

Agenda Item No 6(a)

DERBYSHIRE COUNTY COUNCIL

CABINET

10 September 2020

Report of the Director of Finance & ICT

**CAPITAL BUDGET MONITORING TO MONTH 3 2020-2021
(STRATEGIC LEADERSHIP, CULTURE AND TOURISM)**

1 Purpose of the Report

To inform Cabinet of the latest Capital budget monitoring position as at 30 June 2020.

2 Information and Analysis

The report reflects those schemes that are currently under way and have had previous Cabinet approval. Each scheme has a nominated budget holder who is responsible for ensuring the scheme stays within budget, and who verifies the projected spend against their allocated schemes. The report contains schemes that were open at 1 April 2020 and also those that have been completed and closed in-year.

On 5 February 2020 Council approved proposals relating to the Capital starts programme for 2020-21 totaling £109.3m, compared to the 2019-20 programme of £67.6m, an increase of £41.7m. The programme acknowledged the increased amount of borrowing above the previous set limit of £15m that would be required to fund the schemes in order for the Council to meet its statutory objectives. Due to subsequent approvals and project adjustments the 2020-21 Capital programme now stands at £111.1m. The schemes contained within this Report include previously approved Capital Programmes over numerous funding years, including 2020-21.

The current budget for open schemes as at 1 April 2020 (some of which have now closed) is approximately £639.485m, with the latest monitoring showing a forecast underspend over the life of the projects of £11.537m which is represented in Appendix 1. The current budget for schemes that remain open as at 30 June is £629.532m.

The impact of the decisions taken by the Government in relation to the Covid-19 virus as a proactive measure to prevent the virus spreading have caused

delays in some instances and have hindered the progress of projects to a varying degree which has altered the expenditure profile.

2.1 Adult Care – projected overspend of £0.234m

There are 57 open schemes within Adult Care with a budget value of £85.66m as at 30 June 2020. Five schemes within the Department make up approximately 64% of the current departmental budget of schemes. The major projects are:

Scheme Name	£m
Belper Integrated Specialist Facilities Centre	15.363
Bennerley Avenue – Care Home	15.000
Darley Dale Specialist Community Centre	10.520
Hearnor Specialist Community Care Centre	9.000
Disabled Adaptations 2019-20	5.024

The Belper Integrated Specialist Facilities Centre

The Belper Centre offers accommodation for up to 40 older persons with dementia and includes a library on-site. Construction work commenced in May 2018 and the Centre opened in June 2020. The previous potential overspend risk reported to Cabinet as part of Period 9 2019/20 monitoring remains, currently estimated to be in the region of £1.5m (not currently reflected in the monitoring) but there are initiatives in place to mitigate this and potentially utilise underspends on other projects. The success of these measures will be determined in 2020/2021.

Bennerley Avenue - Care Home

Cabinet approved the development of the Care Home in September 2019 including the use of a non-Derbyshire County Council Framework for the procurement of a construction contract. The Council is currently in negotiation with a number of providers. Construction is due to commence in September 2020 once approvals have been obtained; the completion date for the whole scheme is estimated to be early 2022. The Home will replace the nearby Hazelwood Care home and will have 40 beds with the option of being extended to an 80 bed home at a later date if required.

Specialist Care Centres

The Council also has 4 specialist centres, providing care for physically frail, elderly clients with dementia. These are all operational, some schemes are closed and others are awaiting sign-off – see details below:-

- Darley Dale - opened in March 2016 and had issues with its roof. Remediation is now complete. This scheme is due for sign-off pending the completion of some minor works and retention fees. The Council is awaiting the final certificate.

- Heanor - opened in August 2015 and is now complete and the final certificate has been issued. No further costs are envisaged.
- Long Eaton - opened in August 2015 and has had floor defects which have now been addressed. The project will be closed shortly. Any surplus funding will be allocated to the Belper Centre scheme.
- Buxton - opened in June 2018 and is awaiting its final certificate and invoice. All issues will be completed by the contractor under the terms of the construction contract for each site.

Disabled Adaptations

The Disabled Adaptations scheme relates to aids and adaptations installed in residents own homes so they may remain as independent as possible. They will be financed from a combination of borrowing together with contributions from clients and the district/borough councils. Currently there is a predicted underspend of approximately £1.0m as a result of waiting lists for assessments prior to work commencing.

