

**Agenda Item No 6(a)**

**DERBYSHIRE COUNTY COUNCIL**

**CABINET**

**10 December 2020**

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

**CAPITAL BUDGET MONITORING/FORECAST 2020/21 AS AT QUARTER 2  
(STRATEGIC LEADERSHIP, CULTURE AND TOURISM)**

**1 Purpose of the Report**

To inform Cabinet of the latest Capital budget monitoring position as at 30 September 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 those that have been completed and closed in-year.

Due to subsequent approvals and project adjustments the 2020-21 Capital programme now stands at £117.1m, an increase of £6.0m from the previously reported value of £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 £661.804m, with the latest monitoring showing a forecast underspend over the life of the projects of £5.603m which is represented in Appendix 1. The current budget for schemes that remain open as at 30 September is £641.338m.

The prolonged effect of the Covid-19 virus is continuing to have an impact on some schemes and where necessary the profile of expenditure has been adjusted to reflect this fact.

Due to the transition of elements of the Authority's services to Concertus (Derbyshire) new working arrangements, processes and procedures need time to be embedded in order to be able to provide an efficient, effective and accurate projection of the position of all Capital projects.

## 2.1 Adult Care – projected underspend of £2.590m

There are 61 open schemes within Adult Care with a budget value of £91.79m as at 30 September 2020. Five schemes within the Department make up approximately 62% of the current departmental budget of schemes. The major projects are:-

<b>Scheme Name</b>	<b>£m</b>
Belper Integrated Specialist Facilities Centre	15.613
Bennerley Avenue – Care Home	15.000
Darley Dale Specialist Community Centre	10.520
Heanor Specialist Community Care Centre	9.750
Disabled Adaptations 2019-20	5.964

### **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. In the interim the budget was moved from other projects to cover this. 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. A fixed price tender has now been negotiated with Wates Construction Ltd and is awaiting Executive Director Approval to award the contract. The Scheme was due to start in November 2020, however, due to unforeseen circumstances with the extra-care provider this was amended to January 2021. It is anticipated that this may be delayed further to the middle of February due to the planning process; the completion date for the whole was estimated to be early 2022. The effect of these delays on the original completion date will be considered. 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. The project is awaiting closure.
- 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, the final certificate and invoice was paid in April 2020 and the project is now complete. All issues raised will be completed by the relevant 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 £1.9m for the 2019-20 scheme as a result of waiting lists for assessments due to the COVID pandemic; this is partly offset by overspends on previous years schemes resulting in a projected overall underspend of £1.3m.

## **2.2 Children's Services - projected underspend - £1.893m**

Children's Services currently have 629 open schemes with a budget value of £161.52 as at 30 September 2020. Five schemes within the Department make up approximately 37% of the current budgets open. The major schemes are:-

<b>Scheme Name</b>	<b>£m</b>
Glossopdale School – Replacement	27.814
Alfreton Park School Replacement	13.350
Tibshelf New Primary School	7.012
Highfield Farm School	6.240
Boulton Moor School	5.910

### **Glossopdale School**

The new build at Glossopdale School is complete with the external works ongoing, this was previously delayed due to the COVID-19 outbreak, works to complete have recommenced now contractors are operational. Negotiations for the Phase 2 extension are ongoing with the incumbent contractor of phase one, Henry Brothers Limited. The Design for phase two has been commissioned to Henry Brothers Ltd, the planning period has been extended with a view to start on site in January 2021 and achieve practical completion by December 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 scheme will also incorporate the demolition of the existing school and return it to AVBC as parkland together with a replacement adventure playground. The start of site was delayed slightly until 9 October 2020 due to the land transaction and is programmed to achieve practical completion of the school in October 2021. Practical completion for the Parkland is to follow shortly after in January 2022.

**Tibshelf New Primary School**

The feasibility for the new primary school at Tibshelf is complete and permission has been granted to approach planning. The project is currently being considered by Childrens Development and the Projects Team are awaiting feedback.

**Highfield Farm School**

The contract for the new build at Highfield Farm School was awarded to Morgan Sindall through the Scape framework. Practical completion has now been achieved with the project currently within the defects period. The project was completed on time as programmed despite initial delays due to COVID-19 and within budget.

