

## **CAPITAL OUTTURN 2014/15**

### **SUMMARY**

1.1 This report deals with the following capital programme matters that require reporting to and approval by Council Cabinet:

- An adjustment to the programme relating to the revenue element of Derby Enterprise Growth Fund included within the regeneration capital programme of £5,349,095.
- The successful delivery of 95% of the £107,650,905 capital programme due to improvements made to Council governance through the Strategic Asset Management Board and the concerted effort of programme managers closely monitoring scheme progress and spends.
- Details of the capital outturn 2014/15 totalling £102,695,161 for work completed by 31 March 2015, and the associated capital financing. The programme has delivered new and improved facilities and infrastructure for Derby detailed in Appendix 2.
- The variance of (£4,955,744) against the final approved capital programme. Variance details above £200,000 can be found in Appendix 3.
- The inclusion of additional expenditure and funding of £2,855,060. Variance details above £200,000 can be found in Appendix 3,
- Use of resources to fund the actual outturn and variances to original budget, detailed in section 6.
- Performance against the quarter 2 baseline are detailed in section 7.
- The revised indicative 2015/16 – 2017/18 capital programme is shown in Appendix 4.

### **RECOMMENDATIONS**

- 2.1 To note the capital outturn for the financial year 2014/15 and the financing of the capital programme, the major achievements it has delivered, and final variances against the original programme.
- 2.2 To approve the additional capital expenditure and associated funding to the 2014/15 capital programme detailed in paragraph 5.9
- 2.3 To approve the carry forward of unused funding
- 2.4 To note the performance monitoring against baseline quarter 2 forecast detailed in section 7.
- 2.5 To note the revised 2015/16 – 2017/18 capital programme detailed in Appendix 4.

<b>REASONS FOR RECOMMENDATION</b>
-----------------------------------

- 3.1 Financial procedure rules require the Council to produce a balanced capital budget and report to Cabinet on an annual basis the final capital outturn.
- 3.2 Approval is required under Financial Procedure Rules for amendments to the capital programme.

<b>SUPPORTING INFORMATION</b>
-------------------------------

#### **4 Programme Achievements**

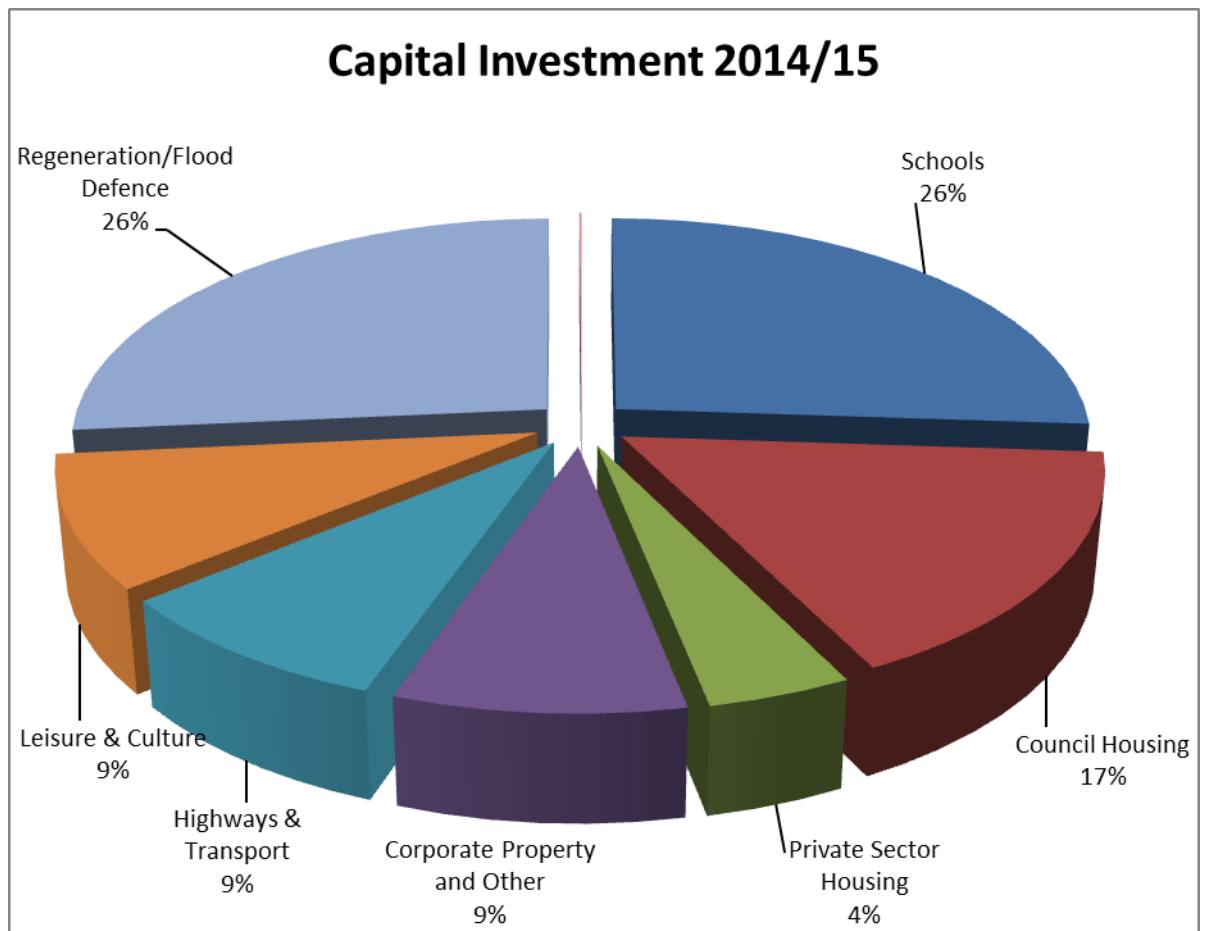
- 4.1 The programme has delivered some significant achievements in 2014/15 including the following ...
- Completion and opening of the multi use arena.
  - Technology refresh to enable further moves of more staff into the council house
  - Installation of infrastructure to enhance wi-fi access within much of Derby City Centre and enable excellent connectivity within key Council buildings.
  - Acquisition and refurbishment of the former Magistrates' Court of this historic building into managed workspace and the new home for the Local Studies Library
  - Refurbishment of Kings' Chambers
  - 13 long term empty properties returned to use via Compulsory Purchase (CPO) powers
  - 247 Disabled Facilities Grants completed helping people to remain living independently in their own homes.
  - In-house new build team established, to build the first new Council homes by the Council for decades. These were successfully completed and capacity has been established for an on-going programme of 40 to 50 new homes a year.
  - Completion of the replacement of the 100 year old railway bridge on London Road.
  - Completion of the new sixth form learning block at Littleover Community School
  - Provision of additional accommodation at 14 primary schools to provide sufficient capacity for increasing primary school pupil numbers in time for September 2013

These are but a few of the many council achievements completed over the last financial year and a more detailed list of achievements can be found at Appendix 2.

