

FOR PUBLICATION

DERBYSHIRE COUNTY COUNCIL

CABINET

9 September 2021

Report of the Director of Finance & ICT

Capital budget monitoring and forecast as at Quarter 1 2021-22
(Strategic Leadership, Culture, Tourism and Climate Change)

1. Divisions Affected

1.1 County-wide

2. Key Decision

2.1 No.

3. Purpose

3.1 To inform Cabinet of the latest Capital budget monitoring position as at 30 June 2021.

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. Each scheme has 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 2021-22 Capital programme is £73.343m, approved adjustments to this figure increased this to £81.630m. Together with active schemes rolled forward from previous years it makes a total of £643.906m being monitored this year. There is a forecast underspend of £4.114m over

the life of these projects (see Appendix 2). The budget for all open schemes as at 30 June is £613.666m, this reduction reflects the closed projects since 1 April 2021.

- 4.3 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.
- 4.4 Adult Social Care & Health - projected underspend of £0.666m

Adult Care has a budget of £106.818m comprised of 65 schemes. Five schemes account for 58% of the budget.

| Major Schemes | £m |
|--|-----------|
| Belper Integrated Specialist Facilities Centre | 15.613 |
| Bennerley Avenue – Care Home | 15.000 |
| Disabled Adaptations 2020 & 2021 | 10.727 |
| Darley Dale Specialist Community Centre | 10.520 |
| Heanor Specialist Community Care Centre | 9.750 |

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 in during September 2020. The financial risk of remediating the site due to the asbestos clearance prior to occupancy previously reported remains to be resolved at this point in time. The cost of this work has increased the project by £1.5m and the Council is pursuing an asbestos claim which is still in progress. The building is still in the defect period, and inspections are taking place.

Bennerley Avenue - Care Home

The contractor for this is Wates and construction commenced in February 2021 with completion 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 £15.000m. The Council is considering options for development of accommodation on the remaining site.

Disabled Adaptations

The Disabled Adaptations schemes are the currently open programmes which relate to aids and adaptations installed in people's own homes so they may remain as independent as possible. They will be fully financed from borrowing together with contributions from clients and district councils. Currently the spend is over budget by £0.516m. The agreed funding for 2021-22 will meet the current projected overspend.

Specialist Care Centres

The scheme covers three specialist centres, providing care for physically frail, elderly clients with dementia, which are all operational, some schemes are complete, and others are approaching sign-off.

- 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 Council is awaiting the final certificate. The budget is £10.520m and spend to date is £10.418m.
- Heanor - opened in August 2015 and is now complete and the final certificate has been issued, no further costs are envisaged. The spend was £8.968m giving an underspend of £0.782m
- Long Eaton - opened in August 2015 with the floor defects rectified. The project is now closed. The spend was £2.275m, giving an underspend of £0.225m.

4.5 Children's Services - projected underspend of £2.689m

Children's Services has a budget of £135.725m comprised of 623 schemes. Five schemes account for 28% of the budget.

| Major Schemes | £m |
|----------------------------------|-----------|
| Alfreton Park School Replacement | 13.350 |
| Tibshelf New Primary School | 7.013 |
| Highfield Farm School | 6.253 |
| Boulton Moor School | 5.911 |
| Bramley Vale Primary Replacement | 5.500 |

Alfreton Park School

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 is currently on site and is programmed to achieve practical completion of the school in November 2021. Following completion, the scheme will also incorporate the demolition of the existing school and return it to AVBC as parkland together with a replacement adventure playground, this is programmed to take place in January 2022, with practical completion anticipated March 2022.

Tibshelf New Primary School

The feasibility for the new 'Federated' school at Tibshelf had commenced but has been suspended whilst the schools consider whether Federation is to be undertaken. An update on this is expected in September 2021.

Highfield Farm School

The new build at Highfield Farm School was completed in August 2020 and the project is currently within the defects period. The defects identified are to be addressed. The ventilation provided in the design of the school has been identified as insufficient and may require additional expenditure, this would change the forecast underspend of £0.273m. This is currently being investigated and an update is anticipated by September 2021.

Boulton Moor School

Boulton Moor is S106 driven and negotiations around the contract value and contract terms are ongoing, additional funding of approximately £1.000m will be required from the current Children's Services budget to commence. Issues have arisen around the land transfer and consultations with Legal Services are being made. An update regarding the land and what the final budget will be, is expected in September 2021.

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. The Scheme is currently in design and due to start on site in Summer 2022.

4.6 Commissioning, Communities & Policy - projected underspend of £0.415m

Commissioning, Communities & Policy has a budget of £69.743m comprised of 248 schemes. Five schemes account for 71% of the budget.

| Major Schemes | £m |
|--|-----------|
| Buxton Crescent | 41.263 |
| Green Deal and Fuel Poverty grant | 2.521 |
| SAP S/4 upgrade | 2.000 |
| SRM Upgrade & TASK Replacement | 1.790 |
| County Hall - Winter Gardens Refurbishment | 1.700 |

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. All building works are complete, and the hotel is now open. The formal launch event will be arranged when conditions allow. A final completion report has been issued to the National Lottery Heritage Fund for approval and sign off. The Council's involvement with the Buxton Crescent Hotel and Thermal Spa is to provide funding through enabling development to address the conservation deficit, with the

objective to secure the future conservation of a heritage asset and boost the local economy.

