



FOR PUBLICATION

DERBYSHIRE COUNTY COUNCIL

CABINET

7 December 2023

Report of the Director of Finance & ICT

Capital budget monitoring and forecast as at Quarter 2 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 September 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 have increased this to £316.881m. The main reason for this increase is additional funding sources, including an additional grant of £4.213m for Pothole works. This is offset by some minor reductions in other funding. The budget for schemes being monitored this year (which includes schemes from prior years programmes) total £719.283m, of these, £663.611m are currently open schemes. There is a forecast underspend of £13.638m over the life of these projects (see Appendix 2).

4.3 **Adult Social Care & Health - projected underspend of £1.248m**

Adult Care has a budget of £91.854m comprised of 19 schemes. Five schemes account for 78.08% of the budget. These are summarised in the table and narrative below. £1.000m of the underspends are on Belper and Heanor Integrated Specialist Facilities with more detail being included below.

Major Schemes	Budget £m	Spend to Date £m	Forecast £m	(Under) /Over spend £m
Disabled Adaptations 2020 - 2023	20.833	17.552	20.833	0.000
Belper Integrated Specialist Facilities Centre	15.613	14.841	15.113	(0.500)
Bennerley Avenue – Care Home	15.000	13.669	15.000	0.000
Darley Dale Specialist Community Care Centre	10.520	10.423	10.518	(0.002)
Heanor Specialist Community Care Centre	9.750	8.968	9.250	(0.500)

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 projected spend is in line with the budget. Previously reported underspends on prior years programmes have been allocated to new adaptation projects. This had initially been intended to fund a new scheme to replace Telecare equipment but the demand for adaptations is utilising the budget. A separate budget of £1.250m was

approved by Full Council in February 2023 for a project to provide the Telecare equipment and is being funded from borrowing.

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. There is a requirement to improve car park security, and options are currently being explored. An underspend of £0.500m is anticipated after the security works are complete.

Bennerley Avenue - Care Home

This major care home scheme (operational since 2022) is almost finalised, and the defects period ended in August 2023. The final certificate is due shortly.

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 were fully committed over the summer. A contractor has now been procured and work on site is now expected by the end of December 2023.

Heanor Specialist Care Centre

This care centre (operational since 2015) is now substantially complete with the final certificate issued, an underspend of £0.500m is anticipated.

4.4 Children's Services - projected underspend of £7.473m.

This is across multiple projects with the highest being £0.365m. Many of these are subject to confirmation by Senior management within Children's Services following recommendations from the Head of Governance, Compliance & Performance.

Children's Services has a budget of £189.486m comprised of 745

schemes. Five schemes account for 25.12% of the budget. These are summarised in the table and narrative below.

Major Schemes	Budget £m	Spend to Date £m	Forecast £m	(Under) /Over spend £m
Alfreton Park School Replacement	13.947	13.523	13.947	0.000
Clover Leys Academy new school	11.821	3.188	11.821	0.000
Bramley Vale Primary Replacement	8.564	1.907	8.564	0.000
Tibshelf New Primary School	7.013	0.018	7.013	0.000
Highfield Farm School	6.253	5.531	6.253	0.000

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. The adventure playground is now open to the public but the legal process of land transfer to Amber Valley BC is still in progress. The defects period for Phase 1 ended September 2023 with Phase 2 ending 2024. Phase 2 still has some outstanding works remaining. The project is running to its revised budget of £13.947m with £0.424m remaining. The issues identified with manhole covers have now been rectified.

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. A further £2.351m has been assigned to this project during Q2 from the 2023-24 Basic Need allocation, by Cabinet on the 21 September 2023. The temporary school at Chellaston Fields was ready by September. Work is now proceeding onsite for the main scheme, with an expected completion date of September 2024. Currently £3.188m has been spent from the £11.821m 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. During Q2 a further £1.138m has been allocated to this project from the 2023-24 School Condition Allowance. This was approved by Cabinet on 27 July

2023. The temporary school accommodation was ready for September. Demolition works and remodelling works are underway, with a projected completion date of 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.

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 £2.663m

Corporate Services and Transformation has a budget of £46.074m comprised of 351 schemes. Six schemes account for 30.287% of the budget. These are summarised in the table and narrative below. There is a requirement to provide additional funding to the SAP S/4 upgrade (see below) which is partly offset by multiple underspends. Some of these underspends are subject to confirmation by Senior management following recommendations from the Head of Governance, Compliance & Performance.

Major Schemes	Budget £m	Spend to Date £m	Forecast £m	(Under) /Over spend £m
Williamthorpe Solar Farm	3.750	0.031	3.750	0.000
Green Deal and Fuel Poverty grant	2.521	2.454	2.521	0.000
Glossop 3G Pitch and Changing Room	2.233	1.015	2.233	0.000
SAP S/4 Upgrade	2.000	1.628	8.700	6.700
Replacement ICT Network	1.750	0.000	1.750	0.000
County Hall - Winter Gardens Refurbishment	1.700	0.184	1.700	0.000

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 February 2024. 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 £2.454m 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 is for a major computer system which had an original capital budget of £2.000m. The timeline for completing the project from initial forecasts have varied due to ongoing issues with the ICT infrastructure and other resourcing issues. The completion date is now planned to be Spring 2024. This delay will require a variation in the capital programme of £6.700m. This has been approved by Cabinet on 19 October 2023.