## **5 Summary Capital Outturn**

- 5.1 The original capital budget totalling £122,343,000 shown in Table 1 was approved by Council Cabinet on 22nd January 2014 and Full Council on 29 Jan 2014. Adjustments to the capital budget were subsequently approved by Council Cabinet during 2014/15 as part of the Councils capital budget monitoring process.
- 5.2 The Derby Enterprise Growth Fund (DEGF) budget is a combined revenue and capital budget funded from the Regional Growth Fund and was included in total in the 2014/15 capital programme as at the time the revenue/capital split was unknown. This meant that the capital programme was overstated by the revenue element and therefore required a technical adjustment to take out the £5,349,095. The DEGF scheme sits within the regeneration capital programme area.
- 5.3 The Council has successfully delivered 95% of the £107,650,905 capital programme, mainly due to a more proactive approach to the monitoring and profiling of capital schemes and improvements to capital governance arrangements through Strategic Asset management Board. In 2013/14 93% of the programme was completed.

- 5.4 The chart below shows the capital investment percentages by area of spend for 2014/15.



- 5.5 The final capital outturn for 2014/15 was £102,695,161 which includes accruals and retentions (funded under IFRS regulations). This gives a variance of £4,955,744 compared with the revised adjusted capital budget of £107,650,905 as summarised in Table 1.

**Table 1 – Programme Variance**

<b>Service Area</b>	<b>Original Capital Programme</b>	<b>Final Revised Adjusted Capital Programme</b>	<b>Actual Expenditure</b>	<b>Net Variance</b>
	<b>2014/15</b>	<b>2014/15</b>	<b>2014/15</b>	<b>2014/15</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Children and Young People	22,288	25,225	26,773	1,548
Highways & Transport	8,684	9,511	8,912	(599)
Property Improvement	4,694	2,854	2,762	(92)
Property Maintenance & refurbishment	5,856	3,144	2,253	(891)
Parks & Open Spaces	2078	1,628	1,353	(275)
Vehicles plant & Equipment	1,970	2,095	1,637	(458)
Flood Defence	250	280	257	(23)
Regeneration	49,608	28,808	26,486	(2,322)
Housing General Fund	2,758	4,298	4,213	(85)
HRA	19,439	17,144	16,977	(167)
ICT	3,882	2,359	2,110	(249)
Strategic Projects	14,430	10,305	8,871	(1,434)
PFI Lighting	0	0	91	91
<b>Total</b>	<b>135,937</b>	<b>107,651</b>	<b>102,695</b>	<b>(4,956)</b>
<b>Less assumed capital slippage 10%</b>	(13,594)			
<b>Total</b>	<b>122,343</b>	<b>107,651</b>	<b>102,695</b>	<b>(4,956)</b>

5.6 The Net Programme variance of (£4,955,744) is broken down as follows:

- Slippage to 2015/16 of (£5,957,863)
- Net scheme (under)/over spends of (£3,604,385)
- Additional spend backed by funding of £2,855,060
- Spend brought forward from 2015/16 of £1,751,443.

These are discussed in the following paragraphs 5.6 – 5.10.

5.7 **Slippage**

The slippage to 2015/16 was referred to and approved at the June 2015 Cabinet.

5.8 **Net Scheme Under/Over Spends**

The net scheme cost variations of (£3,604,385) under spent are predominantly due to the property maintenance programme, Schools programme and the strategic projects programme. A breakdown of schemes with over/underspends over £200,000 can be found in Appendix 3. Funding not utilised on the schemes detailed in Appendix 3 will be added back into the 2015/16 programme for future use in the capital programme. At this stage these amounts are held within the relevant capital resources funding streams for 2015/16 but not allocated to the capital programme. The use of the funding from under spends will be the subject of future reports to Council Cabinet for approval.

5.9 **Additional Spend**

£2,855,060 additional spend supported by associated funding has arisen due to late changes to the programme which were not included in the March Cabinet report. A breakdown of those over £200,000 is detailed in Appendix 3.

This additional spend is mainly due to:

**Schools** The addition of schools devolved capital funding managed by schools, and capitalised maintenance for individual schools from their delegated budget, not generally budgeted for on the Council's overall CYP Schools Capital Programme.

**Strategic Projects** Additional funding for the cycle track from cycle England was utilised instead of borrowing to set aside the borrowing for potential spend on the external track in future years.

5.10 **Spend brought Forward**

Spend brought forward from 2015/16 to 2014/15 was referred to and approved at the June 2015 Cabinet.

## 6. Capital Financing

- 6.1 Capital Control regulations allow funding of capital spend of £102,695,160 to 31 March 2015. The application of available resources to fund the actual spend is shown in Table 2. Funding of actual spend has been applied in the most efficient way to maximise value for money for the Council and to ensure no loss of external funding as a consequence of slippage. This results in unused funding of (£4,955,744) as analysed in Table 2 to fund commitments in 2015/16.

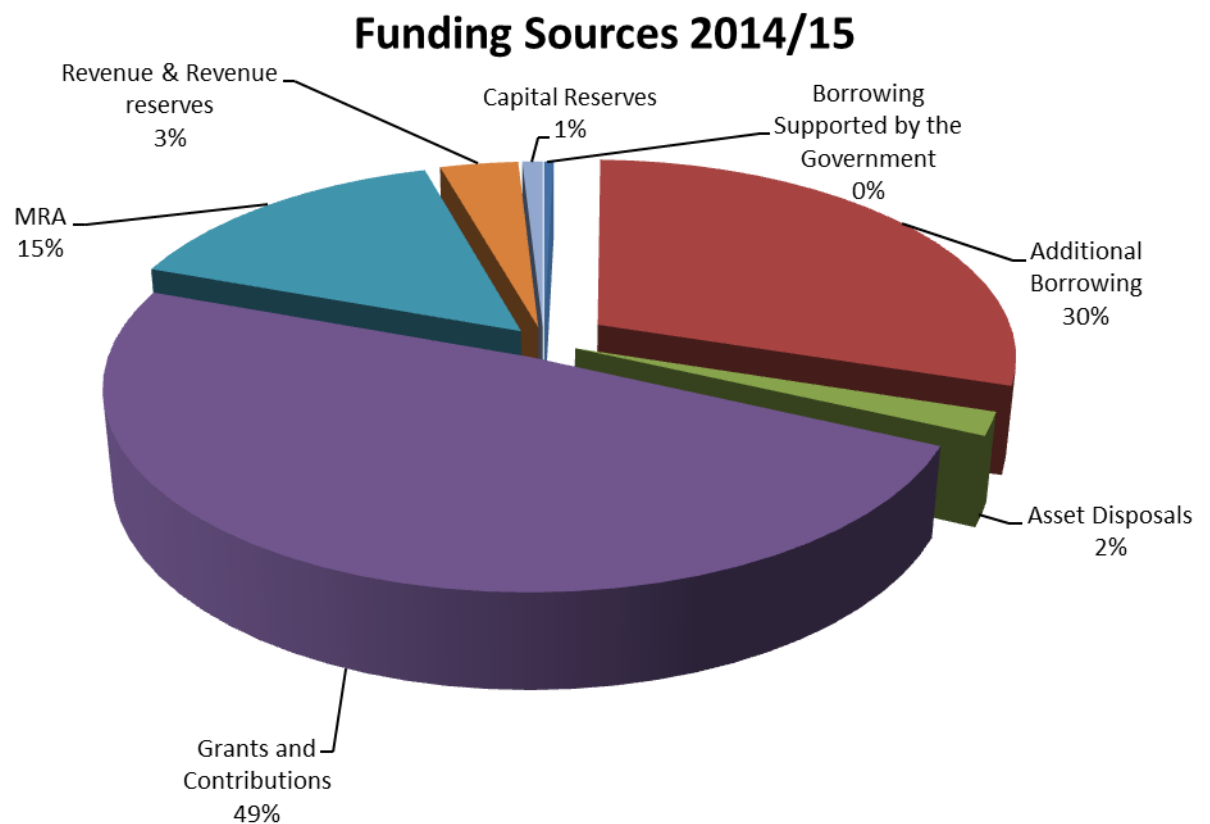
**Table 2 – Financing of the Programme**