Green Deal and Fuel Poverty Grant

Capital works proposed this financial year will comprise up to 15 replacement or first-time central heating systems installed in the homes of fuel poor Derbyshire residents as part of the Derbyshire Healthy Home Programme. In some cases, this will assist with hospital discharge.

SAP S/4 upgrade

This project which is for a major computer system has been delayed from initial forecasts due to issues with the ICT infrastructure and staff availability. The go-live date is now the beginning of April 2022. This delay has caused some extra costs which are currently being calculated as part of a re-planning exercise with the implementation partner HCL.. Work is continuing and good progress is being made in all workstreams that are not directly affected by the infrastructure or staffing issues.

SRM Upgrade & TASK Replacement

This project which is for a major computer system has progressed well with forecast budgets. It will complete within this financial year.

County Hall - Winter Gardens Refurbishment

Planning has now been approved in principle only, and a measured survey has been commissioned. Shortly after the receipt of this survey a Phase 1 condition survey of works will be commissioned.

4.7 Place - projected underspend of £0.344m

Place has a budget of £331.620m comprised of 99 schemes, this is approximately 52% of the total Capital budget. Five schemes account for 70% of the Place budget. Some changes to the budgets have been made in accordance with the Department's plans – these have not yet been approved.

| Major Schemes | £m |
|--------------------------------------|-----------|
| Local Transport Plan 2016-2021 | 104.337 |
| Markham Vale Employment Zone (MEGZ) | 41.641 |
| LED Street Lighting | 33.100 |
| Pothole and Challenge Fund 2020-2021 | 29.267 |
| Waste Project, Derby | 25.000 |

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. The separate yearly schemes that make up the budget total relate to schemes from 2017 - 2021. These schemes totalling £104.337m are forecast to have spent up to budget by 2024-25.

Markham Vale

An amount of £3.389m remains to be spent from the approved capital budget, this is earmarked to complete the site remediation infrastructure elements which will complete the project. Whilst the market for larger industrial units has been buoyant, uncertainties over the past three to four years has had a slowing effect on the market for smaller to medium sized units which is likely to extend the life of the project by a further 2 to 4 years beyond the existing December 2022 partnership expiry date. Inflationary pressures may necessitate for a slight increase in the capital budget. Potential time extensions and budget increases are currently being assessed and will be the subject of a future Cabinet Report.

Many companies have continued operating successfully throughout the past year whilst others have operated on a much-reduced staffing level. Markham Vale overall has shown substantial resilience. The project is projected to spend the remainder of its budget of £0.756m in 2022-23 and remains to be in line with its expenditure profile.

Grant funding has been secured towards the costs of constructing the planned walking and cycling route-to-work alongside the A632 between Bolsover Business Park and Markham Vale, and work is currently underway. (construction started 4 January 2021). In addition, a Masterplan has been prepared for a mixed-use development at Staveley Town Basin; a business case and green Book valuation have been drafted by Focus Consultants who were appointed to assist in this task. These documents are awaiting final review before publication.

Architects Jefferson Sheard have been employed to prepare initial layout plans for the proposed Staveley Town basin - Waterside Hub. Once details are available, this project 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. The Staveley Waterside project comprises a mixed-use development opportunity which is the subject of a provisional capital grant offer of

£2.664m from the Staveley Town Deal fund towards the £3.064m project. Proposed match funding comprises in-kind land value and £0.150m of DCC Reclamation capital already secured. Subject to securing Cabinet Approval, construction start on this project could commence in early 2022.

LED Street Lighting

The street lighting LED Invest to Save Project is expected to be complete by the end of 2022-23. This figure includes an additional £1.000m for which the Department is in the process of seeking approval. Currently the project has installed over 81,500 LEDs and is approximately 92% complete having spent £25.934m to date. There are approximately 7,500 LEDs left to convert. The focus now is to replace 550 streetlights on the main road network and replace the old sodium lights on existing lighting columns that are suitable for conversion. There are some sections of road where total asset replacement is needed including underground cables. Design and procurement exercises for these elements are underway.

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 in negotiations to pay an 'estimated fair value' for the plant considering all the costs of rectifying ongoing issues at the plant and the costs of providing the services to meet the agreed contract standards.

To date £20.580m of the £25.000m budget has been spent.

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

Pothole and Challenge Funds

The Pothole Fund has been used to supplement other efforts to reduce the number of potholes across the county and the numbers now being identified and reported has reduced to acceptable levels. Resurfacing

schemes continue to be carried out throughout the county which will prevent formation of potholes in future. The funds have also enabled significant progress to be made to deal with flooding/drainage issues resulting from the 2019 floods including the two major landslips of Abney and Lea.

The Challenge fund bid is to restore and maintain assets along the A6. The work undertaken so far has primarily been to prepare for the construction phase. A major part of this involves long running ecology studies to develop measures required to mitigate environmental risks. A specialist contractor has now been engaged with plans to start construction in 2021 and follow on to 2022 for completion.