2.2 Children's Services - projected underspend - £1.585m

Children's Services currently have 619 open schemes with a budget value of £165.78 as at 30 June 2020. Five schemes within the Department make up approximately 36% of the current budgets open. The major schemes are:

Scheme Name	£m
Glossopdale School – Replacement	27.814
Alfreton Park School Replacement	13.350
Tibshelf New Primary School	7.012
Highfield Farm School	6.200
Boulton Moor School	5.910

Glossopdale School

The new build at Glossopdale School is complete with the external works ongoing, this had been delayed due to the Covid-19 outbreak but has recommenced now contractors are actively working. Phase 1 is expected to be completed in line with the budget set. Negotiations for the Phase 2 extension are ongoing with the incumbent contractor of Phase One, Henry Brothers Limited. Expenditure on this element of the project is limited at the current time. The design for Phase Two has been commissioned with a view to start in November 2020 and achieve a practical completion by October 2021.

Alfreton Park

The project comprises the delivery of a replacement new build Special school on the site of Highfield Plantation, Alfreton Park which is to be acquired from Amber Valley Borough Council (AVBC). The project will also incorporate the demolition of the existing school and return it to AVBC as parkland, together with a replacement adventure playground. The tender for the new replacement

Alfreton Park School has been received with the contract award to be completed in July 2020 and a view to start on site on 24 August 2020. Practical completion of the School is planned for August 2021 with the practical completion for the Parkland to follow shortly after in September 2021. The project is currently in line with the funding allocated.

Tibshelf New Primary School

The feasibility work for the new primary school at Tibshelf is complete and permission has been granted to approach planning. The project is currently being considered by the Children's Services Department and the Projects Team is awaiting feedback. There has been limited expenditure on the project at the current time.

Highfield Farm School

The contract for the new build at Highfield Farm School has been awarded to Morgan Sindall through the SCAPE Framework. Work is commencing on site, whilst there have been implications due to the Covid-19 outbreak practical completion is expected to be achieved within budget and by the programmed date of September 2020.

Boulton Moor School

A company have been approached through the SCAPE framework to undertake the new build at Boulton Moor and negotiations around the contract value and contract terms are ongoing. Issues have arisen around the land transfer and consultation with Legal Services is ongoing, such issues require resolution prior to the project progressing further. It has been identified that an archaeological survey is required over the site to ensure the proposed development does not have an adverse impact on archaeological heritage. The scheme is anticipated to be in line with the funding allocated at this stage.

2.3 Commissioning, Communities & Policy – projected underspend - £0.682m

There are 182 open schemes with a value of £68.73m as at 30 June 2020, the majority of which are funded from the Corporate Maintenance budget and cover all departments (excluding schools). Four schemes within the Department make up approximately 71% of the current budgets open. The major schemes under this portfolio are:

Scheme Name	£m
Buxton Crescent	41.263
Ashbourne Library/Civic Centre	3.029
Green Deal and Fuel Poverty grant	2.521
New Glossop Library	2.325

Buxton Crescent

The Council's involvement with the Buxton Crescent Hotel and Thermal Spa is to provide funding through enabling development in order to address the conservation deficit with the objective to secure the future conservation of a heritage asset.

The main contractor has reached practical completion of Buxton Crescent Hotel and Thermal Spa. The project is anticipated to complete in line with the funding allocated. Commissioning, snagging and Fixtures, Fittings & Equipment have been continuing where it is possible to do so but this area has been impacted by the effects of the Covid-19 outbreak and the 'lockdown' imposed by the Government. The external hoarding that was in place has been removed to allow the highways work to be completed.

Ashbourne Library / Civic Centre

The project at Ashbourne Library is now complete. A period of making good defects followed the completion of the scheme. All defects have now been rectified by the contractor and the Certificate of Completion of Making Good Defects was issued on 17 October 2019. The final account has been prepared and accepted for the scheme with no further costs for the works expected. Anticipated savings to the budget of £0.067m are forecast which is to be returned for a decision to be made regarding its future use.

Green Deal and Fuel Poverty Grant

Spending of the Green Deal and Fuel Poverty Grant has been delayed as other external funding with a deadline on spend is being used ahead of this grant. It is anticipated that spending of the grant will resume later in the year and continue into 2021.

Glossop Library

The project at New Glossop Library was completed on 29 March 2018. Following practical completion the defect rectification period commenced. Outstanding defects were identified, some of which remain outstanding. Once the defects have been satisfactorily rectified the Certificate of Making Good Defects will be issued together with the final account. The project is anticipated to complete in line with the funding allocated.

