

FOR PUBLICATION

DERBYSHIRE COUNTY COUNCIL

CABINET

13 January 2022

Report of the Director of Finance & ICT

Capital budget monitoring and forecast as at Quarter 2 2021-22
(Strategic Leadership, Culture, Tourism and Climate Change)

1. Divisions Affected

1.1 County-wide

2. Key Decision

2.1 No.

3. Purpose

3.1 To inform Cabinet of the latest Capital budget monitoring position as at 30 September 2021.

4. Information and Analysis

4.1 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.

4.2 The 2021-22 Capital programme is £73.343m, approved adjustments to this figure increased this to £76.305m. Together with active schemes rolled forward from previous years it makes a total of £682.400m being monitored this year. There is a forecast underspend of £5.720m over the life of these projects (see Appendix 2). The budget for all open

schemes as at 30 September 2021 is £647.229m, this reduction reflects the projects closed since 1 April 2021.

- 4.3 The prolonged effect of the Covid-19 virus is continuing to have an impact on some schemes and where necessary the profile of expenditure has been adjusted to reflect this fact.
- 4.4 Adult Social Care & Health - projected underspend of £1.222m

Adult Care has a budget of £110.818m comprised of 66 schemes. Five schemes account for 59% of the budget.

Major Schemes	£m
Belper Integrated Specialist Facilities Centre	15.613
Bennerley Avenue – Care Home	15.000
Disabled Adaptations 2019 - 2021	14.727
Darley Dale Specialist Community Care Centre	10.520
Hearnor Specialist Community Care Centre	9.750

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 in during September 2020. The financial risk of remediating the site due to the asbestos clearance prior to occupancy previously reported is still being resolved. The cost of this work has increased the project by £1.5m and the Council is pursuing an on- going asbestos claim. The defects period has now expired. However, some remedial works are still underway therefore the final certificate has not been signed off.

Bennerley Avenue - Care Home

The contractor for this is Wates and construction commenced in February 2021 with completion estimated to be Spring 2022. 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 Council is considering options for development of accommodation on the remaining site.

Disabled Adaptations

The Disabled Adaptations schemes are the currently open programmes which relate to aids and adaptations installed in people'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 £0.040m.

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, which requires further remediation and various site meetings have taken place to assess the size and complexity of the job. This includes an independent report to ascertain the extent of the works required. 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, however there are remedial works outstanding regarding fire doors, electrical works plus some other minor issues. The spend was £8.968m giving an underspend of £0.782m.

4.5 Children's Services - projected underspend of £3.412m

Children's Services has a budget of £151.527m comprised of 687 schemes. Six schemes account for 29% of the budget.

Major Schemes	£m
Alfreton Park School Replacement	13.350
Tibshelf New Primary School	7.013
Highfield Farm School	6.253
Boulton Moor School	5.911
Bramley Vale Primary Replacement	5.500
Harrington Junior School Replacement	5.500

Alfreton Park School

This scheme is for a replacement new build Special School on the site of Highfield Plantation, Alfreton Park, which has been acquired from Amber Valley Borough Council.(AVBC) The scheme is currently on site and is programmed to achieve practical completion of the school in February 2022. The short delay to the scheme has been due to issues around agreeing the easement allowing the gas installation. Following completion, the scheme will also incorporate the demolition of the existing school and return it to AVBC as parkland together with a replacement adventure playground, this is programmed to take place immediately after completion of the build, and is expected to take around three months to complete.

Tibshelf New Primary School

The feasibility for the new 'Federated' school at Tibshelf has commenced and cost estimates are now being prepared. The proposal is to include two access roads to the site. An updated project budget is expected to be received from Concertus before the end of 2021.

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. The underspend on this project is forecast to be £0.822m due to less remedial work being needed than previously anticipated.