Replacement ICT Network

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 expected to be completed in November 2023. Works on the 3G pitch commenced in

July 2023 and the expected completion date is now mid-January 2024. Expenditure to date is £1.015m.

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 £7.580m.

Place has a budget of £391.868m comprised of 137 schemes. This is approximately 54.48% of the total Capital budget. Six schemes account for 70.16% of the Place budget. These are summarised in the table and narrative below. These schemes have a forecast of £7.580m underspend.

There are projected under and overspends within this net figure; the significant ones are:

- Projected underspend of £3.713m on the LTP budget as a result of receiving an additional amount of £4.213m ring fenced Pothole Grant, more information is included below.
- The 2022 Vehicle Replacement Programme has a forecast underspend of £3.316m, this is due to several departmental reviews being undertaken which is disrupting the replacement schedule.
- There is an underspend of £1.034m on LED Invest to Save project (see below).
- There is also an overspend of £0.667m on the A61 Growth Deal project. Additional funding is being sought to address this.

Major Schemes	Budget £m	Spend to Date £m	Forecast £m	(Under) /Over spend £m
Local Transport Plan & Potholes 2019-2023	133.833	94.578	130.120	(3.713)
Markham Vale Employment Zone	41.583	39.868	41.583	0.000
Waste Project, Derby	35.000	31.272	35.000	0.000
LED Street Lighting	32.100	29.120	31.066	(1.034)
Bus Service Improvement Plan	19.611	2.952	19.611	0.000
Woodville Swadlincote Regeneration Route	12.797	12.429	12.797	0.000

Local Transport Plan including Potholes

The Highways Capital projects are funded from grants provided by the Department for Transport (DfT) comprising of annual LTP and pothole funding and ad-hoc capital allocations. All grants are fully utilised by allocation to projects approved by the Council's Cabinet. The amount of £3.712m showing as an underspend will be allocated to projects with appropriate authorisation. The main reason for this is an additional grant of £4.213m for pothole improvement works, has been received during this quarter, and of this amount £3.692m has not yet been allocated to specific schemes. This grant is welcomed at a time when spending pressures on potholes remain very high. Although not allocated at the end of Q2 it had been earmarked for specific projects. Following Storm Babet in October, a sum of £0.500m has been allocated to provide urgent permanent works to storm damage. Estimation of the final cost of the overall damage is being assessed. As a result of this, additional funding will be required to deliver the earmarked programme of work, or a number of previously approved projects will need to be cancelled or delayed.

The separate yearly schemes that make up the budget total are from between 2019-2023. These schemes totalling £133.833m are forecast to be fully completed by the end of 2026-27, and the majority being completed by the end of 2024-2025. Progress on these schemes has been satisfactory despite continuing inflationary pressures and this summer saw successful delivery of some significant resurfacing and surface treatment works. Projects will continue through winter, working towards the objective of delivering £120.000m of improvements on the network between April 2021 and March 2024.

Capital expenditure and progress is constantly being monitored. Governance has been improved by the implementation and embedding of the Highways Capital Programme Board and utilisation of the Programme Delivery Office to enable informed decisions to be made in a timely manner.

Markham Vale

An amount of £1.714m remains to be spent from the main approved capital budget. This is currently sufficient to complete the existing schedule of works packages but will continue to 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. One was legally completed in October 2023 whilst the second one remains under offer. The first plot will generate a capital receipt of £0.543m in October 2024 when agreed works for an electric vehicle forecourt are completed. Subject to completing all necessary legal documentation with investors for the 2nd plot, then a further capital receipt of approximately £0.387m will be secured over the coming 6 to 18 months.

An agreement was legally completed during this quarter for the sale of surplus land which will enable third parties to bring forward development and provides clean title to a further plot that DCC can bring forward for development. This generated a capital receipt of £0.100m. An Option Agreement to sell further surplus land is close to being legally completed. This option will remain open for five years and will generate a capital receipt of £0.930m. 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 due to invite tenders for a Design and Build Contract to construct a Phase 1 development within the budgeted estimate of £3.990m. £2.931m of which has been provisionally secured from the Staveley Town Deal fund with the remaining funding comprising £0.250m in-kind land value, £0.150m of DCC Reclamation capital already secured, plus contingency of £0.663m to be funded by capital receipts generated at Markham Vale. Subject to receipt of a satisfactory tender and approval to award, then construction is expected to commence during Q4 2023 and 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 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 still progressing; however, the nature of the remaining work is more involved than the jobs already completed. The work outstanding includes replacement of electricity cables and installation of crash friendly lighting columns as well as the installation of LED technology. There will be more significant energy savings when this work is completed. Work is currently underway on the A619 Baslow, A5132 Willington and B6179 Kilburn. Work is due to start shortly on the A615 Oakerthorpe, A6008 Heanor to Ilkeston and in 2024 A610 Ripley.