2.4 Economy, Transport & Environment - projected underspend - £9.504m

The budget for the 97 open schemes under this portfolio is currently £309.37m as at 30 June 2020. The current projected underspends mainly relates to the Local Transport Plans from 2016 onwards which accounts for £8.621m of the underspend. Five schemes within the Department make up approximately 71% of the current budgets open. The current budget for the Department represents

approximately 49% of the total Capital current budget for the Council. The major schemes under this portfolio are:-

Scheme Name	£m
Local Transport Plan 2015-2020	111.913
Markham Vale Employment Zone (MEGZ)	41.641
LED Street Lighting	32.100
Waste Project, Derby	25.000
A61 Growth Corridor	10.621

Local Transport Plan

Expenditure on ETE projects relates mainly to the delivery of the Highways Infrastructure and Integrated Transport Programmes. These are managed within the Council's Local Transport Plans, and funded from grants provided by the Department for Transport. All grants are fully utilised, and subject to approval, are reallocated to other infrastructure projects. The underspends projected on individual programmes will be rolled forward into future years plans.

Markham Vale

The remediation of Markham Vale is approximately 80% complete and development land is approximately 60% occupied. A number of new enquiries are progressing towards detailed negotiations. The annual Jobs Survey was arranged to be undertaken in March 2020 but unfortunately was not completed due to the start of the Covid-19 pandemic; the Council were predicting an increase of between 400 and 500 jobs over and above the previous year's survey results of 2,236 full-time employees working on site. However, the survey was not completed and therefore no figures for this year are available.

Some companies have continued operating successfully throughout the first quarter of 2020/21, others have operated on a much reduced level with many staff furloughed.

On Markham Vale North, five businesses are now operating, comprising Bilstein, Great Bear, Gist, Sterigenics and Protec International. In June 2020 construction commenced on Plot 15 on a major new development costed at £25m for Aver which is an investment company who have speculatively commissioned two large factory units, one at 221,515 sq. ft. and the second at 75,500 sq.ft. These two buildings are expected to be completed by March 2021 but marketing of them will commence during the Autumn of this year.

On Markham Vale East, Priority Space and the Hunt group completed the construction of a 15,000 sq. ft. factory and office unit on Greaves Close; this has since been sold. In July a major earthworks contract commenced to level and compact stockpiled soil on the sidings area, its development as rail sidings is unlikely to happen due to the lack of rail connectivity and market requirement but officers are identifying options to bring it forward for industrial development.

On the Western side of the M1 motorway the speculative MV55 development commissioned by HBD Ltd, our partners at Markham Vale, remains unoccupied but has recently generated a number of enquiries. Negotiations are continuing with a major occupier for a development site on the opposite side of Enterprise Way, Plot 6 is to be extended slightly as part of an earthworks contract and options are being discussed regarding the development of Plot 8.

In addition to the above, lots of landscape improvement works remain to be done across the whole site along with planning work to improve and extend the infrastructure in and around Markham Vale. This includes the removal of a derelict and dangerous structure and additional routes to work for cyclists and walkers for which grant funding is being sought. Currently the project is in line with the allocated funding.

LED Street Lighting

The residential element of the LED project is 95% complete and 53% complete on the strategic road network. The project in total has converted 76,000 street lights to LED. As with most projects it has suffered delays due to the COVID-19 outbreak which equates to 8 weeks' downtime as it was not deemed to be 'essential works' and as a result was temporarily suspended. Resources are being dedicated, both by the Council's internal workforce, and by external contractors to reduce the effects of the lost time on the project. The project is forecast to be within the allocated funding but additional funds have been secured should they be required.

Moving forward the project will focus on the conversion of 4,500 street lights on the strategic route which have been assessed as suitable for conversion.

Since the project commenced in December 2016 there have been fundamental changes to legislation and standards and these are being considered by Procurement to ensure these changes are incorporated into the Authority's existing frameworks to allow a smooth continuation of the project.

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 Sinfyn 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, this will allow the councils to ascertain what measures need to be in place for the facility to become fully operational.

