



FOR PUBLICATION

DERBYSHIRE COUNTY COUNCIL

CABINET

21 September 2023

Report of the Director of Finance & ICT

Capital budget monitoring and forecast as at Quarter 1 2023-24
(Corporate Services and Budget)

1. Divisions Affected

1.1 County-wide

2. Key Decision

2.1 This is a Key Decision because it is likely to result in the Council incurring expenditure which is, or savings which are, significant, having regard to the budget for the service or function concerned (this is currently defined as £0.500m).

3. Purpose

3.1 To inform Cabinet of the latest Capital budget monitoring position as at 30 June 2023.

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. All schemes have 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 2023-24 capital programme is £313.436m, approved adjustments to this figure reduced this to £299.688m. The budget for schemes being monitored this year total £664.905m of these, £648.195m are currently open schemes. There is a forecast underspend of £3.543m over the life of these projects (see Appendix 2).

4.3 **Adult Social Care & Health - projected underspend of £1.638m**

Adult Care has a budget of £91.854m comprised of 22 schemes. Five schemes account for 78.08% of the budget. These are summarised in the table and narrative below. The main underspend is on Disabled Adaptations with more detail being included below.

Major Schemes	£m
Disabled Adaptations 2020 - 2023	20.833
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 for 2023-24 is in line with the budget. In 2020-21 and 2021-22 there was an underspend of budget of £1.390m due to reduced activity caused mainly by Covid 19 and staffing issues within Adult Social Care. The intention is to use this underspend to fund the replacement of existing Telecare equipment in 2023-24. A report will be submitted on this in Autumn 2023. This will help reduce the need for new borrowing to fund this.

The Belper Integrated Specialist Facilities Centre

This major care home scheme (operational since 2020) is almost finalised and retention to the main contractor has been released.

Bennerley Avenue - Care Home

This major care home scheme (operational since 2022) is almost finalised with the defects period ending in August 2023.

The business case specification is being prepared for phase 2 of the development and potential third-party investors will be invited to submit expressions of interest on the site.

Darley Dale Specialist Care Centre

This care centre scheme is substantially complete (operational since 2016) with some minor works and retention fees outstanding. The final certificate has not yet been issued. Despite numerous attempts to repair satisfactorily, the roof still continues to leak. Specialist testing was carried out in November 2022 with the results issued to a Laboratory in Germany for interpretation. The Contractor has completed the schedule of repairs and is currently procuring a roofing contractor to carry out the works on site. The original roofing contractor has gone into liquidation. The specialist nature of the turf roof means that there are limited numbers of contractors available to carry out the works- all of whom are fully committed over the summer. Works are anticipated to commence Autumn 2023.

Heanor Specialist Care Centre

This care centre (operational since 2015) is now substantially complete with the final certificate issued. There is a potential for an underspend.

4.4 Children's Services - projected underspend of £3.169m.

This is across multiple projects with no individual significant item.

Children's Services has a budget of £177.645m comprised of 736 schemes. Five schemes account for 24.83% of the budget. These are summarised in the table and narrative below.

Major Schemes	£m
Alfreton Park School Replacement	13.947
Cloverleys Academy new school	9.470
Bramley Vale Primary Replacement	7.426
Tibshelf New Primary School	7.013
Highfield Farm School	6.253

Alfreton Park School

Phase 1 achieved practical completion and hand-over of the new school took place on 4 March 2022. Phase 2 works including demolition of the old school building, landscaping and installation of an adventure playground completed in November 2022. However, the adventure playground has not yet opened to the public as it has not formally been handed over to Amber Valley BC. The defects period for Phase 1 ends September 2023 and in 2024 for Phase 2. The project is running to its revised budget of £13.947m with £0.424m remaining. There have been some issues identified with manhole covers which are in addition to the original contract. Further investigations are being made as to the extent of works which may be required.

Clover leys Academy New School

This school was previously reported as Boulton Moor before the name was finalised. It is being funded by S106 contributions. Delays due to legal issues relating to site access have been resolved and access land has been purchased. The temporary school at Chellaston Fields is on track for return to school in September. Work is now proceeding onsite for the main scheme. Currently £1.115m has been spent from the £9.470m budget.

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 project was redesigned to reduce costs but a further £0.891m of funding was still required and approved by Cabinet on 8 December 2022 as part of the Childrens Services Capital Budget Allocation report. Further allocations of £0.110m have been transferred from a budget to rewire the existing buildings which is now not required. The temporary school accommodation will be ready for September. Demolition works and statutory service diversions are underway. The contracts for the main build should be signed shortly. The project is expected to be completed by 31 March 2025.