To date energy liability has reduced by 16.5 million kWh (the equivalent of boiling 5.5 million kettles for an hour), furthermore carbon emissions have reduced by 10,800 tonnes. The street lighting service experienced an energy price increase of 51% in April 2023. At current energy prices the project has saved £6m.

The project continues to forecast an underspend, (currently £1.034m) but this figure is subject to volatility in the cost tenders for work. This has been experienced across the lighting industry and the Highway Electrical Association are forecasting this trend to continue going forward.

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.

In July 2023 after several months of negotiations the Councils reached settlement of the litigation out of court. The Council's share of the settlement was £56.93m. With this settlement, litigation has ended 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 waste treatment facility and bring it into operation, as it is the more cost-effective option when compared with closing the facility and disposing of

the councils' waste using a third party. Rectifying the facility will give the councils more certainty over the future cost of dealing with household waste that residents either cannot or choose not to recycle. Work is now progressing on the appointment of specialist contractors to carry out the rectification work and operate the facility.

The project costs also include the ongoing costs of preservation and maintenance of the waste treatment facility until it is rectified and back in operation.

Bus Service Improvement Plan (BSIP)

This is being funded by ring-fenced grant of £19.611m from the Department for Transport. £2.952m had been spent to the end of Q2. There is also a revenue element to this project which has also been funded by grant. The allocation was over three years, a reduction in timescale of two years from the original funding application guidelines. Funding for year 1 was received in November 2022 reducing year one to effectively four months to undertake the work. Funding for Year 2 was received at the end of June reducing Year 2 to 9 months. The programme of BSIP work incorporates a wide range of ambitious projects ranging from, the application of bus priority measures for late running buses at all traffic signalled junctions in Derbyshire, additional bus services and improved bus timetables, a new Travel Derbyshire website and journey planner, increased connectivity and accessibility for residents, businesses, and visitors to Derbyshire through provision of new or improved Transport Hubs.

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 and is expected to remain within its budget of £12.797m. The works are now complete with the final expenditure of £0.369m being the remaining legal expenses. To be completely closed by the end of March 2025.

Elvaston Castle Masterplan

Currently work continues on the Masterplan for Elvaston. The project is addressing a number of issues, including construction cost inflation, uncertainty over availability of external grants and planning applications awaiting determination.

These issues along with the current DCC wide budget issues means that a re-assessment of the plan is prudent. This re-assessment is work in progress and recommendations on a revised approach will be made once concluded. It is currently anticipated that Cabinet will receive a report and recommendations at its meeting of 11 January 2024.

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 47.3% of the current budget. These schemes are currently projected to underspend by £5.246m. This is attributable to underspends on The LTP the LED Invest to Save project and Belper integrated specialist facilities, 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 £13.368m against a total programme of £719.283m, over the life of the programme up until 2026-27 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 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	83.192	5.727	88.919	1.687	0.000	0.000	0.000	90.606	(1.248)
Children's Services	189.486	106.648	35.660	142.308	33.122	6.583	0.000	0.000	182.013	(7.473)
Corporate Services and Transformation	46.075	17.658	19.120	36.778	11.476	0.473	0.011	0.000	48.738	2.663
Place	391.868	279.213	65.900	345.113	37.249	1.568	0.358	0.000	384.288	(7.580)
Grand Total	719.283	486.711	126.407	613.118	83.534	8.624	0.369	0.000	705.645	(13.638)

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 exp'	(Under) / Over
		£m	£m	£m	£m	£m	£m	£m	£m	£m
Local Transport Plan including Potholes 2018-2023	2018 - 2023	133.833	94.578	24.161	118.739	11.191	0.135	0.055	130.120	(3.713)
Markham Employment Growth Zone	1989	41.583	39.868	0.715	40.583	0.750	0.250	0.000	41.583	0.000
New Waste Treatment Facility Derby	2019	35.000	31.272	3.728	35.000	0.000	0.000	0.000	35.000	0.000
LED Street Lighting	2015	32.100	29.120	0.686	29.806	1.260	0.000	0.000	31.066	(1.034)
Disabled Facilities Major adaptations	2019 – 2023	20.833	17.552	2.673	20.225	0.608	0.000	0.000	20.833	0.000
Bus Service Improvement Plan	2022	19.611	2.952	10.388	13.340	6.271	0.000	0.000	19.611	0.000
Belper Integrated Specialist Facilities	2012	15.613	14.840	0.273	15.113	0.000	0.000	0.000	15.113	(0.500)
Bennerley Avenue Care Home	2020	15.000	13.669	1.331	15.000	0.000	0.000	0.000	15.000	0.000
Alfreton Park Special School	2017	13.947	13.523	0.000	13.523	0.424	0.000	0.000	13.947	0.000
Woodville Swadlincote Regeneration Route	2019	12.797	12.429	0.060	12.489	0.309	0.000	0.000	12.798	0.001
TOTAL		340.317	269.803	44.015	313.818	20.813	0.385	0.055	335.071	(5.246)