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

A61 Growth Corridor

The A61 Growth Corridor consists of a number of specific projects that provide enabling infrastructure to unlock new housing and jobs and mitigate the impacts of increased travel generated by growth. The enabling works consist largely of new highway and cycling infrastructures and the Council has taken the role of 'scheme promotor' with support from other local neighbouring councils and private sector developers. The 21st Century Transport Corridor and Standard Gauge Travel aspects of the project are progressing but have suffered some delay due to the impact of the COVID-19 virus but are for the most part on target. The full Business Case for the Chesterfield Station Master Plan was approved by the Local Enterprise Partnership (D2N2) in June and work progresses towards relocating Jewsons before construction of the first phase of the link road begins in 2021-22. The Avenue is no longer part of the project as land assembly issues have resulted in the project not being completed within the timeframe to qualify for Local Growth Fund funding. Work continues to resolve these issues to move the project forward to enable capital financing to be sought from other sources. Similarly the Clowne North project could not be progressed as part of this project due to a lack of commitment by the developer for their share of the financing with work continuing to secure alternative financing sources.

2.5 Top Ten Capital schemes by value

Set out in Appendix 2 is a summary of the ten largest capital schemes that the Council currently has. These represent approximately 53% in value of all the capital schemes that were open as at 1 April 2020. These schemes are currently projected to underspend by £7.905m, this is mainly accounted for by the Local Transport Plans; any underspend on each yearly plan is to be rolled forward. The reportable schemes within the Appendix has changed slightly from those previously reported to represent the completion of two Capital projects relating to the Accelerated Highways Maintenance project and Tibshelf School and Autism Centre. A Capital project for a new care home at Bennerley was created on 11 May 2020 and due to its value now appears in the Appendix. One existing project is also now reportable relating to Alfreton Park Special School due to the completion of the previously mentioned higher value projects.

3 Considerations

In preparing this report the relevance of the following factors has been considered - financial, legal and human rights, human resources, equality and diversity, health, environmental, social value, transport, property and prevention of crime and disorder.

4 Key Decision

No.

5 Background Papers

Files held by the Director of Finance & ICT.

6 Call-in

Is it required that call-in be waived in respect of the decisions proposed in the report? No.

7 Officer's Recommendation

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

PETER HANDFORD

Director of Finance & ICT

Summary of Projected Capital Spend by Department

Department	Current Budget	Total spend to date (inc commitments)	Estimated spend remaining in 2020/21	Total projected spend to 31/3/2021	Planned expenditure 2021/22	Planned expenditure 2022/23	Planned expenditure 2023/24	Planned expenditure 2024 +	TOTAL Revised planned expenditure	(Under) / Over
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Adult Care & Health	85,673	66,072	6,455	72,527	5,380	5,000	2,500	500	85,907	234
Childrens Services	168,265	98,360	39,754	138,114	23,676	4,765	125	0	166,680	(1,585)
Commissioning, Communities & Policy	69,503	58,266	9,902	68,168	652	1	0	0	68,821	(682)
Economy, Transport & Environment	316,043	205,460	66,789	272,249	24,197	5,995	2,000	2,098	306,539	(9,504)
Grand Total	639,484	428,158	122,900	551,058	53,905	15,761	4,625	2,598	627,947	(11,537)

APPENDIX 2

Top Ten Capital Projects according to Budget Value

	Approval Year	Current Budget	Total spend to date	Estimated spend remaining in 2020/21	Total projected spend to 31/3/2021	Planned expenditure 2021/22	Planned expenditure 2022/23	Planned expenditure 2023/24	Planned expenditure 2024+	TOTAL Revised planned expenditure	(Under) / Over
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Local Transport Plan	16/19	111,913	62,357	21,494	83,851	9,910	5,432	2,000	2,098	103,291	(8,622)
Markham Employment Growth Zone	88/89	41,641	37,111	1,644	38,755	2,529	357	0	0	41,641	0
Buxton, The Crescent	06/07	41,263	40,222	1,041	41,263	0	0	0	0	41,263	0
Street Lighting LEDs	15/16	32,100	23,159	4,941	28,100	4,000	0	0	0	32,100	0
New Glossopdale School - Ph 1 & 2	13/14	27,814	23,250	2,564	25,814	2,000	0	0	0	27,814	0
New Waste Treatment Facility Derby	07/08	25,000	17,259	7,741	25,000	0	0	0	0	25,000	0
Belper Integrated Specialist Facilities	12/13	15,363	13,848	1,852	15,700	380	0	0	0	16,080	717
Bennerley Avenue – Care Home	20/21	15,000	12	1,988	2,000	5,000	5,000	2,500	500	15,000	0
Alfreton Park Special School	17/18	13,350	1,111	4,461	5,572	7,278	500	0	0	13,350	0
A61 – Growth Deal Project	15/16	10,621	4,034	5,587	9,621	1,000	0	0	0	10,621	0
TOTAL		334,065	222,363	53,313	275,676	37,097	11,289	4,500	2,598	326,160	(7,905)