Source of Finance	Original Capital Programme 2014/15	Final Revised Adjusted Capital Programme 2014/15	Actual Funding Utilised 2014/15	Variance 2014/15
	£'000	£'000	£'000	
Supported Capital Expenditure (Revenue) – SCE (R)	540	430	433	3
Unsupported Borrowing – Corporate	28,203	26,822	26,184	(638)
Unsupported Borrowing – Self Financed	5,000	3,381	3,468	87
Unsupported Borrowing – Spend to Save	40	40	20	(20)
External Borrowing	515	685	685	0
Supported Capital Expenditure (Capital) – SCE (C)	18,452	18,221	16,028	(2,193)
Housing Major Repairs Allowance	19,439	17,114	15,466	(1,648)
Government Grants	44,515	32,508	31,679	(829)
Other Contributions, including Lottery	4,130	2,784	1,936	(848)
S106	748	688	339	(349)
Capital Receipts	2	318	1,929	1,611
Revenue/Service Reserves	759	2,763	3,585	822
Capital Reserves	0	497	943	446
<b>Plus assumed capital slippage 10%</b>	13,594	1400	0	(1,400)
<b>Total</b>	<b>135,937</b>	<b>107,651</b>	<b>102,695</b>	<b>(4,956)</b>



- 6.2 The 2014/15 final programme included £30,356,591 Unsupported Borrowing, consisting of £26,183,834 for the corporate programme, £4,152,855 for departmental self-financed schemes and £19,902 departmental spend to save schemes.

The chart below shows the funding as a percentage by funding stream of the 2014/15 capital programme.



### 6.3 **Explanation of Variances in Funding**

In line with paragraph 5.2 the revenue element of the DEGF funding has been taken out of Government Grants.

Outturn variances to the revised budget over £200,000 are detailed below:

- A reduction in the corporate unsupported borrowing of £638,000 is mainly due to the use of alternative grant funding on the leisure strategy.
- The underspend on supported capital expenditure (Capital) is due to slippage on the ICT, property maintenance and CYP programmes as well as an underspend on the corporate contingency budget.
- The MRA is a ringfenced funding source for the HRA and as such any underspends will be rolled back into the fund for future use.
- The underspend on government grants is mainly due to the slippage on the Innovation centre
- The underspend on other contributions is mainly due to the fact that the demolition budget for the assembly rooms was no longer required as the nature of the spend was revenue expenditure and the insurance contribution would be used against this spend.
- The underspend on S106 is due to the slippage on Markeaton park and the use of alternative funding for the Old Bell hotel refurbishment which will now be required for use in the 2015/16 capital programme.
- The additional use of capital receipts was due to the funding of new housing build projects in line with the governments guidelines on the right to buy pooling regulations.
- The increase in the use of revenue and service reserves was mainly due to the addition of schemes undertaken and funded directly by schools.
- The increase in capital reserves is due to the addition of schemes delivered directly by schools.

### 6.4 The Prudential Indicators have been updated accordingly and are included in the separate Treasury Management – Annual Report 2014/15 to this Cabinet.

## 7. Performance Against Baseline Forecast Quarter 2

In November 2014 Cabinet approved a baseline forecast by which the performance of the capital programme would be measured against. Table 3 details the quarter 2 baseline by strategy area:

Service Area	Quarter 2 Baseline forecast (adjusted)	Actual Expenditure	Net Variance
	2014/15	2014/15	2014/15
	£'000	£'000	£'000
Children and Young People	22,608	26,773	4,165
Highways & Transport	9,650	8,912	(738)
Property Improvement	2,944	2,762	(182)
Property Maintenance & refurbishment	3,964	2,253	(1,711)
Parks & Open Spaces	2,063	1,353	(710)
Vehicles plant & Equipment	2,511	1,637	(874)
Flood Defence	250	257	7
Regeneration	32,000	26,486	(5,514)
Housing General Fund	4,532	4,213	(319)
HRA	15,698	16,977	1,279
ICT	3,059	2,110	(949)
Strategic Projects	11,404	8,871	(2,533)
PFI Lighting	0	91	91
<b>Total</b>	<b>110,683</b>	<b>102,695</b>	<b>(7,988)</b>
<b>Less assumed capital slippage 10%</b>	<b>(9,273)</b>	<b>0</b>	<b>9,273</b>
<b>Total</b>	<b>101,410</b>	<b>102,695</b>	<b>1,285</b>

7.2 The quarter 2 baseline forecast has also been adjusted for the revenue element of the DEGF of £5,349,095.

Performance against baseline quarter is explained by strategy area below:

## **7.1 Schools**

The Schools programme quarter 2 baseline forecast was £22,608,000 and the final outturn was £26,773,745 giving an overspend variance to quarter 2 of £4,166,000 (18.4%). The main reasons for this were:

- Arboretum Primary school – There was a 9% underspend on this major £3m expansion scheme as a result of the settlement of the final account and savings on contingencies. At the time of setting baseline budgets for Q2 the majority of works were complete. However, the final phases of the works were still being concluded and it was not possible to confirm the final account figure at this stage. There were a number of claims from the principal contract which have not been supported now that the final account has been agreed.
- Osmaston Primary School – After the Q2 baseline budgets were set the principal contractor was able to accelerate their programme and hand over parts of this major refurbishment scheme back to the school sooner than anticipated. This was reported as soon as the implications were identified. Certain high value works were then also reprogrammed and completed earlier than originally planned and the contractor completed the scheme ahead of the revised programme. This has led to a further requirement for budget to be brought forward.

### **Uncontrollable School Capital Programme:**

The uncontrollable school capital programme quarter 2 baseline budget was £1,527,000. This was capital funding held and controlled by schools and was made up of Devolved Formula Capital and Universal Infant Free School Meal Capital Funding. The final spend was £3,066,596. A variance of £1,539,596. This variance is a result of additional capitalised spending by schools from delegated revenue budgets which is applied to the capital programme at year end.