Boulton Moor School

Boulton Moor is S106 driven and negotiations around the contract value and contract terms are ongoing, additional funding of approximately £1.000m will be required from the current Children's Services budget to commence. Issues remain around the land transfer and consultation with Legal Services are ongoing. The S106 variation with regard to the transfer of land, has not yet been agreed. Due to the time taken to resolve these issues the planning permission has expired. It has been re-submitted and there are queries regarding the noise impact of the playing fields on the surrounding housing. An acoustic engineer is to be appointed to undertake a baseline of the current acoustics

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. The scheme is currently in design and budget costs have been prepared. There are options for the proposed layout awaiting client approval. Ecology visits have taken place in October 2021 and the project team are awaiting results of the ground investigation. Planning is expected to be submitted at the end of 2021 and the programmed start on site date remains as Summer 2022.

Harrington Junior School

Following a major fire in May 2020 the main building at Harrington Junior School was destroyed, leaving only a two-classroom block and an old one classroom temporary block. The new replacement school at Harrington will be built to modern standards of insulation and energy efficiencies, which may result in revenue savings. The project is partially funded by an insurance claim with a £3.2m shortfall covered by the Council. Ashe Construction have been appointed as the main contractor. Work commenced on site in September 2021 with a programmed completion date of September 2022.

4.6 Commissioning, Communities & Policy - projected underspend of £0.753m

Commissioning, Communities & Policy has a budget of £71.288m comprised of 261 schemes. Five schemes account for 69% of the budget.

Major Schemes	£m
Buxton Crescent	41.263
Green Deal and Fuel Poverty grant	2.521
SAP S/4 upgrade	2.000
SRM Upgrade & TASK Replacement	1.790
County Hall - Winter Gardens Refurbishment	1.700

Buxton Crescent

The Hotel re-opened to paying guests on 17 May 2021. The Government COVID restrictions have now been lifted, but there is still some reduced capacity in the hotel to ensure safe operation. The day spa has now opened to the public. and the Visitor Experience operated by the Buxton Crescent Heritage Trust is also fully open. The Trust has recruited a new CEO, and a formal opening event will be arranged when conditions allow.

The Council's involvement with the Buxton Crescent Hotel and Thermal Spa is to provide funding to enable development, with the objectives of securing the conservation of a heritage asset and boosting the local economy.

Green Deal and Fuel Poverty Grant

The Capital works this financial year will comprise up to 15 replacement or first-time central heating systems installed in the homes of fuel poor Derbyshire residents as part of the Derbyshire Healthy Home Programme. In some cases, this will assist with hospital discharge.

SAP S/4 upgrade

This project which is for a major computer system has been delayed from initial forecasts due to issues with the ICT infrastructure and staff availability. The go-live date is now the beginning of April 2022. This delay has caused some extra costs of £0.236m but this can be met from the contingency within the original budget. Work is continuing and good progress is being made in all workstreams that are not directly affected by the infrastructure or staffing issues.

SRM Upgrade & TASK Replacement

This project is for a major computer system and is anticipated to complete this financial year. There is the potential to achieve savings from the original funding and if this is achieved the possibility of using this on other projects will be considered.

County Hall - Winter Gardens Refurbishment

This scheme is currently commissioned to Concertus for design. The space cannot currently be used as a function space due to inadequate

toilet provision and issues with accessibility. Clarification regarding capacity, proposed use, fire egress and general layout are required prior to the continuation of the design.

4.7 Place - projected underspend of £0.333m

Place has a budget of £348.767m comprised of 102 schemes, this is approximately 51% of the total Capital budget. Five schemes account for 65% of the Place budget.

Major Schemes	£m
Local Transport Plan 2017-2021	104.482
Markham Vale Employment Zone (MEGZ)	41.641
LED Street Lighting	32.100
Waste Project, Derby	25.000
Pothole and Challenge Fund 2020-2021	24.400

Local Transport Plan

Progress is good, with scheme delivery across all asset types. Mechanisms have been put in place to maintain progress particularly regarding road safety and drainage projects. This has contributed to £21.000m of projects being completed in the first two quarters of this year as part of the Highways Capital Delivery Programme. 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 - 2021. These schemes totalling £104.482m are forecast to have spent up to budget by the end of 2024 - 2025.