Tibshelf New Primary School

The scheme for the new 'Federated' school at Tibshelf suffered substantial inflation to the cost estimates partly due to a delay to the anticipated scheme start date. The cost is now anticipated to be £12.500m. Additionally, it is expected that the capital receipt will be reduced by £1.390m. Therefore, an additional £6.760m of borrowing was required and a capital bid for this was prepared for the 2023-24 Capital Programme. This was rejected, and a bid for the 2024-25 Capital Programme has been submitted. Meanwhile in preparation tender documents will be submitted to contractors during Autumn 2023.

Highfield Farm School

The new build at Highfield Farm School was completed in August 2020. However, there are some minor defects outstanding. Of the remaining budget of £0.723m, £0.381m relates to furniture and IT which will be recharged by the Spencer Academy Trust in due course and the balance relates to outstanding fee invoices.

4.5 Corporate Services and Transformation - projected overspend of £1.279m

Corporate Services and Transformation has a budget of £43.316m comprised of 323 schemes. Six schemes account for 32.22% of the budget. These are summarised in the table and narrative below.

Major Schemes	£m
Williamthorpe Solar Farm	3.750
Green Deal and Fuel Poverty grant	2.521
Glossop 3G Pitch and Changing Room	2.233
SAP S/4 Upgrade	2.000
Replacement ICT Network	1.750
County Hall - Winter Gardens Refurbishment	1.700

Williamthorpe Solar Farm

This solar farm is being developed to generate 3.2m kwh of renewable energy which will offset residual energy use elsewhere - including energy use associated with corporate buildings. This will help achieve the Councils carbon reduction strategy and commitments to achieve net zero. It is anticipated to obtain planning permission by December 2023. The date when this will become operational is expected to be April 2025.

Green Deal and Fuel Poverty Grant

This scheme assists fuel poor Derbyshire residents as part of the Derbyshire Healthy Home Programme. The project comprises of replacement or first-time central heating systems which in some cases will assist with hospital discharges. These schemes, follow referrals by Adult Social Care and Health Services and are the ones not fully funded by other grants. The project has a budget of £2.521m of which £2.437m has already been spent. This has helped around a thousand households over the last ten years. Six households will be helped this year and it is anticipated that there will be a further fifteen next year.

SAP S/4 upgrade

This project which is for a major computer system has currently a capital £2.000m budget. It has been delayed from initial forecasts due to ongoing issues with the ICT infrastructure and staff availability. The completion date is now planned to be Spring 2024. This delay will cause additional costs and it is now anticipated that there will be an overspend. A decision will need to be taken on how this overspend is managed.

Replacement ICT Network 2023 and 2024

This project is for the replacement of computer hardware which is over 5 years old. This expenditure is phased over 2 years and supports the ICT Strategy. The scheme is currently expected to spend to budget.

Glossop 3G Pitch and Changing Room

This development is in partnership with Glossop North End football club. Derbyshire County Council has now awarded a £0.070m grant to the project from its Grants Prospectus scheme. There is also significant additional funding coming from other parties including The Football Foundation and High Peak Borough Council. The project was delayed, and costs increased by £0.519mm, due to inflation and identifying necessary upgrades to the site's electricity infrastructure. Despite the increase in costs, the project remains fully funded. Work on the Changing Room commenced in February 2023 and is ongoing. Works on the 3G pitch commenced in July 2023.

County Hall - Winter Gardens Refurbishment

This scheme was commissioned to Concertus Derbyshire Ltd (CDL) for design to upgrade the space to be suitable for functions by bringing up to modern standards. Surveys identified that the costs could be more substantial than budgeted for. The project is currently on hold having spent £0.184m to date. Derbyshire County Council has commissioned HLM Architects, as business case advisors to seek expressions of interest from developers, hotel operators, investors, and others for their ideas on options for the future of the historic estate. The review is anticipated to be completed by December 2023.

4.6 Place - projected underspend of £0.015m.

Place has a budget of £352.091m comprised of 119 schemes. This is approximately 52.95% of the total Capital budget. Five schemes account for 70.388% of the Place budget. These are summarised in the table and narrative below.

There are projected under and overspends within this net figure, the most significant being a projected underspend of £0.475m on LED Invest to Save project (see below) and an overspend of £0.376m on the South Derbyshire Growth Zone.