**Boulton Moor School**

Morgan Sindall have been approached through the Scape framework to undertake the new build works at Boulton Moor and negotiations around the contract value and contract terms are ongoing as additional funding will be required to commence. Issues have arisen around the land transfer and consultation with Legal Services is ongoing, such issues together with the additional funding require resolution prior to the project progressing further. It has also been identified that an archaeological survey is required over the site to ensure the proposed development doesn't have an adverse impact on archaeological heritage.

**2.3 Commissioning, Communities & Policy – projected underspend - £1.330m**

There are 181 open schemes with a value of £68.39m as at 30 September 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 72% of the current budgets open. The major schemes under this portfolio are:-

<b>Scheme Name</b>	<b>£m</b>
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 reached practical completion of Buxton Crescent Hotel & Thermal Spa at the start of March 2020, just prior to the COVID-19 outbreak and the hotel has taken full possession of the site. The main building works are complete with the exception of minor snagging, finalising highways works and works to the pavilion gardens car park. The hotel has commenced the soft opening and testing phase, with paying guests booked from 1 October 2020. The hotel will be operating within COVID-19 restrictions and guidelines and will not operate at full capacity due to restrictions placed on event/functions together with some restrictions on the use of spa facilities. Likewise, the Trust will be limiting visitor numbers to the Visitor Experience. No formal launch event has been planned due to the current pandemic.

### **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 for the scheme and accepted with no further costs for the works, providing savings to the budget of £67k which is to be returned to the Ashbourne Library Capital budget.

### **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 on completion which have now been addressed. The Certificate of Completion of Making Good Defects has been issued and the final account is being prepared.

## 2.4 Economy, Transport & Environment - projected overspend - £0.210m

The budget for the 101 open schemes under this portfolio is currently £319.62m as at 30 September 2020. Five schemes within the Department make up approximately 70% of the current budgets open. The current budget for the Department represents approximately 50% of the total Capital current budget for the Council. The major schemes under this portfolio are:-

<b>Scheme Name</b>	<b>£m</b>
Local Transport Plan 2016-2020	112.496
Markham Vale Employment Zone (MEGZ)	41.641
LED Street Lighting	32.100
Waste Project, Derby	25.000
Pothole and Challenge Fund 2020	12.906

### Local Transport Plan

Management of the Local Transport Plan is under review with the emphasis on providing greater clarity, accountability and transparency. Whilst achieving those benefits in-line with the Future Highways Model, the objective remains to deliver the Highways Infrastructure and Integrated Transport Programme. These 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.

### Markham Vale

The remediation of Markham Vale is approximately 80% complete and development land is approximately 65% occupied.

The annual Markham Vale Jobs Survey was started in March 2020 but was not completed due to the start of the Covid-19 pandemic; based on the results that we have obtained it is estimated that there was a slight reduction in the number of people employed in full time equivalent roles to 2,102 down from 2,236 last year. Some companies have continued operating successfully throughout the past quarter but others have operated on a much reduced staffing level.

On Markham Vale North, construction started in June on Plot 15 for a £25m scheme for Aver, an investment company who have speculatively commissioned two large factory units, one sized at 221,518 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 this year.

On Markham Vale East, construction is almost complete for a new industrial building for Transcare Ltd on Plot 5. On Plot 2, the Chatsworth Group, who own the industrial building previously occupied by Andrew Page Ltd, have secured a replacement occupier in the form of X-Bite who have existing

premises in Barlborough which they will continue to use as their HQ. A major earthworks contract on the former rail sidings area of Plot 1 continues with the intention of bringing the site forward for industrial development subject to securing planning approval. On the western side of the M1 motorway, contracts have been exchanged with a new occupier and a planning application has been submitted for the fast food outlet; meanwhile negotiations continue with a major occupier for a development site on the opposite side of Enterprise Way.

Other significant developments include the Walking Together Mining memorial where 15 figures were installed sponsored through Viridor Landfill Tax Credits. A virtual launch event took place comprising a specially made video – this was extensively circulated via local press agencies and by use of social media. Plans are underway to install a further 11 figures this Autumn thanks to sponsorship from Great Bear, HBD and community contributions. Grant funding has been provisionally secured from Sustrans via Bolsover District Council towards the costs of constructing the planned walking and cycling route-to-work alongside the A632 between Bolsover Business Park and Markham Vale with the intention of commencing construction this Autumn. In addition, a Masterplan has been prepared for a mixed-use development at Staveley Town Basin; a business case is to be prepared and submitted to Cabinet for approval before the idea is developed further but in the meantime a funding bid has been submitted to the Staveley Town Fund.