## **7.2 Highways & Transport**

The Highways and Transport programme quarter 2 baseline forecast was £9,650,000 and the final outturn was £8,912,000 giving an underspend variance to quarter 2 of £738,000 (7.6%). The H&T programme budget was reduced by £158k after the Q2 baseline was set, and slippage requests to the value of £397,300 at year end as well as £48k which was approved at Cabinet in February, The Highways Maintenance strategy area had a £100k underspend, this is for 2 reasons. The LSTF funding was coming to an end in March 2015, in order to maximise the use of the DfT grant it was proposed to and endorsed by Infrastructure Board to off-set any emerging LSTF underspends against an LTP funded scheme. We did this to the value of £20k, the remaining £80k underspend is the accumulative impact of a number of small underspends across the HM strategy area, which is comprised of many schemes, Outturn was also impacted by the decision not to capitalise certain staff costs

### 7.3 Property Improvement

The Property Improvement programme quarter 2 baseline forecast was £2,944,000 and the final outturn was £2,762,000 giving an underspend variance to quarter 2 of £182,000 (6.18%). No one project is responsible for the underspend variance compared to Q2 baseline. Some project budgets were reduced slightly following the setting of Q2 baseline after refinement of the project briefs. This level of variance is deemed acceptable on a £2.8m programme and the variance on individual projects is very small.

### 7.4 Property Maintenance

The Property Maintenance programme quarter 2 baseline forecast was £3,964,000 and the final outturn was £2,253,000 giving an underspend variance to quarter 2 of £1,711,000 (43.2%). The following summarises the main reasons for variance compared to the Q2 baseline:

- **£176k** underspend on Fire Risk Assessments work due to a delay in receiving completed FRAs.
- **£164k** underspend on Southgate School – this was due to a change to the project brief.
- **£57k** underspend on Allestree Hall – works cost less than originally budgeted for. Relating to conservation issues in accordance with listed building status which were not foreseen to be an issue at Q2.
- **£98k** underspend - Various sites water hygiene improvements, the budget was allocated on the expectation that there would be a requirement for some water project work throughout the year. This was not required as expected.
- **£600k** underspend Assembly Rooms The required work was completed and funded out of revenue due to it being of a revenue nature (and reimbursed through insurance money) therefore the capital budget was not required. **£50k** underspend contingency budget – budget not required as originally anticipated
- **£53k** underspend Silk Mill – Less work was required than originally anticipated as access to the roof was difficult therefore the full scope of the works was not known until access equipment was provided to undertake the work. The budget contained a contingency figure which was not ultimately required.
- **£59k** underspend Climate Change ERDF. This budget expenditure is dependent on the take up of grants by small businesses. The remaining variance of **£504k** is attributable to a number of projects with small variances. Following Q2 baseline setting, the overall programme budget was reduced to take into account property rationalisation considerations.

## **7.5 Parks & Open Spaces**

The Parks and Open Spaces programme quarter 2 baseline forecast was £2,063,000 and the final outturn was £1,353,000 giving an underspend variance to quarter 2 of £710,000 (34.4%). The main reasons for variance against quarter 2 baseline were as follows:

- The start date for the Markeaton Park project Historic Core and Buildings contract was delayed due to tenders exceeding the budget and time required to agree a reduced tender figure. Work on site subsequently slipped so that the original completion date of March 2015 could not be achieved.
- In addition, the start date for the High Ropes project was delayed, requiring £50,000 funding to be slipped to the first quarter of 2015/16.

## **7.6 Vehicles Plant & equipment**

The Vehicles Plant and Equipment programme quarter 2 baseline forecast was £2,511,000 and the final outturn was £1,637,000 giving an underspend variance to quarter 2 of £874,000 (34.8%). The majority of this programme's underspend is on refuse vehicles and this was due to the final price of the 5 vehicle purchases being less than originally specified. These are essentially bespoke vehicles in a competitive market, where prices are subject to change.

## **7.7 Flood Defence**

The Flood Defence programme quarter 2 baseline forecast was £250,000 and the final outturn was £257,000 giving an overspend variance to quarter 2 of £7,000 (2.8%).

## **7.8 Regeneration**

The Regeneration programme quarter 2 adjusted baseline forecast was £32,000,000 and the final outturn was £26,486,000 giving an underspend variance to quarter 2 of £5,514,000 (17.2%).

The following details the reasons for those schemes with the most substantial variance against quarter 2 baseline:

### **Derby Enterprise Growth Fund( £1m)**

The budget for this scheme includes contractual commitments with applicant businesses, however, the pace of actual spend on projects and draw-down of loan/grant funding is determined by the loan agreements and delivery by the recipients.

### **Innovation Centre (-£2,267k)**

Start on site –2-3 weeks were lost due to delays in concluding the wider IPD contractual relationships; the programme was re-cast and a new construction programme / spend forecast was presented in December upon which all the remaining Capital Programme monthly forecasts until the end of the Financial Year were based.

In Jan a few weeks were lost due to the need to re-design surface water drainage to accommodate revised highways design; some time was also lost as there was a delay in delivery to the site of some roofing materials ( an alternative roofing supplier was sourced).

### **Marble Hall (£-918k)**

The project started on site in October 2014. The scheme encountered delays on site due to the discovery of unforeseen ground voids and lead paint in the roof structure and third party delays in signing contracts.

### **Super Connected Cities Programme (-£392k)**

The scheme encountered slower than anticipated take up of broadband vouchers by eligible businesses. An extension to the project end date from March to September 2015 was negotiated with the funding body to allow the maximum benefit to businesses in Derby.

**Riverside Chambers (-£133k)**

This was because at handover of the building from the contractors, there were a number of significant snagging issues identified, which required significant remedial work. This had an impact on the move in for tenants and operational staff, which delayed spend of the budget allocated to final fit out and equipment, as well as a delay to final payments to the contractor.

**Accelerated Development (-£218k)**

This funding was allocated for a Regeneration Fund loan to Derbyshire County Cricket Club, approved by Cabinet in January. The lead time for due diligence and contract negotiation meant that the loan would not be paid out until 2015-16.

**Building Frontage Enhancement Scheme (-£130k)**

Additional funding was awarded from English Heritage in Autumn 2014 and matched by DCC. By January this funding had not yet been awarded to projects although there were projects in development.

**Community led development - Elton Road (-£100k)**

The scheme is funded by Derby Homes, and involves public realm and parking management improvements on Elton Road, linked with the new housing. In January, Osmaston Partnership decided to only progress with a small interim scheme in 2014-15, and match the remaining funding with anticipated Local Growth Fund money to deliver a larger scheme in 2015-16.

The remaining variance of -£195k is the sum of relative small budget changes to a number of schemes in the programme.

**7.9 Housing General Fund**

The Housing General Fund programme quarter 2 baseline forecast was £4,532,000 and the final outturn was £4,213,000 giving an underspend variance to quarter 2 of £319,000 (7.0%). The main reasons for this variance against quarter 2 are summarised below:

- Abbots Hill Chambers – Project timeline delayed due to legal consideration of ownership vehicle and revisions to plans following detailed structural survey.



## **7.10 HRA**

The HRA quarter 2 baseline forecast was £15,698,000 and the final outturn was £16,977,000 giving an overspend variance to quarter 2 of £1,279,000 (8.1%). The main reasons for this variance against quarter 2 are summarised below:

- **Planned maintenance**

Main budget under commitments relate to the Windows & Doors replacement programme (£330k) and the Estates Pride programme (£125k). This was compensated in respect of the overall programme by additional expenditure within the solid wall insulation programme (£231k). Chief reasons for slippage has been delays in contractor mobilisation following the upturn in the building sector. The solid wall insulation programme was accelerated to compensate for delays in other programme areas.