Major Schemes	£m
Local Transport Plan & Potholes 2019-2023	126.350
Markham Vale Employment Zone	41.583
Waste Project, Derby	35.000
LED Street Lighting	32.100
Woodville Swadlincote Regeneration Route	12.797

Local Transport Plan including Potholes

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 are from between 2019-2023. These schemes totalling £126.350m are forecast to be completed by the end of 2025-26. Progress on these schemes has been satisfactory despite continuing inflationary pressures.

Capital expenditure and progress is currently being monitored. Governance has been improved by the implementation and embedding of the Highways Capital Programme Board. Longer term this will be improved by further utilising the Project Delivery Office to enable informed decisions to be made in a timely manner.

Markham Vale

An amount of £1.761m remains to be spent from the main approved capital budget. This is currently sufficient to complete the existing schedule of works packages but will be kept under review because of high construction inflationary pressures currently being experienced.

Planning permissions have been secured on two previously prepared plots which are currently under offer. Subject to completing all necessary legal documentation with investors, then capital receipts of approximately £1.283m will be secured over the coming 6 to 18 months. Terms have been agreed on two other lots of surplus land which will enable third parties to bring forward development. This gives a potential of further capital receipts of £0.100m in the current financial year plus £0.930m over the next 2 to 5 five years. Two additional parcels of surplus land are the subject of negotiations, but no terms have yet been agreed.

The Staveley Waterside project comprises a phased mixed-use development. The Council are in the process of preparing detailed designs and specifications to invite tenders to construct a Phase 1 development within the budgeted estimate of £3.064m. £2.664m of which has been provisionally secured from the Staveley Town Deal fund with the remaining funding comprising in-kind land value, £0.150m of DCC Reclamation capital already secured, the remainder to be funded by anticipated capital receipts generated at Markham Vale. Pre-grant contract conditions have now been satisfied, a planning application has been submitted, and subject to securing approval and receipt of a satisfactory tender then construction is expected to commence during Q3/Q4 2023 and should be completed within nine months.

An additional project for Markham Vale Cycling & Walking infrastructure has been set up. It will be fully funded by a grant of £0.750m secured as part of the East Midlands Devolution deal, which was targeted at low carbon initiatives. It has been designed as a new walking/cycling route to work. Construction on the 2.2km cycleway commenced in June 2023 and is expected to be completed by the end of November 2023. Grant funding will be claimed by the end of 2023.

LED Street Lighting

The LED Invest to Save Project is over 99% complete with only a few major projects where full asset replacement including underground cables is necessary.

Global supply chain issues continue to impact the delivery programme this year, and the remaining projects will be completed next year. Delays have also been caused by issues with contractor performance which has delayed procurement. Despite this the scheme continues to demonstrate its success. To date energy liability has reduced by 16.3m kwh (the equivalent of boiling 5.4 million kettles for an hour), furthermore carbon emissions have reduced by 10,800 tonnes. With the widely reported energy price increases the importance of this project is paramount. The street lighting service experienced an energy price increase of 51% in April 2023. At current energy prices the project has saved £6m.

The previously reported underspend of £1.814m for this project has been eroded by tenders for work far exceeding the initial estimates, this has been experienced across the lighting industry and the Highway Electrical Association are forecasting this trend to continue going forward. There is an underspend currently forecast of £0.475m.

Waste Project

In 2009, RRS - a partnership between infrastructure firm Interserve and waste management company Renewi - was awarded a contract by Derby City Council and Derbyshire County Council to manage the Councils' residual waste and design, build, commission, and operate a waste treatment facility in Sinfin, Derby. The contract was terminated on 2 August 2019 following the failure of RRS to pass acceptance tests. In May 2022 RRS commenced formal court proceedings against the Councils.

The position in the appendices is as at 30 June, however, in July 2023, Derby City Council and Derbyshire County Council paid a joint total of £93.5million to Resource Recovery Solutions (Derbyshire) Ltd's (RRS) administrators. It comes after several months of negotiations between

the councils and RRS's administrators, who were claiming £187million was owed - a figure which the councils disputed. The total sum of £93.5m has been split by the councils in accordance with an agreed split; 50:50 up to £50m, and all sums thereafter split proportionately; 73.4% by the County Council and 26.6% by the City Council. £56.93m paid by the County Council and £36.57m paid by the City Council. With this settlement, litigation ends, and RRS has no further involvement.