### **LED Street Lighting**

As of 12 October, 77,300 LEDs have been installed across Derbyshire. The residential road network is 96% complete and the strategic road network is 55% complete, overall the project is 86% complete. The Authority are in the process of inspecting the condition of the lighting columns on the strategic road network to ascertain suitability for conversion to LED, currently this has identified 5,200 lighting columns suitable for conversion which are being programmed as well as 1,000 lighting columns requiring replacement. A revised installation framework is being prepared alongside procurement to deliver the lighting column replacements.

Since the project commenced in 2016 the energy consumption of the street lighting asset has reduced by 15.5 million kWh which at today's energy prices is a saving of £2.3M.

### **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.

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 working through a contractual process under the previous contract 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.

A further update report will be presented to Members shortly to ensure they are fully apprised of developments.

### **Pothole and Challenge Fund 2020**

Late confirmation was received regarding a successful Challenge Fund bid allocated from the DfT. The funding is to be used to maintain structures along the A6 and to restore and maintain assets damaged during the recent floods. To date there has been minimal expenditure but effort will be dedicated to progressing schemes during 2021 with potential for some slippage into 2022.

## **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 51% in value of all the capital schemes that were open as at 1 April 2020. The schemes remain largely unchanged from those previously reported as part of Period 3 monitoring, with the exception of the A61 Growth Deal project which has been removed from Appendix 2 due to a higher value Pothole and Challenge Fund 2020 scheme commencing on 1 September 2020. These schemes are currently projected to underspend by £0.043m.

## **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
<b>Adult Care &amp; Health</b>	91,878	68,062	7,846	75,908	5,380	5,000	2,500	500	<b>89,288</b>	(2,590)
<b>Commissioning, Communities &amp; Policy</b>	69,595	58,605	8,763	67,368	896	1	0	0	<b>68,265</b>	(1,330)
<b>Children's Services</b>	170,183	102,775	32,763	135,538	28,012	4,615	125	0	<b>168,290</b>	(1,893)
<b>Economy, Transport &amp; Environment</b>	330,148	218,186	45,122	263,308	46,048	16,357	4,645	0	<b>330,358</b>	210
<b>Grand Total</b>	<b>661,804</b>	<b>447,628</b>	<b>94,494</b>	<b>542,122</b>	<b>80,336</b>	<b>25,973</b>	<b>7,270</b>	<b>500</b>	<b>656,201</b>	<b>(5,603)</b>

**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	15/20	112,496	66,894	9,006	75,900	19,518	12,696	4,344	0	112,458	(38)
Markham Employment Growth Zone	88/89	41,641	37,409	946	38,355	2,529	757	0	0	41,641	0
Buxton, The Crescent	06/07	41,263	40,277	986	41,263	0	0	0	0	41,263	0
Street Lighting LEDs	15/16	32,100	23,770	3,330	27,100	4,000	1,000	0	0	32,100	0
New Glossopdale School - Ph 1 & 2	13/14	27,814	23,366	1,448	24,814	3,000	0	0	0	27,814	0
New Waste Treatment Facility Derby	07/08	25,000	18,281	6,719	25,000	0	0	0	0	25,000	0
Belper Integrated Specialist Facilities	12/13	15,613	14,336	892	15,228	380	0	0	0	15,608	(5)
Bennerley Avenue – Care Home	20/21	15,000	137	1,863	2,000	5,000	5,000	2,500	500	15,000	0
Alfreton Park Special School	17/18	13,350	1,301	4,271	5,572	7,278	500	0	0	13,350	0
Pothole Challenge Fund 2020	20/21	12,906	273	1,200	1,473	10,000	1,433	0	0	12,906	0
<b>TOTAL</b>		<b>337,183</b>	<b>226,044</b>	<b>30,661</b>	<b>256,705</b>	<b>51,705</b>	<b>21,386</b>	<b>6,844</b>	<b>500</b>	<b>337,140</b>	<b>(43)</b>