- **New build and acquisitions**

The new build and acquisitions element of the programme has seen an increase spend of £1.834m in relation to the Quarter 2 baseline budget. The greatest variance relates to the Pine Court and Uttoxeter New Road acquisition from two separate companies under the same ownership. It was expected that due to varying insolvency proceedings we would only have the opportunity to acquire one scheme (Uttoxeter New Road- £550K). However unexpected circumstances relating to interim financial backing to the owner's companies allowed us to proceed with the acquisition of both schemes as approved by Cabinet- leading to a further £1.75m commitment within the programme in 2014/15. Further significant variances relate to a bringing forward of 385k of the work programme within the overall Bath Street budget and a £245k slippage on Ashlea Acquisition.

## **7.11 ICT**

The ICT programme quarter 2 baseline forecast was £3,059,000 and the final outturn was £2,110,000 giving an underspend variance to quarter 2 of £949,000 (31.0%). The main reasons for this variance against quarter 2 are summarised below:

- E-services was slipped due to non delivery by Serco
- Social care system slipped due to delays in the implementation for Adult Health and Housing and the fact Children's services went live in April, thus the final go live/acceptance payment milestone for both was deferred

## **7.12 Strategic Projects**

The Strategic Projects programme quarter 2 baseline forecast was £11,404,000 and the final outturn was £8,871,000 giving an underspend variance to quarter 2 of £2,533,000 (22.2%). The main reasons for this variance against quarter 2 are summarised below:

- Rolling into 2015/16 of the £675k contingency budget for which part was allocated for the Cricket Club.
- Late signing of the business case and submission of planning for the OCOR scheme, therefore pushing works and start on site to 2015/16.

### 7.13 PFI Street Lighting

The PFI lighting scheme costs are reflected at year end.

## 8 Revised 2015-18 Programme

- 8.1 Appendix 4 shows the revised indicative programme for 2015/16 to 2017/18 incorporating changes already reported throughout the current year as well as adding the outturn slippage and spend brought forward.

### OTHER OPTIONS CONSIDERED

- 9.1 None considered.

**This report has been approved by the following officers:**

<b>Legal officer</b> <b>Financial officer</b> <b>Human Resources officer</b> <b>Estates/Property officer</b> <b>Service Director(s)</b> <b>Other(s)</b>	Not Applicable Amanda Fletcher Head of Finance Not Applicable  Martyn Marples, Director of Finance & Procurement Not Applicable
--	--

<b>For more information contact:</b> <b>Background papers:</b> <b>List of appendices:</b>	Name Nicola Goodacre Group Accountant Capital & Treasury Management 01332 643352 e-mail Nicola.goodacre@derby.gov.uk None Appendix 1 – Implications Appendix 2 – Programme Achievements Appendix 3 - 2014/15 Programme Variances Appendix 4 – Revised 2015/16 – 2017/18 Capital Programme
---	---

<b>IMPLICATIONS</b>
---------------------

**Financial and Value for Money**

- 1.1 As set out in this report and associated appendices.

**Legal**

- 2.1 None directly arising.

**Personnel**

- 3.1 None.

**IT**

- 4.1 As detailed in the report.

**Equalities Impact**

- 5.1 Refurbishment projects give us an ideal opportunity to make the premises more accessible for disabled people, in particular on school projects.

**Health and Safety**

- 6.1 None.

**Environmental Sustainability**

- 7.1 None.

**Property and Asset Management**

- 8.1 Capital expenditure additions have been added to the relevant asset within the Fixed Asset Register.

**Risk Management**

- 9.1 None.

**Corporate objectives and priorities for change**

- 10.1 These recommendations where relevant are in line with approved capital strategy and Asset Management Plans which accord with the council's corporate priorities.

### Programme Achievements 2014/15

The programme has delivered some significant achievements in 2014/15 including the following ...

#### Children and Young People's Services

- Completion of the new sixth form learning block at Littleover Community School and commencement of the second extension phase.
- Provision of additional accommodation at 14 primary schools to provide sufficient capacity for increasing primary school pupil numbers in time for September 2013
- Completion of the new Enhanced Resources Unit for ASD Pupils at Springfield Primary School
- Completion extensions to Silverhill Primary school and Brookfield Primary School
- Completion of major extension at Homefields Primary school
- Completion of the main programme of refurbishment works at Ashgate Primary School
- Successful completion of a significant programme of maintenance works across a range of schools, including fire precaution works, window replacements and roofing replacements.

#### Property Improvement

- Children's Home Refurbishment Phase 1 – New build at Moorfields
- Nottingham Road Cemetery – refurbishment

#### Property Maintenance and Refurbishment

A number of significant maintenance schemes took place in 2014/15 including:

- Audley Bridge – waterproofing of bridge deck, bridge strengthening and restriction of access due to weight limit
- Museum and Art Gallery – installation of new fire alarm and emergency lighting, new heating, ventilation and air conditioning.
- Chapel Street Car Park – concrete repairs
- Allestree Hall – phase 2 of driveway resurfacing

#### Parks and Open Spaces

Achievements for the Markeaton Park project:

- Contract 1 Historic Core and Buildings: contract tendered, awarded and work commenced on site in August 2014. New public toilet block completed. Work progressed on the restoration of the Orangery, conversion of the old toilet block to a new community room and restoration of the garden walls and walled garden bothy building.
- Contract 3 Main Park (footpaths and sports courts): contract tendered, awarded and work commenced on site in January 2015.
- Tree management works undertaken and completed by March 2015.

Other programme achievements included:

- Redevelopment of Chester Green and Markeaton Recreation Ground play areas
- Completion of new Roe Farm wheeled sports facility
- Completion of new car park at Markeaton Park
- Completion of new footpath at Sunnydale Park.

### **Land Drainage and Flood Defence**

- A scheme to replace 100 year old failing culvert and associated works at Cavendish has been completed.
- Flood study report completed at Shardlow Road (delivery of the physical scheme will follow in a future year)
- A scheme has been completed at Staker Lane, Mickleover to resolve a long-standing carriageway flooding issue that regularly forces the closure of the carriageway between Havenbault Lane and the A38 junction.
- The scheme to replace defective highway drainage at Alvaston District Centre has been completed. This scheme has been delivered in conjunction with public realm improvements delivered by Regeneration colleagues.

