

Agenda Item No 6(c)**DERBYSHIRE COUNTY COUNCIL****CABINET****5 October 2017****Report of the Director of Finance & ICT****CAPITAL BUDGET MONITORING TO MONTH 3 2017-2018**
(STRATEGIC LEADERSHIP, CULTURE AND TOURISM)**1 Purpose of the Report**

To inform Cabinet of the latest budget monitoring position for open capital schemes

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 current budget for open schemes is approximately £679m, with the latest monitoring showing a forecast overspend over the life of the projects of £1.197m. The position statement by department is attached as Appendix 1.

2.1 Adult Care – no projected overspend

There are 26 open schemes within Adult Care with a budget value of £59.275m. The major projects are:

Belper Integrated Specialist Facilities Centre	£11.959m
Darley Dale Specialist Community Centre	£11.270m
Heanor Specialist Community Care Centre	£10.750m
Disabled Adaptations 2017-18	£4.000m
Long Eaton Specialist Accommodation Unit	£2.500m
Buxton, Brown Edge Rd Residential Care Unit	£2.500m

The Belper Centre is a 40 bed residential home for older persons, including a library. The proposed site is currently being cleared and the scheme is scheduled to open around April 2019.

The specialist centres at Heanor, Long Eaton and Darley Dale, providing care for physically frail, elderly clients with dementia, are now fully operational having only small amounts of remedial work outstanding.

The disabled adaptations scheme relates to aids and adaptations installed in people's own homes so they may remain as independent as possible and will be fully financed by contributions from the district councils and clients.

2.2 Children's Services - projected overspend - £1.372m

Children's Services currently have 734 open schemes with a budget value of £228.746m. The major schemes are:

Building Schools for the Future (BSF) Phase 1	£57.184m
Glossopdale School – Replacement	£22.500m
Tibshelf School and Autism Centre	£15.641m
Aldercar Language College Replacement Phases 1 & 2	£10.150m
Alfreton Park School Replacement - Phase 1	£6.500m

It is anticipated that the replacement Glossopdale School will be completed in April 2018. Tibshelf School is complete and operational but has small amounts of retention monies outstanding. Aldercar School is due to be completed in October 2017. The new scheme to replace the Park School Alfreton (Ph 1) is underway and has commenced and is due to finish by April 2019.

Thirty minor schemes (£1.098m) have been added to the capital programme, the largest of which is heating works at William Allitt School (£0.164m).

The projected overspend of £1.371m is represented by the BSF Phase 1 Programme (£0.945m); Belper Whitemoor Centre/Post 16 (£0.124m); Cotmanhay Infants School (£0.116m) and Peak Lodge Special School (£0.044m), together with a small number of school projects that have gone over budget.

The Strategic Director of Children's Services will need to obtain approval for further funding, if necessary, when details have been confirmed for these schemes, to cover the projected overspends.

2.3 Council Services – projected overspend - £0.042m

There are 225 open schemes, the majority of which are funded from the Corporate Maintenance budget and cover all departments (excluding schools). The total budget for Council Services is £56.387m.

The major schemes under this portfolio are:

Buxton Crescent	£33.500m
Green Deal and Fuel Poverty grant	£2.521m
County Hall Reroofing and refurbishment	£2.000m
Orderpoint upgrade and TASK replacement	£1.790m
Purchase of Shand House (spend to save)	£1.561m
Mercian Close Ilkeston	£0.807m
Accommodation Project CWDW	£0.732m

Work is continuing on the Buxton Crescent scheme, the current gross value of which is £60.376m. Of this, Derbyshire County Council is accountable for £33.500m of public funding, included in which is a contribution by the authority of £5.900m. Conservation and restoration works commenced on a large scale in May 2016. During the progress of these works additional, unforeseen issues with the building have been uncovered which require additional specialist attention in order for the project to be completed. The project is due to be completed in December 2018. As work progresses, it is possible that further unexpected conservation costs may be incurred. Cabinet at its meeting on 20 July 2017, agreed to underwrite the publicly funded element of the additional conservation costs of £4.5m whilst exploring additional funding options with project partners. Additionally, the Council has agreed a loan to the developer of £11.39m, on commercial terms.

The Green Deal and Fuel Poverty scheme is complete and has an underspend of £0.217m. This has been distributed between the Nottinghamshire and Derbyshire Local Authorities Energy Partnership members. £0.093m has been given to Nottingham councils to spend on their Warm Homes on Prescription project. The remainder (£0.124m) has been given to Derbyshire councils for their Derbyshire Healthy Home programme to use the funds as match funding to help attract additional capital funding to their project throughout 2017-18.

The existing Orderpoint system was upgraded in July 2016 and includes new functionality to assist with contract management. The move from the current TASK system to the SAP system was completed on schedule and went live on the 8 May 2017.

The projected overspend of £0.042m relates principally to Chesterfield Register Office move (£0.037m) and a small number of projects that have gone over budget.

2.4 Economy, Transport & Communities - projected underspend - £0.217m

The budget for schemes under this portfolio is currently £334.195m and represents approximately half of the total capital expenditure budget. It incorporates the former Health and Community Services budget (£7.323m). The major schemes are:

Local Transport Plan 2013-2017	£102.630m
Markham Vale Employment Zone (MEGZ)	£37.291m
LED Street Lighting	£31.100m
Waste Project	£25.000m
Accelerated Highways Maintenance	£23.000m
A61 Growth Corridor	£16.000m
Digital Derbyshire (Phases 1 & 2)	£15.257m
Ilkeston Station	£10.435m

The bulk of the expenditure on ETC projects is for the delivery of the Highways Infrastructure and Integrated Transport Programmes and is funded from grant. As such, managers ensure that any grant is fully utilised, and subject to approval, reallocated to other infrastructure projects.

