



DERBY CITY COUNCIL

COUNCIL CABINET

18 MAY 2004

Report of the Director of Development & Cultural Services and
Director of Finance

Connecting Derby Financial Update

RECOMMENDATION

- 1.1 That Cabinet approve the addition to the 2004/05 capital programme and commencement of preparatory works detailed in Table 1a, to be funded from capital reserves.
- 1.2 That Cabinet approve in principle the earmarking from the £2.6m SCA, £400k for design and public inquiry costs detailed in Table 1b, subject to confirmation of funding by the DfT and agreement with the Director of Finance.
- 1.3 That Cabinet approve, in principle, addition to the 2004/05 capital programme and scheme commencement of preparatory works detailed in Table 1c, to be funded from the remainder of the £2.6m SCA carry forward, subject to confirmation of funding by the DfT, the re-appraisal funding and agreement with the Director of Finance.

REASON FOR RECOMMENDATIONS

2. Cabinet approval is required to amend the capital programme.

SUPPORTING INFORMATION

- 3.1 The approved 2003/04 capital budget for Connecting Derby is £5.5m. The estimated outturn is £2.9m, giving an underspend of £2.6m. The approval to carry this funding forward to 2004/05 is being discussed with the DfT. A positive outcome is expected shortly.
- 3.2 The 2004/05 approved capital programme includes a £1.243m LTP allocation for Connecting Derby. This is allocated to the completion of Phase 1 works in the City Centre, and to fund the Special Projects design team.
- 3.3 In addition we have £0.54m of funding available for use on the Connecting Derby Scheme, held in an earmarked capital reserve. This has not yet been committed in the 2004/05 capital programme.

- 3.4 Feedback on the re-appraisal was received in April 2004. Further detailed discussions are on-going with the DfT, with the outcome expected in June 2004.
- 3.5 Additional work needs to be undertaken in 2004/05 in order to progress phases 2 & 3 of the scheme. The financial implications are detailed in Table 1 of Appendix 1 and will be funded from a combination of:
- 1a existing resources of £0.54m
 - 1b £2.6m SCA carryforward, once DfT approval has been confirmed
 - 1c £2.6m SCA carryforward, once DfT approval has been confirmed and following the outcome of the on-going scheme re-appraisal.
- 3.6 **Areas to be funded from existing resources** (Table 1a) - these need progressing as soon as possible in order to avoid delays in the scheme once approvals are confirmed.
- 3.6.1 Wardwick/Friargate improvements - improvements are linked to the THI scheme. £185k total cost with 30% funded from THI. THI funding has been earmarked for these improvements and will have to be reallocated if they do not go ahead. (£130k)
- 3.6.2 Property purchase
- Kensington Street – the purchase of this property has recently been completed. Estates Division have confirmed that the value of the area on which the property is placed is greater than the purchase price paid. Several other properties were purchased in this area before scheme approval was withdrawn. There is therefore low financial risk to the authority in proceeding with this purchase. (£120k)
- Forester Street - this property is the last in the block. Two out of the other three properties in the block were in Authority ownership prior to the Connecting Derby scheme (£10k)
- 3.6.3 Demolition - several properties already purchased prior to the withdrawal of scheme approval are in poor condition, and are becoming an increased health and safety risk. Regardless of future Connecting Derby funding approval, this requires immediate action. (£100k)
- 3.6.4 Consultation - to support the planning application. (£20k)
- 3.6.5 Contingency - the balance of the existing resources are to be held for unforeseen emergencies. (£140k)
- 3.7 **Areas to be funded following DfT approval to carry forward £2.6m** (Table 1b)
- 3.7.1 Future years design costs - a proportion of the £2.6m will be earmarked to fund future years Special Projects team staff resources and public inquiry costs. (£400k for 05/06)

- 3.8 **Areas to be funded following DfT approval to carry forward £2.6m and re-appraisal outcome – prior to full statutory procedures being in place** (Table 1c)
- 3.8.1 Severn Trent design costs - this allows the utility company to design their requirements based on the new road layouts. These costs will not be recoverable if the scheme does not go ahead. (£200k)
- 3.8.2 Archaeological survey_- to be carried out by appropriately qualified surveyors in areas identified through the environmental statement. To ensure minimum construction delay it is proposed that these surveys are carried out well in advance. These costs will not be recoverable if the scheme does not go ahead. (£200k)
- 3.8.3 Property purchase - further property purchases will be required once the re-appraisal has been agreed. The financial risk of each property will need to be assessed before completion, so that costs can be recovered if the scheme does not go ahead. (£500k)
- 3.8.4 Public Inquiry - to commence preparation work towards full statutory procedures. (£230k)
- 3.9 Cabinet should be aware that, if the scheme is not granted full statutory procedures, several costs may be abortive. Total abortive costs up to the end of 2003/04 are in the region of £1.5m. This covers work already completed on phases 2 and 3 at the time when the scheme had full approval by the DfT. It is unknown if these costs would be reclaimed.

OTHER OPTIONS CONSIDERED

4. The option of abandoning all or parts of Connecting Derby has been considered. However, this option is not recommended as delivery of the scheme is fundamental if Derby is to move forward and deliver the integrated transport system that the City needs to support its vision and objectives. CD to complete

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Background papers:	None		
List of appendices:	Appendix 1 – Implications		

IMPLICATIONS

Financial

Table 1 summarises the financial implications detailed in sections 3.6 to 3.8

Table 1 – Connecting Derby additional preliminary works

SCHEME AREA	<u>£000's</u>	<u>£000's</u>
<u>Existing Resources (Table 1a)</u>		
Wardwick/Friargate improvements	150	
Property purchase – Kensington Street and Forester Street	130	
Demolition	100	
Consultation	20	
Contingency – balance of existing resources	140	540
<u>From £2.6m SCA carry forward - when confirmed by DfT (Table 1b)</u>		
Future years design costs and public inquiry (in 2005/06)		400
<u>From £2.6m SCA carry forward - following outcome of re-appraisal (Table 1c)</u>		
Severn Trent design costs	200	
Archaeological survey	200	
Property purchase	500	
Public inquiry	230	
		1,130

Legal

2. None

Personnel

3. None

Equalities impact

4. None

Corporate Objectives and Priorities for Change

5. Connecting Derby is one of the ten new priorities of the Council