### **Highways and Transport**

- The scheme to replace the 100 year old railway bridge on London Road was completed.
- The initial Connected brand (Local Sustainable Transport Fund) concluded on 31 March 2015 and has successfully delivered the following improvements and incentives into the city:
  - Park Bikeworks is the LSTF flagship project, established as a social enterprise model between DCC and a new Community Interest Company (CIC). The project has been a huge success with growing use of the facilities, including the café, bike shops and most importantly the free cycle parking.
  - A 2.5m shared use pedestrian / cycle path scheme (750m) has been implemented on the southern side of Derby Road between the Raynesway/Acorn Way Island and Megaloughton Lane was delivered to time and budget.
  - The surfacing, widening and lighting installation along the riverside path (1.2 km) is now complete and the project has been delivered to time and budget.
  - Full Street contraflow phase 2 (Queen Street to Amen Alley) was completed to time and budget.
  - The secure cycle parking facility at the Derby Arena was completed.
  - The Pride Park Accessibility cycle link from the riverside is now complete; improving cycling and pedestrian accessibility to the new Derby Arena.
  - We have issued over £175,000 in grant funding to 18 Derby businesses to install sustainable transport infrastructure, such as new or improved cycle parking facilities, on their sites. The businesses have invested over £275,000 of match funding into developing and maintaining these facilities. This scheme has been one of the most successful sustainable transport grant schemes across the whole country.
  - Secured additional revenue funding for 2015/16.

- Delivery of 31 Highways and Transport priority schemes for the Neighbourhood Boards
- Work has progressed extremely well on the development of the business plan for the A52/Pride Park Congestion Management and Integrated Transport scheme.
- One way restrictions have been introduced on a number of streets in the Clarence Road/Porter Road area. The aim of the scheme was to resolve parking and traffic issue raised by local residents and Councillors.
- The replacement of obsolete traffic signal controllers at 6 locations. This will result in decreased maintenance costs in the future.
- Traditional illuminated bollards have been replaced with passively safe, diamond grade, retro-reflective non illuminated bollards at 29 locations. This will result in maintenance and energy cost savings.
- Undertook 10 principal bridge inspections as per our statutory function.

The highway maintenance programme has achieved the following improvement:

- Total length of carriageway reconstruction and/or resurfacing = **50,746m<sup>2</sup>**
- Total length of carriageway surface dressing / micro asphalt = **30,512m<sup>2</sup>**
- Total length of footway R&R = **10,023m<sup>2</sup>**
- Total length of footway slurry sealing = **35,323m<sup>2</sup>**
- Received 2 additional grants for DFT, hence the extent of this work

### **Streetpride Plant and Equipment**

- A new highway gully emptying vehicle has been procured and is now being utilised all over the city
- 5 no. people carriers have been procured on behalf of colleagues in Children & Young People.
- 5 new refuse vehicles have been procured and are now in operation throughout the city
- A new fuel tank has been installed at the depot at Stores Road. This larger, relocated facility will enable refuse vehicles to refuel at depot rather than at the forecourt. Wholesale fuel is 2/3p per litre cheaper than retail prices, therefore representing a considerable cost saving in future years.

### **HRA**

The Decent Homes Standard for all Council housing has been maintained in Derby since it was achieved in 2006. Most HRA capital investment involves the replacement of old or worn out building components to maintain this standard. The main programme features have been:

- Solid wall insulation – insulating mostly 1920s & 30s homes which are hard to heat. The target is insulation of all solid wall homes by 2017, which is almost unheard of and saves tenants a lot of money as well as major carbon emission reductions. All cavity walls and lofts have already been insulated.
- Heating system replacements – nearly all old, inefficient systems have already been replaced and mostly it's now replacing around 1,000 boilers a year that naturally reach the end of their economic life (averaging 13 years). Last year external funding was obtained that paid for mains gas to be installed in Bretton Ave and efficient gas heating systems were installed to replace electric heating.
- Kitchen & bathroom replacements – around 460 of each per year, aiming for an

average replacement life of 20/25 years respectively.

- Adaptations for disabled tenants – mostly walk-in showers, stairlifts and minor adaptations like grab rails. This year some proactive adaptations were started, for the first time, meaning installing walk-in showers in bungalows or ground floor flats that are usually occupied by elderly or infirm people, rather than just reacting to social care referrals.
- Re-roofing older estates – around 150 - 200 homes a year, typically built in the 1930s, so these roofs have lasted well.
- Installing high security composite external doors – to around 1,500 homes a year, with multi-point locking mechanisms, replacing old, wooden doors. Old wooden, single-glazed windows have already been replaced over the last 25 years.
- LED lighting - a programme was started to install LED lighting in all communal areas, which will include around 2,000 lights, mostly in blocks of flats. This will greatly reduce electricity and maintenance costs, plus carbon emissions, as well as replacing lots of worn out and dingy communal lighting.
- Estates Pride – a programme of estate improvements, with much work focused on 1970s estates that have lots of communal land that is often poorly designed and sometimes dilapidated. In the last year major schemes were completed across the Stockbrook St and Brook St areas and also a programme of parking improvements to tackle traffic hot spot areas.
- In-house new build – an in-house team was established, which replaces the traditional development contractor and directly manages small to medium building sites. This alternative model delivers the work with a mix of Derby Homes' own workforce and small, local builders. The first new Council homes actually built by the Council for decades were successfully completed and capacity has been established for an on-going programme of 40 to 50 new homes a year.

### **Private Sector Housing**

- In excess of **140** empty homes returned to use with the direct intervention and help of the team
- The New Homes Bonus Empty Homes work saw over **2,000** property visits. Occupation was verified at 450+ properties that were listed as empty, again contributing to the maximisation of NHB award to the Council. Since 2011 over **£5m** has been generated through the empty homes element of NHB
- Facilitated recovery of over **£125,000** of debt associated with empty homes, with a further **£60,000** currently being processed
- Successfully completed work with several Registered Providers on the 2012-15 'Empty Homes' funding from the HCA. This has seen in excess of **60** formerly empty properties brought back in to use as affordable housing, with an estimated grant income to Derby of around **£500,000**
- In partnership with Housing Development colleagues, we have successfully delivered 'round 2' of DCC's allocation of 'empty homes' funding from the HCA. Total grant funding was **£232k**
- Working in partnership with Housing Development and Derby Homes colleagues, helped secure an HCA grant worth **£2.6m** for **129** new homes, incl. affordable and older persons housing, plus funding to assist with the purchase and renovation of at least **15** long term empty homes
- Delivered **16** renovated & reoccupied units through Empty Homes Assistance loans, with a further **31** currently being renovated; many had previously been subject of local

complaint and ASB. The loans are fully repayable & recyclable

- **13** long term empty properties returned to use via Compulsory Purchase (CPO) powers.
- Persistence in tackling empty properties and serious ASB issues in **Arboretum Square** now sees the historic Square fully occupied for the first time in a great many years – with **5** of the previously problematic multi-occupied or empty properties renovated and restored to single family occupation
- 247 Disabled Facilities Grants completed helping people to remain living independently in their own homes.
- Solid Wall insulation installed to 16 private sector properties with a further 102 programmed for 2015/16, reducing residents fuel bills by an average of £240/year, increasing their thermal comfort and reducing CO2 emissions.