Markham Vale

An amount of £3.173m remains to be spent from the approved capital budget, this is earmarked to complete the site remediation infrastructure elements, which is the last part of the project. Whilst the market for larger industrial units has been buoyant, uncertainties over the past three to four years has had a slowing effect on the market for smaller to medium sized units. Cabinet approval has been sought to extend the life of the project by a further 5 years beyond the existing December 2022 partnership expiry date. Actual and anticipated construction inflationary pressures are likely to require a minor increase to the capital budget. Potential budget increases are currently being assessed and will be the subject of a future Cabinet Report.

To date, 173 acres of the planned 200 acres have been brought forward for development and over 150 acres have now been sold and occupied

by businesses. Over 60 businesses are now based at Markham Vale employing over 2,230 people. A further 3 companies are currently in the process of either constructing new premises or in fitting out ready to become fully operational. The private sector investment secured at the site to date is estimated at almost £250.000m.

The project is projected to spend the remainder of its budget of £0.756m by the end of 2023.

The Staveley Waterside project comprises a mixed-use development opportunity which is the subject of 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. A Business Case and a Cabinet Report are in the process of being prepared. If approved, construction on this project phase could commence in early 2022.

LED Street Lighting

The street lighting LED Invest to Save Project is expected to be complete by the end of 2023. Currently the project has installed over 83,400 LEDs and is approximately 94% complete having spent £26.404m to date. There are approximately 4,900 LEDs left to convert. This progress has been made despite some supply chain issues in obtaining lighting columns. Energy consumption has been reduced by 16,900 million kWh saving £1.700m

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 Sinfin and provision of associated services. The contract with RRS was terminated on 2 August 2019.

Work has been progressing on the facility to determine its condition and capability, this will allow the councils to consider options for future use.

The councils are in negotiations to pay an 'estimated fair value' for the plant considering all the costs of rectifying ongoing issues at the plant and the costs of providing the services to meet the agreed contract standards.

To date £21.292m of the £25.000m budget has been spent.

Update reports are being presented to Members to ensure they are fully

appraised of developments.

Pothole and Challenge Funds

A significant programme of surface treatment schemes that can only be carried out in favourable weather have been delivered this summer. Q2 has also seen many high-profile resurfacing projects completed across the county and this continues although at a slower pace as winter approaches. This progress has contributed to the reduction of defects on the highway network and should help prevent future ones occurring during winter months.

Preparation around ecological issues has been completed which will allow substantial works to start in early 2022 on the retaining walls that form the basis of the Challenge Fund.

These projects totalling £24.400m are forecast to spend £20.518m by the end of this financial year. They are on schedule to complete by the end of 2023 in line with agreed funding.

4.8 Top Ten Capital schemes by value

Set out in Appendix 3 is a summary of the ten largest current capital schemes, representing approximately 48% of the current budget. These schemes are currently projected to underspend by £0.045m.

5. Consultation

5.1 Not directly arising out of this report.

6. Alternative Options Considered

6.1 Do Nothing - The Council's Financial Regulations require the preparation and submission of reports to Cabinet on the projected expenditure and resources compared with approved estimates, on a regular basis.

7. Implications

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

8. Background Papers

8.1 Files held by the Director of Finance & ICT.

9. Appendices

- 9.1 Appendix 1- Implications.
- Appendix 2- Summary of Projected Capital spend by Department
- Appendix 3-Top Ten Capital Projects According to Budget Value

10. Recommendation(s)

- 10.1 That Cabinet notes the current position on the monitoring of Capital schemes.

11. Reasons for Recommendation(s)

- 11.1 To ensure that the Council is complying with best practice in providing regular capital reports to all key stakeholders regarding capital estimates and expenditure.

