

FOR PUBLICATION

DERBYSHIRE COUNTY COUNCIL

COUNCIL

30 November 2022

Report of the Director of Finance & ICT

Capital budget monitoring and forecast as at Quarter 1 2022-23

1. Purpose

- 1.1 To provide Council with an update on the Capital budget monitoring position at 30 June 2022 (Quarter 1)

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. Spend is currently 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. This 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.

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

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 Sinfin 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

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. Consultation

3.1 Not directly arising out of this report.

4. Alternative Options Considered

4.1 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.

5. Implications

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

6. Background Papers

6.1 Files held by the Director of Finance & ICT.

7. Appendices

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

8. Recommendation(s)

8.1 That Council notes the position on the monitoring of Capital schemes as at 30 June 2022 (Quarter 1).

9. Reasons for Recommendation

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

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Implications

Financial

1.1 The budget for active schemes being monitored this year total £624.846m, with a forecast underspend of £5.309m..

Legal

2.1 The Director of Legal and Democratic Service has advised in relation to individual projects referred to in the 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 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 and 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 3	
	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)