## Regeneration

- Acquisition of the former Magistrates' Court and progress on time and on budget to refurbish this historic building into managed workspace and the new home for the Local Studies Library
- Securing of £700k of Heritage Lottery Funding to deliver a Townscape Heritage Initiative in the Green Lane conservation area of Derby city centre.
- Completion of a lighting strategy for public spaces and historic buildings in the city centre, including three detailed concept designs for targeted locations
- Construction almost complete of Sadler Bridge Studios on Bold Lane, due to open for business early June 2014 (building handover 12 May)
- Securing of substantial ERDF funding towards the refurbishment of Kings' Chambers and Shot Tower, both of which will be key centres in the Council's network of managed workspace portfolio
- Progress on time and on budget to complete the refurbishment of Kings' Chambers and start on site at Shot Tower
- Extensive infrastructure installed to enhance wi-fi access within much of Derby City Centre and enable excellent connectivity within key Council buildings.
- Voucher scheme launched to enable SMEs to improve their connectivity
- Progress on time and on budget to create an enhanced public space at St Peter's Cross
- Design works complete for new events and gathering space at the Spot
- Completion of innovative and interactive public art installation "Talking Heads" in the Market Place
- Support to ensure the ongoing refurbishment of the strategically and historically important Old Bell Hotel, Sadler Gate
- Safeguarding of hundreds of jobs in Derby through support to Balfour Beatty, Raynesway
- Planning permission and ERDF funding contract signed for creation of community and enterprise hub at Marble Hall, Osmaston
- Developer partner (Keepmoat) selected for delivery of Osmaston Masterplan Vision
- Members' agreement signed and sealed for the establishment of Osmaston LLP (Joint Venture)
- Co-working space (hot desking packages for new and growing SMEs) launched in Friar Gate Studios with huge take up
- Planning application submitted and ERDF contract signed for Innovation Centre



- Entire £20million Derby Enterprise Growth Fund allocation allocated to business expansion projects and additional £15million from the Regional Growth Fund approved to continue the scheme
- Progress on time and on budget for refurbishment of Darley Stable Block to create a leisure and business facility

## **ICT**

- Further technology refresh was achieved supporting the move of more staff into the council house; the replacement social care system is making good progress and CYP went live in April, a new income management system has been implemented and we continued to enhance corporate systems.

## **Strategic Projects**

### **Leisure Strategy**

- Completion and opening of the multi use arena.

### **Our City Our River**

- Final sign off of the business case in September 2014

**Summary By Department-major variances over £200,000 Variance Analysis 2014-2015**

**Appendix 3**

Department	Variance	Spend b/fwd from 2015/16	Net Variance	Net Variance made up of:		
				Slippage to 2015/16	Over / (Under) spends	Additional Spend backed by Funding
	£	£	£	£	£	£
Children and Young People	1,548,745	1,126,529	422,216	(327,124)	(682,314)	1,431,655
Housing General Fund	(85,268)	0	(85,268)	(64,000)	(348,787)	327,517
Property Improvement	(91,697)	0	(91,697)	(71,591)	(20,106)	0
Property Maintenance	(890,889)	31,523	(922,412)	(86,079)	(836,333)	0
Parks & Open Spaces	(274,755)	15,000	(289,755)	(292,443)	907	1,780
Flood Defence	(23,335)	0	(23,335)	(46,430)	(3,905)	27,000
Highways and Transport	(508,566)	0	(508,566)	(397,300)	(201,896)	90,630
Vehicles plant & Equipment	(458,157)	0	(458,157)	0	(460,176)	2,019
Regeneration	(2,321,085)	187,982	(2,509,067)	(2,531,618)	(74,805)	97,356
ICT	(249,396)	0	(249,396)	(251,526)	(9,418)	11,548
HRA	(166,850)	390,409	(557,259)	(285,262)	(292,553)	20,556
Strategic Projects	(1,434,491)	0	(1,434,491)	(1,604,491)	(675,000)	845,000
<b>Total</b>	<b>(4,955,744)</b>	<b>1,751,443</b>	<b>(6,707,187)</b>	<b>(5,957,861)</b>	<b>(3,604,386)</b>	<b>2,855,061</b>

**Children & Young Peoples Capital Outturn 2014/15 - Variance Analysis and Explanation of major variances over £200,000**

**Appendix 3**

Scheme	Variance	Spend b/fwd from 2015/16	Net Variance	Net Variance made up of:			Explanation of Significant Variances over £250,000
				Slippage to 2015/16	Over / (Under) spends	Additional Spend backed by Funding	
	£	£	£	£	£	£	
Headline variance Schools	1,548,745	1,126,529	422,217	(327,124)	(682,314)	1,431,655	
<b>Major Variances over £200,000</b>							
Scheme	Variance	Spend b/fwd from 2015/16	Net Variance	Net Variance made up of:			Explanation of Significant Variances over £250,000
				Slippage to 2015/16	Over / (Under) spends	Additional Spend backed by Funding	
Arboretum Primary School 210 place expansion scheme	(283,630)		(283,630)		(283,630)		· Arboretum Primary School – a 9% Underspend against a major £3m expansion scheme as a result of the settlement of final account with the principal contractor who did not substantiate a number of claims.
Capital Schemes Delivered Directly by Schools	2,466,596		2,466,596		1,107,992	1,358,604	Change of accounting treatment - schemes delivered by schools now added to capital programme
Osmaston Primary Refurb- CYP Contribution	738,373	738,373	0				Osmaston Primary School – significant spend ahead of profile due to contractor completing final phases of the scheme further ahead of the revised programme. Significant works were completed as part of earlier phases of the scheme to allow areas to be handed over to the school earlier than planned. The majority of the spend brought forward over the baseline budget had previously been reported.
Universal Infant free school meals	(431,000)		(431,000)	(950)	(430,050)		

			0				
Total	2,490,339	738,373	1,751,966	(950)	394,312	1,358,604	

**Property Maintenance & Refurbishment Capital Outturn 2014/15 - Variance Analysis and explanation of major variances over £200,000**

**Appendix 3**

Scheme	Variance	Spend b/fwd from 2015/16	Net Variance	Net Variance made up of:			Explanation of Significant Variances over £250,000
				Slippage to 2015/16	Over / (Under) spends	Additional Spend backed by Funding	
	£	£	£	£	£	£	
Headline Variance Property	(982,586)	31,523	(1,014,109)	(157,669)	(856,439)	0	
<b>Major Variances over £200,000</b>							
Scheme	Variance	Spend b/fwd from 2015/16	Net Variance	Net Variance made up of:			Explanation of Significant Variances over £250,000
				Slippage to 2015/16	Over / (Under) spends	Additional Spend backed by Funding	
	£	£	£	£	£	£	
Museum & Art Gallery heating/ventilation/air conditioning	415,303		415,303		415,303		Spent to budget as both schemes combined and net variance negligible
Central Library, Museum & Art Gallery FA/EL	(422,366)		(422,366)		(422,366)		
Demolition and bringing assets back to use assembly rooms car park	(600,000)		(600,000)		(600,000)		Scheme costs not capitalisable therefore budget no longer required and revenue costs funded from the insurance claim
<b>Total</b>	<b>(607,063)</b>	<b>-</b>	<b>(607,062)</b>	<b>-</b>	<b>(607,063)</b>	<b>-</b>	

