



**FOR PUBLICATION**

**DERBYSHIRE COUNTY COUNCIL**

**CABINET**

**7 April 2022**

**Report of the Interim Director of Finance & ICT**

**Capital budget monitoring and forecast as at Quarter 3 2021-22**  
(Corporate Services and Budget)

**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 31 December 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 £80.109m. Active schemes being monitored this year total £691.584m. There is a forecast underspend of £8.590 over the life of these projects (see Appendix 2). The budget for all open

schemes as at 31 December 2021 is £611.557m, 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 £1.112m

Adult Care has a budget of £110.862m comprised of 65 schemes. Five schemes account for 59% of the budget.

<b>Major Schemes</b>	<b>£m</b>
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
Heanor 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 defects period has now expired. However, some remedial works relating to flooring and doors 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 Autumn 2023. 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.

#### **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 £0.028m.

## 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. An independent report to ascertain the extent of the works has been commissioned but not yet received. Work is underway to commission a new roof contractor to carry out any required remedial works necessary, the completion date will be determined once the contractor is appointed. 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, the remedial works previously outstanding have now been completed and Property Services are awaiting the Completion Notice. The spend was £8.968m and £0.100 is anticipated for final minor works giving a forecast underspend of £0.682m.

### 4.5 Children's Services - projected underspend of £3.277m

Children's Services has a budget of £158.876m comprised of 717 schemes. Six schemes account for 27% 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

The Scheme is currently on site and Phase 1 is programmed to achieve practical completion with hand-over of the new school on 9 March 2022. Decanting will take place at the end of February in time for the handover. Phase 2 will then commence which includes the demolition of the existing school, landscaping and installation of an adventure playground which has an estimated completion date of this phase as June 2022.

#### Tibshelf New Primary School

The feasibility for the new 'Federated' school at Tibshelf has been completed and cost estimates are now being prepared for consideration by Children's Services.

### **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 £0.682m. The remaining expenditure outstanding relates to equipment.

### **Boulton Moor School**

Boulton Moor is S106 driven and negotiations around the contract value and contract terms are ongoing. Revised planning permission has now been received, however there are additional requirements including power supply for electric car charging points and extending the access road.

Negotiations continue in relation to the land transfer. Current access to the site is over a strip of land owned by two third parties. The planning consent should make progress slightly easier.

Additional funding in the region of £1.000m will be required from the current Children's Services budget to commence. This is due both to the extra work, and the current inflationary pressures within construction.

### **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 took place in October 2021 and there is a requirement for a bat emergence survey to be undertaken in spring prior to planning permission being applied for. Tendering is expected to use a framework purchasing agreement.

### **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 on a Design and Build basis. Work commenced on site in September 2021 with a programmed completion date of August 2022.

4.6 Corporate Services and Transformation - projected underspend of £0.497m

Corporate Services and Transformation has a budget of £72.865m comprised of 260 schemes. Five schemes account for 66% of the budget.

<b>Major Schemes</b>	<b>£m</b>
Buxton Crescent	40.305
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 Council's involvement with the Buxton Crescent Hotel and Thermal Spa was to provide funding to enable development, with the objectives of securing the conservation of a heritage asset and boosting the local economy.

This scheme has now been fully completed. The Hotel re-opened to paying guests on 17 May 2021, and since then has complied with all Government COVID restrictions. 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 is being planned.

### **Green Deal and Fuel Poverty Grant**

The Capital works originally proposed this financial year will now occur in 2022-23 and potentially will 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. The delay is due to priority being given to revenue work streams, for which the funding ends this year.

### **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 now forecast to be August 2022. This delay has caused some extra costs of £0.236m which are to 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.

### **SRM Upgrade & TASK Replacement**

This project is for a major computer system and is complete. 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 was commissioned to Concertus 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. Until further decisions have been made the project is currently on hold.

- 4.7 Place - projected underspend of £3.704m.  
This is mainly due to projected under spends of £3.253m relating to the LED Invest to Save project.

Place has a budget of £348.981m comprised of 100 schemes, this is approximately 50% of the total Capital budget. Five schemes account for 67% of the Place budget.

<b>Major Schemes</b>	<b>£m</b>
Local Transport Plan 2017-2021	104.502
Markham Vale Employment Zone (MEGZ)	41.583
LED Street Lighting	32.100
Pothole and Challenge Fund 2020-2021	29.267
Waste Project, Derby	25.000

### **Local Transport Plan**

Good progress continues, across all asset types. Mechanisms have been put in place to maintain progress particularly regarding road safety and drainage projects, although delivery onsite will continue into 2022 - 23. A total of £21.000m of projects were completed in the first two quarters of this year as part of the Highways Capital Delivery Programme and a further £6.007m has been spent in the third quarter. A further £9.463m is expected in the last quarter of the year, although it should be noted that progress is weather related.

