

Agenda Item No 5(b)**DERBYSHIRE COUNTY COUNCIL****CABINET****24 January 2017****Report of the Director of Finance****CAPITAL BUDGET MONITORING TO MONTH 7 2016-2017**
(STRATEGIC POLICY, ECONOMIC DEVELOPMENT AND BUDGET)**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 £659m, with the latest monitoring showing a forecast overspend over the life of the projects of £1.436m. The position statement by department is attached as Appendix 1.

2.1 Adult Care – no projected overspend

There are 24 open schemes within Adult Care with a budget value of £61.897m. 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 2016-17	£4.000m
Long Eaton Specialist Accommodation Unit	£2.500m
Buxton, Brown Edge Rd Residential Care Unit	£2.500m

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.

2.2 Children's Services - projected overspend - £1.246m

Children's Services currently have 792 open schemes with a budget value of £224.131m. The major schemes are:

Building Schools for the Future (BSF) Phase 1	£57.184m
Glossopdale School - Replacement	£22.500m
Tibshelf School and Autism Centre	£15.592m
Aldercar Community Language College Replacement	£7.400m
North Wingfield new Primary School	£5.405m

Both Tibshelf and North Wingfield schools are complete and operational but have small amounts of retention monies outstanding. Aldercar School is due to be completed in October 2017. An enhanced scheme at Glossopdale School has been approved, increasing its budget by £17.000m up to £22.500m.

A further ten minor (Schools Modernisation) schemes have been added to the capital programme, the largest of which is a classroom extension at Ripley, St Johns CE Primary School (£0.275m).

The projected overspend of £1.246m is represented by the BSF Phase 1 Programme (£1.015m); 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. Funding details for these schemes have yet to be confirmed.

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 underspend - £0.098m

There are 271 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 £53.435m.

The major schemes under this portfolio are:

Buxton Crescent	£29.000m
Green Deal and Fuel Poverty grant	£2.521m
County Hall Reroofing and refurbishment	£2.000m
Purchase of Shand House (spend to save)	£1.561m
Orderpoint upgrade and TASK replacement	£1.263m
Mercian Close Ilkeston	£0.842m
County Hall East Wing refurbishment	£0.744m
Accommodation Project	£0.732m

Work has commenced on the Buxton Crescent scheme, the current gross value of which is £46.700m. Of this, Derbyshire County Council is accountable for £29.000m of public funding, included in which is a contribution by the authority of £1.400m. Additionally, the Council has agreed a loan to the developer of £11.390m, on commercial terms.

The Green Deal and Fuel Poverty scheme is over 90% complete and the Nottinghamshire and Derbyshire Local Authorities Energy Partnership is currently seeking approval from the Department of Business, Energy and Industrial Strategy (BEIS) to carry over any underspent funding into 2017-18 as match funding towards their affordable warmth project.

The existing Orderpoint system was upgraded in July 2016 and includes new functionality to assist with contract management. The replacement of the current TASK system is expected to be completed by May 2017.

A number of schemes have been completed under budget, resulting in a saving to the authority. Budget holders have projected an underspend on their projects of £0.098m. Any Corporate Maintenance budget underspends will be spent on other qualifying schemes, or returned to the revenue budget.

2.4 Economy, Transport & Communities– projected overspend - £0.288m

The budget for schemes under this portfolio is currently £319.986m and now incorporates the former Health and Community Services budgets (£7.199m). The budget represents approximately half of the total capital expenditure budget. The major schemes are:

Local Transport Plan 2013-2017	£99.060m
Markham Vale Employment Zone (MEGZ)	£37.291m
Waste Project	£25.000m
LED Street Lighting	£23.300m
Accelerated Highways Maintenance	£23.000m
A61 Growth Corridor	£16.000m
Digital Derbyshire	£14.780m
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.

Other major projects include the £25m Waste Project, where work is now underway, but following delays is now expected to be fully operational by autumn of 2017.

Following an initial delay, the LED Street Lighting scheme is scheduled to begin in December and is expected to be completed by December 2019.

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 35 remain outstanding. Site preparation work for next year is currently underway.