Phase 1 of the LED Residential Network Street Lighting scheme began in December and is progressing well, Phase 2 is expected to commence in November/December 2017. Further funding has been secured to implement LED on the Strategic Network for which preparation work is now underway.

Work is progressing on the £25m Waste Project, but following delays it is expected to be fully operational by early 2018.

The three year planned programme of work for the Accelerated Highways Maintenance began in 2015-16 and in its first year identified 187 sites requiring work, of which 1 remains outstanding. In 2016-17, 112 sites were identified of which 17 remain outstanding. In 2017-18, 119 sites were identified of which 36 remain outstanding.

Phase 1 works on the A61 corridor, improving walking and cycling networks, were completed on time in April 2017. Further phases are being prepared, to be confirmed during autumn 2017 through the completion of business case procedures and Cabinet approval.

Phase 1 of the Digital Derbyshire Scheme is complete, having delivered fibre broadband to 91,606 premises, of which 81,867 homes and businesses are able to get Superfast broadband. Phase 2 commenced in September 2016 and has delivered fibre broadband to over 4,000 premises, taking the combined total number of premises able to receive fibre services to over 95,000. Take up was 36.21%.

Ilkeston Station opened to passengers on 4 April 2017. Some minor enabling works on access and parking have continued since then, and final accounts are yet to be settled with Network Rail. It is anticipated, though, that this will take place in autumn 2017.

A project for the regeneration of the former Coalite Chemicals Factory has been added to the capital programme. The site has the benefit of planning for a mix of employment and housing (660 units) and is being developed by

Bolsover Land Limited. The project is worth £21.800m and is being met from the following sources; DCC grant of £2.002m, D2N2 (Local Enterprise Partnership for Derbyshire and Nottinghamshire) grant of £5.798m and £14.000m from Bolsover Land Limited. Planning permission has been secured and the first phase (Phase A) of remediation work now completed on site.

D2N2 grant funding has been released in full to Bolsover Land Ltd in contribution to currently completed contracted remediation work.

The underspend of £0.217m relates principally to an over spend on the Grassmoor Lagoons reclamation scheme (£0.424m) and an underspend on the Ilkeston Aysworth Link Road project (£0.666m). There are also a small number of schemes that have gone over budget. Negotiations are continuing with the Department of Business, Energy and Industrial Strategy (BEIS) for full settlement of Grassmoor Lagoons costs.

Members should be aware that the outstanding costs on Grassmoor Lagoons currently under negotiation with the BEIS are now in the order of £1.610m.

2.6 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 the current capital schemes.

3 Other 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

APPENDIX 1

Summary of Projected Capital Spend by Department

Department	Current Budget	Total spend to June 2017	Estimated spend remaining 2017-18	Total projected spend to end of 2017-18	Planned expenditure 2018-19	Planned expenditure 2019-20	Planned expenditure 2020-21	Planned expenditure 2021 +	Total Projected Spend	(Under) /Over
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Adult Care	59,275	39,309	11,470	50,779	7,996	500	0	0	59,275	0
Childrens Services	228,746	161,203	55,928	217,131	11,859	1,128	0	0	230,118	1,372
Council Services	56,387	27,831	23,533	51,364	4,970	40	55	0	56,429	42
Economy, Transport & Communities	334,195	192,882	81,956	274,838	32,918	17,092	9,130	0	333,978	(217)
Total	678,603	421,225	172,887	594,112	57,743	18,760	9,185	0	679,800	1,197

APPENDIX 2

Top Ten Capital Projects according to Budget Value

	Approval Year	Current Budget	Total spend to June 2017	Estimated spend remaining 2017-18	Total projected spend to end of 2017-18	Planned expenditure 2018-19	Planned expenditure 2019-20	Planned expenditure 2020-21	Planned expenditure 2021 +	Total Projected Spend	(Under) /Over
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Local Transport Plan	13/17	102,630	70,445	17,551	87,996	7,828	4,306	2,500	-	102,630	-
BSF Schemes	07/08	57,374	58,200	120	58,320	-	-	-	-	58,320	946
Markham Employment Growth Zone	88/89	37,291	35,450	874	36,324	500	400	67	-	37,291	-
Street Lighting LEDs	15/16	32,100	3,977	8,000	11,977	9,800	7,600	2,723	-	32,100	-
Buxton, The Crescent	06/07	33,500	13,955	15,045	29,000	4,500	-	-	-	33,500	-
Waste Project (Derby)	07/08	25,000	-	25,000	25,000	-	-	-	-	25,000	-
A61 - Growth Deal project	15/16	16,000	307	4,173	4,480	3,840	3,840	3,840	-	16,000	-
Tibshelf School & Autism Centre	11/12	15,641	15,449	192	15,641	-	-	-	-	15,641	-
Belper Integrated Specialist Facilities	12/13	11,959	1,663	2,000	3,663	7,796	500	-	-	11,959	-
Darley Dale Care Cent - Meadow View	12/13	11,270	10,192	1,078	11,270	-	-	-	-	11,270	-
		342,765	209,638	74,033	283,671	29,764	16,646	9,130	-	343,711	946