects on the highway network and should help prevent future ones occurring during winter months.

The Challenge Fund project to repair retaining walls in the Matlock Bath area is progressing well with ground investigation having been completed on many sites. This, along with the resolution of ecology, land ownership and planning issues, will allow start on site in September 2022 and completion in summer 2023.

These projects totalling £33.365m are forecast to spend £34.914m; these are on schedule to complete by the end of 2024 with an overspend against budget of £1.549m which relates to additional pothole schemes being undertaken. With approval this will be financed mainly by savings from the LTP (£1.186m) and delaying schemes to the 2023 LTP.

LED Street Lighting

The LED Invest to Save project is nearing final completion with less than 2,000 assets left to convert across the county. The majority of these are now part of large whole asset replacement programmes that are part funded by the Local Transport Plan and approx. £1.000m of funding from the LED Invest to Save Project budget to enable the full scope of works to be delivered, realising maximum energy and carbon savings. The scheme so far has proven to be an incredible success with 86,500 LEDs installed which has reduced the energy liability by 14,500,000kWh (the equivalent of boiling 4.8 million kettles for an hour). If we had not commenced this project the energy liability for the street lighting asset alone (excluding illuminated signs, bus shelters and traffic signals) would be £6.100m per year. It is anticipated that the majority of the remaining projects will be concluded within this financial year, however due to issues in the steel industry supply chain, some may not be fully concluded until 2023-24, furthermore the cost of steel and construction materials has significantly increased resulting in increased costs of £0.500m.

Waste Project

The Council and Derby City Council entered into an Inter Authority Agreement (IAA) on 20 August 2014 in relation to the operation and management of a Public Private Partnership contract with Resource Recovery Solutions (Derbyshire) Ltd (RRS) for the construction of the long-term Waste Treatment Facility in Sinfen and provision of associated services. It has been previously reported the contract with RRS was terminated on 2 August 2019. RRS has commenced formal court proceedings against the councils, which will be defended.

Work on the facility to determine its condition and capability is nearing completion. Both authorities approved recommendations in November 2021 to develop business cases for the future of the waste treatment facility. The business cases are progressing and once complete, both councils will reconvene to review and decide how to proceed.

The business cases compare two options:

- To rectify and use the facility and,
- To close the facility and dispose of the councils waste using a third party.

Woodville-Swadlincote Regeneration Route

The Woodville-Swadlincote Regeneration Route has been developed as a key enabler of regeneration set out in the South Derbyshire Local Plan, bringing former industrial land back into use for both housing and commercial development. It leads directly to provision of 300 homes and an estimated 580 jobs, with significant additional employment anticipated across a wider area but stimulated by this core investment. The route is approximately 1.1km in length and is a combination of new construction and the upgrading of what was a cul-de-sac through an industrial estate. It has faced numerous challenges including the bankruptcy of the principal contractor when approaching practical completion. This was addressed through the Council's own arms-length contractor stepping in and, when possible, the retention of sub-contractors. This contingency mobilisation was granted a merit award by the Institution of Civil Engineers. Opening to traffic was achieved in late 2021, with correction of minor design defects and landscaping work continuing into 2022 but now complete. There remain payments outstanding to affected landowners and occupiers. It is anticipated to complete within its allocated budget.

Elvaston Castle Masterplan

This Project, while not significant in terms of being one of the highest values within the Capital Programme, is significant in that this is Phase 1, which includes:

- Access drive, car park and roundabout
- New build café
- Regeneration of the lower stable yard, upper stable yard and museum yard
- Infrastructure and access improvements

The design of Phase 1 is in its planning stage, and the construction is expected to commence during 2024, subject to the planning approval. This is a year behind originally anticipated.

The Masterplan has subsequent phases costing potentially £39.000m, which will need to be revised to reflect both inflationary pressures and planning outcomes. The plans to deliver further phases are currently being developed. Submissions for any subsequent phases will be made as part of future capital programme bids. The Masterplan has been developed through consultation with our communities and partners and is being delivered as part of a collaborative programme with the volunteers of Elvaston Castle & Gardens Trust (ECGT). The Masterplan will unlock the commercial potential of the estate and make it a sustainable enterprise. A business model for future operations is currently being scoped.