Design work has commenced on the A61 Growth Corridor schemes and junction improvements along Derby Road should be completed by the end of March 2017. Preliminary design work and negotiations are ongoing for the link across the Rother Washlands between Derby Road and Storforth Lane.

The latest available figures for the Digital Derbyshire Scheme, to 30 September 2016, show superfast broadband being delivered to 96,500 homes and businesses with the take up of the service standing at 36%.

The opening of Ilkeston Station has been delayed mainly due to groundwork issues. The construction completion is programmed for early February but the commissioning aspects with the Office of Rail and Roads is not expected to be concluded until April 2017. The remaining high risk items (piling work, associated ground condition and the lifting of the new footbridge) must be completed before Network Rail will confirm an anticipated opening date. Network Rail has advised that the project remains within budget.

The overspend of £0.288m relates principally to the Grassmoor Lagoons reclamation site (£0.224m) and the Cycle Access Scheme at Chesterfield Station (£0.063m). Negotiations are continuing with the contractor for the final account for the Cycle Access Scheme and with the Department of Business, Energy and Industrial Strategy for full settlement of Grassmoor Lagoons costs. If there is any remaining overspend, this will be met from reallocating LTP capital funds.

Members should also be aware that the total cost of the Grassmoor Lagoons project currently under negotiation with the BEIS is in the order of £6.87m, of which £5.26m has been received.

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 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 Call-in

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

6 Background Papers

Files held by the Director of Finance.

7 Officer's Recommendation

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

PETER HANDFORD

Director of Finance

APPENDIX 1

Summary of Projected Capital Spend by Department

Department	Current Budget	Total spend to October 2016	Estimated spend remaining 2016-17	Total projected spend to date	Planned expenditure 2017-18	Planned expenditure 2018-19	Planned expenditure 2019-20	Planned expenditure 2020 +	Total Projected Spend	(Under) / Over
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Adult Care	61,897	40,591	17,516	58,107	3,790	0	0	0	61,897	0
Children's Services	224,131	147,788	48,727	196,515	24,144	4,718	0	0	225,377	1,246
Council Services	53,435	21,521	16,107	37,628	15,709	0	0	0	53,337	(98)
Economy, Transport & Communities	319,986	187,710	70,577	258,287	28,417	19,135	11,238	3,197	320,274	288
Total	659,449	397,610	152,927	550,537	72,060	23,853	11,238	3,197	660,885	1,436

APPENDIX 2

Top Ten Capital Projects according to Budget Value

Scheme	Approval Year	Current Budget	Total spend to October 2016	Planned spend remaining 2016-17	Total projected spend to date	Planned expenditure 2017-18	Planned expenditure 2018-19	Planned expenditure 2019-20	Planned expenditure 2020 +	TOTAL Revised planned expenditure	(Under)// Over
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Local Transport Plan	13/17	99,060	74,490	8,067	82,557	8,007	6,038	2,458	0	99,060	0
BSF Schemes	07/08	57,184	58,200	0	58,200	0	0	0	0	58,200	1,016
Markham Employment Growth Zone (MEGZ)	88/89	37,291	33,839	3,452	37,291	0	0	0	0	37,291	0
Buxton, The Crescent	06/07	29,000	8,213	6,787	15,000	14,000	0	0	0	29,000	0
Waste Project (Derby)	07/08	25,000	0	25,000	25,000	0	0	0	0	25,000	0
Street Lighting LEDs	15/16	23,300	342	3,566	3,908	7,750	7,767	3,875	0	23,300	0
Accelerated Highways Maintenance	14/15	23,000	14,212	(3,072)	11,140	6,500	5,360	0	0	23,000	0
Glossopdale School - Replacement	13/14	22,500	1,600	900	2,500	16,000	4,000	0	0	22,500	0
A61 - Growth Deal project	15/16	16,000	76	5,257	5,333	2,667	2,667	2,667	2,668	16,000	0
Tibshelf School & Autism Centre	11/12	15,641	15,448	193	15,641	0	0	0	0	15,641	0
		347,976	206,420	50,150	256,570	54,924	25,832	9,000	2,668	348,992	1,016