Three projects make up the budget with the 2020 schemes projected to spend £5.990m in 2022-23 at which point it they will be complete. The 2021 project is estimated to spend the remainder of its funding of £7.000m by the end of 2023-24. The projects are on schedule to complete in line with their forecast end dates and agreed funding.

4.8 Top Ten Capital schemes by value

Set out in Appendix 3 is a summary of the ten largest current capital schemes, representing approximately 51% of the current budget. These schemes are currently projected to underspend by £0.006m.

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 Files held by the Director of Finance & ICT.

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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This report has been approved by the following officers:

| | |
|--|--|
| <p>On behalf of:</p> <p>Director of Legal Services and Monitoring Officer Director of Finance and ICT Managing Executive Director Executive Director(s)</p> | |
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Implications

Financial

1.1 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 commitments | Estimated spend remaining 2021-22 | Total projected spend to date | Planned spend 2022-23 | Planned spend 2023-24 | Planned spend 2024-25 | Planned spend 2025 + | TOTAL Revised planned spend | (Under) / Over |
| | £m | £m | £m | £m | £m | £m | £m | £m | £m | £m |
| Adult Social Care & Health | 106.818 | 85.112 | 5.595 | 90.707 | 5.800 | 9.145 | 0.500 | 0.000 | 106.152 | (0.666) |
| Children's Services | 135.725 | 68.332 | 53.698 | 122.030 | 10.792 | 0.214 | 0.000 | 0.000 | 133.036 | (2.689) |
| Commissioning Communities & Policy | 69.743 | 53.030 | 13.396 | 66.426 | 2.748 | 0.154 | 0.000 | 0.000 | 69.328 | (0.415) |
| Place | 331.620 | 223.829 | 55.796 | 279.625 | 36.396 | 12.343 | 2.752 | 0.160 | 331.276 | (0.344) |
| Grand Total | 643.906 | 430.303 | 128.485 | 558.788 | 55.736 | 21.856 | 3.252 | 0.160 | 639.792 | (4.114) |

| Top Ten Capital Projects According to Budget Value | | | | | | | | | | Appendix 3 | |
|--|---------------|----------------|-------------------------------------|-----------------------------------|--|-----------------------|-----------------------|-----------------------|---------------------|-----------------------------------|----------------|
| | Approval Year | Current Budget | Total spend to date inc commitments | Estimated spend remaining 2021-22 | Total projected spend to 31 March 2022 | Planned spend 2022-23 | Planned spend 2023-24 | Planned spend 2024-25 | Planned spend 2025+ | TOTAL Revised planned expenditure | (Under) / Over |
| | | £m | £m | £m | £m | £m | £m | £m | £m | £m | £m |
| Local Transport Plan | 17 - 21 | 104.337 | 59.905 | 19.513 | 79.418 | 14.228 | 8.137 | 2.554 | 0.000 | 104.337 | 0.000 |
| Markham Employment Growth Zone | 88 - 89 | 41.641 | 38.252 | 2.632 | 40.884 | 0.757 | 0.000 | 0.000 | 0.000 | 41.641 | 0.000 |
| The Crescent Buxton | 06 - 07 | 41.263 | 40.814 | 0.449 | 41.263 | 0.000 | 0.000 | 0.000 | 0.000 | 41.263 | 0.000 |
| Street Lighting LEDs | 15 - 16 | 33.100 | 25.934 | 5.166 | 31.100 | 2.000 | 0.000 | 0.000 | 0.000 | 33.100 | 0.000 |
| New Waste Treatment Facility Derby | 19 - 20 | 25.000 | 20.580 | 2.420 | 23.000 | 2.000 | 0.000 | 0.000 | 0.000 | 25.000 | 0.000 |
| Pothole Challenge Fund 2020 & 2021 | 20 - 21 | 29.267 | 10.218 | 6.059 | 16.277 | 9.990 | 3.000 | 0.000 | 0.000 | 29.267 | 0.000 |
| Belper Integrated Specialist Facilities | 12 - 13 | 15.613 | 14.674 | 0.933 | 15.607 | 0.000 | 0.000 | 0.000 | 0.000 | 15.607 | (0.006) |
| Bennerley Avenue Care Home | 20 - 21 | 15.000 | 2.781 | 0.219 | 3.000 | 4.000 | 7.500 | 0.500 | 0.000 | 15.000 | 0.000 |
| Alfreton Park Special School | 17 - 18 | 13.350 | 6.245 | 6.605 | 12.850 | 0.500 | 0.000 | 0.000 | 0.000 | 13.350 | 0.000 |
| Woodville Swadlincote Regeneration Route | 19 - 20 | 12.690 | 9.297 | 2.943 | 12.240 | 0.450 | 0.000 | 0.000 | 0.000 | 12.690 | 0.000 |
| TOTAL | | 331.261 | 228.700 | 46.939 | 275.639 | 33.925 | 18.637 | 3.054 | 0.000 | 331.255 | (0.006) |