2.7 **Top Ten Capital schemes by value**

Set out in Appendix 3 is a summary of the ten largest current capital schemes, representing approximately 49% of the current budget. These schemes are currently projected to underspend by £1.226m. This is mainly due to projected under spends of £1.557m relating to the LED Invest to Save project. As the project is funded by Invest to Save monies the underspend cannot be recycled or transferred to cover any potential overspends on other projects.

3. **Appendices**

- 3.1 Appendix 1 - Summary of Projected Capital spend by Department
Appendix 2 - Top Ten Capital Projects According to Budget Value

4. **Recommendation(s)**

- 4.1 That Members note the current position on the monitoring of Capital schemes as at 30 June 2022 (Quarter 1).

PETER HANDFORD

Director of Finance & ICT

Summary of Projected Capital Spend by Department									Appendix 1	
Department	Current Budget	Total spend to date inc commitments	Estimated spend remaining 2022-23	Total projected spend to 31 March 2023	Planned spend 2023-24	Planned spend 2024-25	Planned spend 2025-26	Planned spend 2026 +	TOTAL Revised planned spend	(Under) / Over
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Adult Social Care & Health	94.538	79.832	11.166	90.998	2.543	0.000	0.000	0.000	93.541	(0.997)
Children's Services	159.241	89.588	48.301	137.889	19.345	0.000	0.000	0.000	157.234	(2.007)
Corporate Services & Transformation	31.451	14.338	13.570	27.908	2.875	0.000	0.000	0.000	30.783	(0.668)
Place	339.616	240.641	72.019	312.660	19.362	5.290	0.667	0.000	337.979	(1.637)
Grand Total	624.846	424.399	145.056	569.455	44.125	5.290	0.667	0.000	619.537	(5.309)

Top Ten Capital Projects According to Budget Value										Appendix 2	
	Approval Year	Current Budget	Total spend to date inc commitments	Estimated spend remaining 2022-23	Total projected spend to 31 March 2023	Planned spend 2023-24	Planned spend 2024-25	Planned spend 2025-26	Planned spend 2026+	TOTAL Revised planned expenditure	(Under) / Over
		£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Local Transport Plan 2017-2022	17 - 22	98.813	61.463	26.375	87.838	5.931	3.758	0.100	0.000	97.627	(1.186)
Markham Employment Growth Zone	88 - 89	41.583	39.026	0.807	39.833	0.750	0.750	0.250	0.000	41.583	0.000
Pothole and Challenge Fund 2020 & Pothole Fund 2021 & 2022	20-22	33.365	20.930	13.692	34.622	0.292	0.000	0.000	0.000	34.914	1.549
LED Street Lighting	15 - 16	32.100	27.680	1.612	29.292	1.251	0.000	0.000	0.000	30.543	(1.557)
New Waste Treatment Facility Derby	20 - 21	25.000	23.357	1.643	25.000	0.000	0.000	0.000	0.000	25.000	0.000
Disabled Facilities Major adaptations 2019 – 2022	19 - 22	20.583	14.720	5.836	20.556	0.000	0.000	0.000	0.000	20.556	(0.027)
Belper Integrated Specialist Facilities	12 - 13	15.613	14.683	0.925	15.608	0.000	0.000	0.000	0.000	15.608	(0.005)
Bennerley Avenue Care Home	20 - 21	15.000	12.796	1.704	14.500	0.500	0.000	0.000	0.000	15.000	0.000
Alfreton Park Special School	17 – 18	13.350	12.779	0.571	13.350	0.000	0.000	0.000	0.000	13.350	0.000
Woodville Swadlincote Regeneration Route	19 - 20	12.797	12.110	0.687	12.797	0.000	0.000	0.000	0.000	12.797	0.000
TOTAL		308.204	239.544	53.852	293.396	8.724	4.508	0.350	0.000	306.978	(1.226)