

Agenda Item No 6(d)

DERBYSHIRE COUNTY COUNCIL

CABINET

11 March 2021

Report of the Director of Finance & ICT

**CAPITAL BUDGET MONITORING/FORECAST 2020/21 AS AT QUARTER 3
(STRATEGIC LEADERSHIP, CULTURE AND TOURISM)**

1 Purpose of the Report

To inform Cabinet of the latest Capital budget monitoring position as at 31 December 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 £139.3m, an increase of 19% from the reported amount of £117.1m included within the Quarter 2 monitoring report. 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 £692.86m, with the latest monitoring showing a forecast underspend over the life of the projects of £9.85m which is represented in Appendix 1. The current budget for schemes that remain open as at 31 December is £650.29m.

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 £2.399m

There are 64 open schemes within Adult Care with a budget value of £105.70m as at 31 December 2020. Five schemes within the Department make up approximately 54% of the current departmental budget of schemes that remain open. The major projects are: -

Scheme Name	£m
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 and includes a library on site. The Care Home opened in June 2020 and the residents from Ada Belfield moved into the new home in September. There is an outstanding financial risk relating to the costs incurred in remediating the site after the discovery and clearance of asbestos on the new site, reported to Cabinet previously, and currently estimated to be in the region of £1.5m (not currently reflected in the monitoring). There are initiatives in place to mitigate this cost by utilising underspends on other projects. The success of these measures will be determined in the new financial year.

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 Authority has approved Wates as the contractor and Planning has now been approved. Construction is due to commence in February 2021, the completion date for the whole scheme is estimated to be Spring 2022. The Home will replace the nearby Hazelwood Care home and will have 30 general needs beds and 10 Community Support beds. The budget estimate is £15m. The Authority is seeking a partner to develop an Extra Care scheme on the same site.

Specialist Care Centres

The Authority also has 4 specialist centres, primarily providing care for 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 and remediation is now complete. This scheme is due for sign off pending the completion of some minor works and retention fees. The Authority is awaiting the final certificate but this is imminent. The budget is £10.52m and expenditure to date is £10.41m with the remaining budget projected to be utilized by the end of this financial year.

- Heanor - opened in August 2015 and is now complete and the final certificate has been issued, no further costs are envisaged. The project is projected to underspend by £782k.
- Long Eaton - opened in August 2015 and has had floor defects which have now been addressed. The project is now closed, the under utilised funding of £225k will be moved to the Belper Centre scheme.
- Buxton - opened in June 2018, the project is now closed leaving an underspend by £125k.

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 are financed from a combination of borrowing together with contributions from clients and the district/borough councils. Currently there are three schemes that remain open, the net projected position of these schemes is a £1.1m under utilised funding, mainly relating to the 2019-20 scheme. This is a result of waiting lists for assessments due to the COVID pandemic and is anticipated to be spent when restrictions ease.

2.2 Children's Services - projected underspend - £3.632m

Children's Services currently have 557 open schemes with a budget value of £155.73 as at 31 December 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	6.240
Boulton Moor School	5.911

Glossopdale School

The new build at Glossopdale School is complete with some external works ongoing relating to the playing fields which were placed on hold pending the extension. Phase 2 has been commissioned on a design and build basis with Henry Brothers, the phase 1 contractor. The project was delayed in planning but is now due to commence in April 2021 with completion in March 2022.

Alfreton Park

The scheme comprises the delivery of a replacement new build Special school on the site of Highfield Plantation, Alfreton Park which has been 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 onsite was delayed slightly due to the land transaction and started on 9 October 2020. It is programmed to achieve practical completion of the school in October 2021,

with practical completion for the parkland to follow shortly after in January 2022.

Tibshelf New Primary School

The development of a design for a new primary level school at Tibshelf was placed on hold 12 months' ago but has recommenced. Progression is dependent upon the design being agreed and re-costed at current rates and therefore the costs of the scheme are currently unknown. Once the costs are known the scheme will be reviewed.

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 was also completed within budget.

Boulton Moor School

Morgan Sindall has been engaged through the Scape framework to undertake the new build works at Boulton Moor and the contract is due to be let in the near future although additional funding will be required. 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 on the site to ensure the proposed development doesn't have an adverse impact on archaeological heritage however this is underway ahead of the letting of the contract.

2.3 Commissioning, Communities & Policy – projected underspend - £1.674m

There are 164 open schemes with a value of £68.38m as at 31 December 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:-

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 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. It is to be noted that the hotel has again closed in line with the latest COVID-19 restrictions and guidelines.

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 finite deadline on spend has been used in preference. Expenditure is anticipated to resume in 2021-22 to utilise the project budget and will include the replacement or first time installation of up to 15 central heating systems in the homes of fuel poor and vulnerable Derbyshire residents as part of the Healthy Home Programme.

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. The scheme is anticipated to underspend by £629k with the funds to be returned to their original funding source.

2.4 Economy, Transport & Environment - projected underspend - £2.145m

The budget for the 97 open schemes under this portfolio is currently £319.48m as at 31 December 2020. Five schemes within the Department make up approximately 69% 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 2016-2020	109.829
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 has been and continues to be developed providing greater clarity, accountability and transparency with the focus on realistic timescales for project delivery to ensure the benefits of this investment are realised in a timely manner. 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. There are separate plans for each year which contain a large number of smaller projects. Overall there are 304 open projects across the LTPs which are all managed by a number of different project managers. Across the various LTPs there is £13.4m projected to be spent by the end of the financial year, £22.1m to be spent in 2021 and £1.1m in 2022. The 2020 LTP contains over 200 schemes, with 32 now complete. The programme has been delayed due to the COVID pandemic as planned works were put on hold but work is now underway to pull the programme back on track. The target is to complete all schemes within the 2020 LTP by the end of 2022.