Following completion of a Full Business Case on 2 February 2023 both Councils' Cabinets approved a recommendation to repair the DDWTC and bring it into operation, as the more cost-effective option when compared with closing the facility and disposing of the councils' waste using a third party.

Work has commenced to procure specialist contractors to carry out the rectification work and operate the facility. A further report will be brought back to both Councils' Cabinets consider the award of contract(s) for this work.

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 the provision of 300 homes and an estimated 580 jobs, with significant additional employment anticipated across a wider area 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. The scheme became operational in 2021.

The scheme is expected to remain within its budget of £12.797m, with £0.383m being the final expenditure during 2023.

Elvaston Castle Masterplan

Work continues on The Masterplan. The principal element of work has been the exercise carried out by KPMG, working with DCC and the Elvaston Castle and Gardens Trust, to evaluate which would be the best business model to adopt going forward and which activities to develop on site.

This exercise is now nearing completion following which a detailed project update will be circulated to Members and Officers.

The listed building consent application to South Derbyshire District Council planning committee for the Masterplan was refused. The Project Officers are considering whether to appeal or re-apply in due course. The action to be taken is in part dependent on the Masterplan

Planning Application which also remains in progress following a further public consultation round in April. Further feedback is anticipated from the Planning Officer in due course which will help inform next steps on this application and also the listed building consent application.

A full report is due to be considered by Cabinet in October 2023.

4.7 Top Ten Capital schemes by value

Set out in Appendix 3 is a summary of the ten largest current capital schemes, representing approximately 48.69% of the current budget. These schemes are currently projected to underspend by £1.867m. This is attributable to underspends on both the LED Invest to Save project and Disabled Facilities Major Adaptations, previously mentioned.

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 None Included.

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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Implications

Financial

1.1 The current Capital Programme forecast indicates an overall underspend of £3.543m against a total programme of £664.905m as set out in Section 4 of the report.

Legal

2.1.1 The Director of Legal and Democratic Services 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 commit's	Estimated spend remaining 2023-24	Total projected spend to 31 March 2024	Planned spend 2024-25	Planned spend 2025-26	Planned spend 2026-27	Planned spend 2027+	TOTAL revised planned spend	(Under)/Over
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Adult Social Care & Health	91.854	79.979	10.237	90.216	0.000	0.000	0.000	0.000	90.216	(1.638)
Children's Services	177.645	98.031	52.696	150.727	23.349	0.400	0.000	0.000	174.476	(3.169)
Corporate Services and Transformation	43.316	16.463	20.079	36.542	7.983	0.070	0.000	0.000	44.595	1.279
Place	352.090	254.700	85.430	340.130	10.668	0.747	0.163	0.367	352.075	(0.015)
Grand Total	664.905	449.173	168.442	617.615	42.000	1.217	0.163	0.367	661.362	(3.543)

Top Ten Capital Projects According to Budget Value										Appendix 3
	Approval Year	Current Budget	Total spend to date inc commit's	Estimated spend remaining 2023-24	Total projected spend to 31 March 2024	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
Local Transport Plan including Potholes 2018-2023	2018 - 2023	126.350	76.645	49.420	126.065	0.230	0.055	0.000	126.350	0.000
Markham Employment Growth Zone	1989	41.583	39.822	0.511	40.333	0.750	0.500	0.000	41.583	0.000
New Waste Treatment Facility Derby	2019	35.000	30.231	4.769	35.000	0.000	0.000	0.000	35.000	0.000
LED Street Lighting	2015	32.100	28.983	2.642	31.625	0.000	0.000	0.000	31.625	(0.475)
Disabled Facilities Major adaptations	2019 – 2023	20.833	16.300	3.143	19.443	0.000	0.000	0.000	19.443	(1.390)
Belper Integrated Specialist Facilities	2012	15.613	14.840	0.773	15.613	0.000	0.000	0.000	15.613	0.000
Bennerley Avenue Care Home	2020	15.000	13.671	1.329	15.000	0.000	0.000	0.000	15.000	0.000
Alfreton Park Special School	2017	13.947	13.523	0.424	13.947	0.000	0.000	0.000	13.947	0.000
Woodville Swadlincote Regeneration Route	2019	12.797	12.414	0.383	12.797	0.000	0.000	0.000	12.797	0.000
Darley Dale – Specialist Care Centre	2012	10.520	10.423	0.095	10.518	0.000	0.000	0.000	10.518	(0.002)
TOTAL		323.743	256.852	63.489	320.341	0.980	0.555	0.000	321.876	(1.867)