12. Is it necessary to waive the call in period?

- 12.1 No

Report Author: Pam Taylor, Senior Finance Officer

Contact details: pam.taylor@derbyshire.gov.uk

This report has been approved by the following officers:

<p>On behalf of:</p> <p>Director of Legal Services and Monitoring Officer Director of Finance and ICT Managing Executive Director Executive Director(s)</p>	
--	--

Implications

Financial

1.1 As set out in Section 4 of the report.

Legal

2.1 None directly arising out of this report.

Human Resources

3.1 None directly arising out of this report.

Information Technology

4.1 None directly arising out of this report.

Equalities Impact

5.1 Not directly arising out of this report.

Corporate objectives and priorities for change

6.1 None directly arising out of this report.

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

7.1 None directly arising out of this report.

Summary of Projected Capital Spend by Department									Appendix 2	
Department	Current Budget	Total spend to date inc commitments	Estimated spend remaining 2021-22	Total projected spend to date	Planned spend 2022-23	Planned spend 2023-24	Planned spend 2024-25	Planned spend 2025 +	TOTAL Revised planned spend	(Under) / Over
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Adult Social Care & Health	110.818	88.714	8.064	96.777	5.800	6.519	0.500	0.000	109.596	(1.222)
Children's Services	151.527	82.987	39.548	122.535	23.019	2.561	0.000	0.000	148.115	(3.412)
Commissioning Communities & Policy	71.288	53.679	14.125	67.804	2.625	0.106	0.000	0.000	70.535	(0.753)
Place	348.767	262.568	43.254	305.822	36.299	5.569	0.427	0.317	348.434	(0.333)
Grand Total	682.400	487.948	104.991	592.938	67.743	14.755	0.927	0.317	676.680	(5.720)

Top Ten Capital Projects According to Budget Value											Appendix 3
	Approval Year	Current Budget	Total spend to date inc commitments	Estimated spend remaining 2021-22	Total projected spend to 31 March 2022	Planned spend 2022-23	Planned spend 2023-24	Planned spend 2024-25	Planned spend 2025+	TOTAL Revised planned expenditure	(Under) / Over
		£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Local Transport Plan	17 - 21	104.482	65.406	19.229	84.635	15.915	3.932	0.000	0.000	104.482	0.000
Markham Employment Growth Zone	88 - 89	41.641	38.468	2.416	40.884	0.757	0.000	0.000	0.000	41.641	0.000
The Crescent Buxton	06 - 07	41.263	40.818	0.445	41.263	0.000	0.000	0.000	0.000	41.263	0.000
Street Lighting LEDs	15 - 16	32.100	26.404	3.500	29.904	2.196	0.000	0.000	0.000	32.100	0.000
New Waste Treatment Facility Derby	19 - 20	25.000	21.292	1.708	23.000	2.000	0.000	0.000	0.000	25.000	0.000
Pothole and Challenge Fund 2020 & Pothole Fund 2021	20 - 21	24.400	15.901	4.617	20.518	3.882	0.000	0.000	0.000	24.400	0.000
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	5.625	0.000	5.625	4.000	4.875	0.500	0.000	15.000	0.000
Disabled Facilities Major adaptations 2019 - 2021	19 - 21	14.727	9.067	5.620	14.687	0.000	0.000	0.000	0.000	14.687	(0.040)
Alfreton Park Special School	17 - 18	13.350	9.090	3.760	12.850	0.500	0.000	0.000	0.000	13.350	0.000
TOTAL		327.576	246.754	42.220	288.974	29.25	8.807	0.500	0.000	327.531	(0.045)

Report Sign Off and Version Control

Report Title	Capital budget monitoring and forecast as at Quarter 2 2021-22
Author	Pam Taylor
Meeting and Date	Cabinet – 9 December 2021
Version	9 December 2021 V1.0
Key Decision (published)	No
Exempt item (notice of private meeting published)	No

Implications	Name and Comments	Date Approved
Finance		
Legal		
Human Resources		
Information Technology		
Equalities		
Corporate Objectives and priorities for change		
Consultation		
Other – please specify		

--	--	--

Author's Directorate Sign Off

		Date
Managing Executive Director/Executive Director		
DMT – if applicable		
CMT – if applicable		
Cabinet Member briefed		
Other – please specify		