Markham Vale

From 2010 the Capital project has a budget of £41.64m, with expenditure forecast to the end of the financial year of £38.35m. Of the remaining balance of funding £2.53m is projected to be spent in 2021-22 and £0.76m in 2022-23. The funding is anticipated to be fully utilized.

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.

On Markham Vale East, construction is almost now 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.

Other significant developments include the Walking Together Mining memorial; 15 figures were previously reported as installed and 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 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 (construction started 4 January). In addition, a Masterplan has been prepared for a mixed-use development at Staveley Town Basin; a business case is to be prepared and Focus Consultants have been appointed to assist in this task and are due to report in the near future. This will be submitted to the respective Cabinet Member for approval before the idea is developed further, in the meantime a funding bid has been submitted.

LED Street Lighting

The Scheme has a budget of £32.1m and will be entering its final year in April and current progress details that the Residential network is 97% complete with spend of £20.8m, and the Strategic network is 58% complete with spend of £3.6m. Funding for the current year is to be split £0.5m on the Residential network and £2.2m on the Strategic network. The remaining £5.0m is to be split with £4m to be spent in 2021 and £1m in 2022 all on the Strategic network. Overall 78,240 LEDs have been installed. Installation of LEDs on lighting columns that have been assessed as suitable is on-going primarily via external contracts. The Authority are in the process of advertising a revised installation framework which will allow the progression of the contract to completion. Once the framework is in place there will be a push to deliver complete asset replacements including LED installations at specified localities.

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, Derby and provision of associated services. As 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. The scheme has a current budget of £25.0m with estimated expenditure of £16.19m up to the end of the financial year. The remaining funds of £8.8m are forecast to be spent in 2021-22.

A further update report will be presented to a future Cabinet meeting.

Pothole and Challenge Fund 2020

The Pothole Fund allocation from the Department of Transport (DfT) allows for local authorities not only to repair potholes but also undertake longer-term repairs to the network to prevent potholes from occurring. The Challenge Fund enables the Council to carry out major maintenance schemes that are

otherwise difficult to fund through the normal needs-based formula funding. This alleviates pressure on the Authority and allows focus on restart and recovery. The DfT announced that this funding can also be used by authorities to help repair flood damage encountered over winter 2019/20.

Whilst this funding was anticipated at the start of the COVID pandemic there was no guarantee given that government grants would be received. As such no plans were put in place for the use of this funding until later in the financial year. The scheme has a budget of £12.9m, of which £4.6m has been spent to date, a further £2.5m is to be spent in the remainder of the financial year. The remaining £5.8m is projected to be spent in 2021.

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 55% in value of all the capital schemes that were open as at 1 April 2020. The schemes remain unchanged from those previously reported as part of Quarter 2 monitoring. These schemes are currently projected to underspend by £0.005m.

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 2020-21	Total projected spend to date	Planned expenditure 2021-22	Planned expenditure 2022-23	Planned expenditure 2023-24	Planned expenditure 2024 +	TOTAL Revised planned expenditure	(Under) / Over
Adult Care	105,775	69,629	6,470	76,099	2,880	13,000	10,897	500	103,376	(2,399)
Commissioning Communities & Policy	71,656	59,501	6,786	66,287	3,593	102	0	0	69,982	(1,674)
Children's Services	176,726	111,745	18,976	130,721	35,361	6,868	144	0	173,094	(3,632)
Economy Transport & Environment	338,702	230,932	37,835	268,767	61,292	6,128	300	70	336,557	(2,145)
Grand Total	692,859	471,807	70,067	541,874	103,126	26,098	11,341	570	683,009	(9,850)

APPENDIX 2

Top Ten Capital Projects According to Budget Value

	Approval Year	Current Budget	Total spend to date inc commitments	Estimated spend remaining in 2020-21	Total projected spend to 31 March 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	15/21	109,829	73,183	13,443	86,626	22,097	1,106	0	0	109,829	0
Markham Employment Growth Zone	88/89	41,641	37,801	554	38,355	2,529	757	0	0	41,641	0
Buxton, The Crescent	06/07	41,263	40,302	961	41,263	0	0	0	0	41,263	0
Street Lighting LEDs	15/16	32,100	24,339	2,761	27,100	4,000	1,000	0	0	32,100	0
New Glossopdale School - Ph 1 & 2	13/14	27,814	23,557	818	24,375	3,439	0	0	0	27,814	0
New Waste Treatment Facility Derby	07/08	25,000	14,097	2,100	16,197	8,803	0	0	0	25,000	0
Belper Integrated Specialist Facilities	12/13	15,613	14,642	586	15,228	380	0	0	0	15,608	(5)
Bennerley Avenue – Care Home	20/21	15,000	409	1,591	2,000	1,000	4,000	7,500	500	15,000	0
Alfreton Park Special School	17/18	13,350	2,252	3,320	5,572	7,278	500	0	0	13,350	0
Pothole Challenge Fund 2020	20/21	12,906	4,583	2,500	7,083	5,823	0	0	0	12,906	0
TOTAL		334,516	235,165	28,634	263,799	55,349	7,363	7,500	500	334,511	(5)