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 £104.502m are forecast to be completed by the end of 2024 - 2025. The forecast underspend of £2.123m will be required for additional pothole schemes undertaken. (See below)

### **Markham Vale**

An amount of £2.988m remains to be spent from the approved capital budget, this is earmarked to complete the site remediation infrastructure elements, which are the final phases of the project. This is expected to be spending until 2025-26. 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 given to extend the life of the project by a further 5 years to December 2027. 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. During the last quarter there were two new tenants occupying privately financed units. A further company is currently in the process of constructing new premises and a further two companies have agreed terms to locate to the site. The private sector investment secured at the site to date is estimated at almost £250.000m whilst the exact figure is being calculated.

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. Furthermore, a contingency of £0.721m funded by capital receipts generated by Markham Vale. Cabinet on the 13 January 2022 approved this project subject to securing grant funding. The grant funding decision is likely to be confirmed by May 2022, meaning that the project is likely to be started during 2022-23 and completed the following year.

### **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 84,300 LEDs and is approximately 95% complete having spent £26.681m to date. Underspends of £3.253m are now forecast due to more lighting columns being suitable for conversion to LED, rather than needing to be replaced, than initially anticipated. There are approximately 3,850 LEDs left to convert. While progress on the project

is being made, supply chain issues regarding lighting columns are still being experienced. 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 New Waste Treatment Facility in Sinfin and provision of associated services. It has been previously reported the contract with RRS was terminated on 2 August 2019.

Work has been progressing on the facility to determine its condition and capability. Both authorities recently approved recommendations to develop business cases for the future of the waste treatment facility in Sinfin. 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.

The business cases are progressing and once complete, both councils will reconvene to review and decide how to proceed.

### **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. While weather was good many high-profile resurfacing projects have been 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 2022-23, on the retaining walls that form the basis of the Challenge Fund.

These projects totalling £29.267m are forecast to spend £21.648m by the end of this financial year. They are on schedule to mainly complete by the end of 2023 with an overspend against budget of £2.123m which relates to additional pothole schemes being undertaken. With approval this will be financed by savings from the LTP.



#### **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 £3.285m. This is mainly due to projected under spends of £3.253m 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.

#### **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 Interim 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

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**This report has been approved by the following officers:**

<p><b>On behalf of:</b></p> <p>Director of Legal Services and Monitoring Officer Interim Director of Finance and ICT Managing Director Executive Director(s)</p>	
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**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	110.862	93.667	7.603	101.270	3.799	4.181	0.500	0.000	<b>109.750</b>	<b>(1.112)</b>
Children's Services	158.876	89.311	32.481	121.792	31.244	2.563	0.000	0.000	<b>155.599</b>	<b>(3.277)</b>
Corporate Services and Transformation	72.865	54.884	12.784	67.668	4.581	0.119	0.000	0.000	<b>72.368</b>	<b>(0.497)</b>
Place	348.981	277.075	20.915	297.990	43.435	1.889	1.396	0.567	<b>345.277</b>	<b>(3.704)</b>
<b>Grand Total</b>	<b>691.584</b>	<b>514.937</b>	<b>73.783</b>	<b>588.720</b>	<b>83.059</b>	<b>8.752</b>	<b>1.896</b>	<b>0.567</b>	<b>682.994</b>	<b>(8.590)</b>

## 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 2017-2021	17 - 21	104.502	71.413	9.643	81.056	19.675	1.548	0.100	0.000	102.379	<b>(2.123)</b>
Markham Employment Growth Zone	88 - 89	41.583	38.595	0.488	39.083	0.750	0.750	0.750	0.250	41.583	<b>0.000</b>
The Crescent Buxton	06 - 07	40.305	40.305	0.000	40.305	0.000	0.000	0.000	0.000	40.305	<b>0.000</b>
Street Lighting LEDs	15 - 16	32.100	26.681	1.652	28.333	0.514	0.000	0.000	0.000	28.847	<b>(3.253)</b>
Pothole and Challenge Fund 2020 & Pothole Fund 2021	19 - 20	29.267	21.127	0.521	21.648	9.742	0.000	0.000	0.000	31.390	<b>2.123</b>
New Waste Treatment Facility Derby	20 - 21	25.000	21.571	1.429	23.000	2.000	0.000	0.000	0.000	25.000	<b>0.000</b>
Belper Integrated Specialist Facilities	12 - 13	15.613	14.683	0.925	15.608	0.000	0.000	0.000	0.000	15.608	<b>(0.005)</b>
Bennerley Avenue Care Home	20 - 21	15.000	8.389	1.775	10.164	2.000	2.336	0.500	0.000	15.000	<b>0.000</b>
Disabled Facilities Major adaptations 2019 - 2021	19 - 21	14.727	10.947	3.753	14.700	0.000	0.000	0.000	0.000	14.700	<b>(0.027)</b>
Alfreton Park Special School	17 - 18	13.350	11.313	1.537	12.850	0.500	0.000	0.000	0.000	13.350	<b>0.000</b>
<b>TOTAL</b>		<b>331.447</b>	<b>265.024</b>	<b>21.723</b>	<b>286.747</b>	<b>35.181</b>	<b>4.634</b>	<b>1.350</b>	<b>0.250</b>	<b>328.162</b>	<b>(3.285)</b>