**Parks & Open Spaces Capital Outturn 2014/15 - Variance Analysis and explanation of major variance over £200,000**

**Appendix 3**

Scheme	Variance	Spend b/fwd from 2015/16	Net Variance	Net Variance made up of:			Explanation of Significant Variances over £250,000
				Slippage to 2015/16	Over / (Under) spends	Additional Spend backed by Funding	
	£	£	£	£	£	£	
Headline Variance Parks	(274,755)	15,000	(289,755)	(292,443)	907	1,780	
<b>Major Variances over £200,000</b>							
Scheme	Variance	Spend b/fwd from 2015/16	Net Variance	Net Variance made up of:			Explanation of Significant Variances over £250,000
				Slippage to 2015/16	Over / (Under) spends	Additional Spend backed by Funding	
	£	£	£	£	£	£	
Markeaton Park	(292,443)		(292,443)	(292,443)			MP Contract 1 Delay to completion of works - spend is below contratcor's predicted spend indicating work is behind programme
<b>Total</b>	<b>(292,443)</b>	<b>-</b>	<b>(292,443)</b>	<b>(292,443)</b>	<b>-</b>	<b>-</b>	

**Vehicles Plant & Equipment Capital Outturn 2014/15 - Variance Analysis and Explanation of Major Variances over £200,000**

**Appendix 3**

Scheme	Variance	Spend b/fwd from 2015/16	Net Variance	Net Variance made up of:			Explanation of Significant Variances over £250,000
				Slippage to 2015/16	Over / (Under) spends	Additional Spend backed by Funding	
	£	£	£	£	£	£	
Headline Variance Vehciles Plant & Equipment	(458,157)	0	(458,157)	0	(460,176)	2,019	
<b>Major Variances over £200,000</b>							
Scheme	Variance	Spend b/fwd from 2015/16	Net Variance	Net Variance made up of:			Explanation of Significant Variances over £250,000
				Slippage to 2015/16	Over / (Under) spends	Additional Spend backed by Funding	
	£	£	£	£	£	£	
Refuse Vehicles & Plant	(301,270)		(301,270)		(301,270)		Cost of vehicles less than anticipated and the original plan was to buy 7 vehicles but only 5 were needed.
<b>Total</b>	<b>(301,270)</b>	<b>-</b>	<b>(301,270)</b>	<b>-</b>	<b>(301,270)</b>	<b>-</b>	

**Regeneration Capital Outturn 2014/15 - Variance Analysis and explanation of major variances over £200,000**

**Appendix 3**

Scheme	Variance	Spend b/fwd from 2015/16	Net Variance	Net Variance made up of:			Explanation of Significant Variances over £250,000
				Slippage to 2015/16	Over / (Under) spends	Additional Spend backed by Funding	
	£	£	£	£	£	£	
Headline Variance Regeneration	(2,321,085)	187,982	(2,509,068)	(2,531,619)	(74,805)	97,356	
<b>Major Variances over £200,000</b>							
Scheme	Variance	Spend b/fwd from 2015/16	Net Variance	Net Variance made up of:			Explanation of Significant Variances over £250,000
				Slippage to 2015/16	Over / (Under) spends	Additional Spend backed by Funding	
	£	£	£	£	£	£	
Innovation Centre	(1,042,110)		(1,042,110)	(1,042,110)			At year end, the project had underspent due to reprogramming of drainage and services connections and a one week delay to the programme which, given the intensity of work on site, had a proportionately high impact on spend.
Derby Enterprise Growth Fund	(1,173,697)		(1,173,697)	(608,525)	(568,708)		The budget for this scheme includes contractual commitments with applicant businesses, however, the pace of actual spend on projects and draw-down of loan/grant funding is determined by the loan/grant recipients.
<b>Total</b>	<b>(2,215,807)</b>	<b>-</b>	<b>(2,215,807)</b>	<b>(1,650,635)</b>	<b>(568,708)</b>	<b>-</b>	



**HRA Capital Outturn 2014/15 - Variance Analysis and explanation of major variances over £200,000**

**Appendix 3**

Scheme	Variance	Spend b/fwd from 2015/16	Net Variance	Net Variance made up of:			Explanation of Significant Variances over £250,000
				Slippage to 2015/16	Over / (Under) spends	Additional Spend backed by Funding	
	£	£	£	£	£	£	
Headline Variance HRA	(166,850)	390,409	(557,259)	(285,263)	(292,553)	20,556	
<b>Major Variances over £200,000</b>							
Scheme	Variance	Spend b/fwd from 2015/16	Net Variance	Net Variance made up of:			Explanation of Significant Variances over £250,000
				Slippage to 2015/16	Over / (Under) spends	Additional Spend backed by Funding	
	£	£	£	£	£	£	
Bath Street	234,646	234,646	-				It was agreed that the valuation for March was brought forward into mid-March. Valuations are carried at month end with payment into the following month. However to avoid getting caught in year end it was agreed that an earlier valuation be carried out and invoice issued for part payment in March before close of accounts. Therefore funds were brought forward from 15/16 budget to cover that.
Ashlea Acquisition	(255,543)		(255,543)		(255,543)		Purchased in 2013/14 so budget not required
<b>TOTAL</b>	<b>(20,899)</b>	<b>234,646</b>	<b>(255,544)</b>	<b>-</b>	<b>(255,543)</b>	<b>-</b>	

**Strategic Projects 2014/15 - Variance Analysis and explanation of major variances over £200,000**

**Appendix 3**

Scheme	Variance	Spend b/fwd from 2015/16	Net Variance	Net Variance made up of:			Explanation of Significant Variances over £250,000
				Slippage to 2015/16	Over / (Under) spends	Additional Spend backed by Funding	
	£	£	£	£	£	£	
Headline Variance Strategic Projects	(1,434,491)	0	(1,434,491)	(1,604,491)	(675,000)	845,000	
<b>Major Variances over £200,000</b>							
Scheme	Variance	Spend b/fwd from 2015/16	Net Variance	Net Variance made up of:			Explanation of Significant Variances over £250,000
				Slippage to 2015/16	Over / (Under) spends	Additional Spend backed by Funding	
	£	£	£	£	£	£	
Our City Our River	(426,989)		(426,989)	(426,989)			Scheme delivery behind schedule due to late approval of business case and therefore award of tender. Main contractor has invoiced less than anticipated although overall scheme is on budget. Planning application submitted in 2014/15 but as related work has not been carried out this has been treated as a payment in advance
Contingency	(675,000)		(675,000)		(675,000)		
<b>Total</b>	<b>(1,101,989)</b>	<b>-</b>	<b>(1,101,989)</b>	<b>(426,989)</b>	<b>(675,000)</b>	<b>-</b>	

## Appendix 4

### Revised Indicative Programme 2015/16 - 2017/18

Strategy Area	Revised 2015/16	Revised 2016/17	Revised 2017/18	Total
	£000	£000	£000	£000
Schools	6,327	7,867	5,966	20,160
H&T	4,325	10,490	7,100	21,915
Property Improvement	2,776	2,936	5,371	11,083
Property Maintenance & Refurbishment	3,392	4,737	2,037	10,166
Parks & Open Spaces	1,929	0	295	2,224
Vehicles, Plant and Equipment	2,857	25,560	564	28,981
Flood Defence	8,547	21,329	2,514	32,390
Regeneration	39,302	11,981	11,520	62,803
Housing General Fund	3,607	4,143	2,297	10,047
HRA	18,867	19,691	11,321	49,879
ICT	2,580	860	10,360	13,800
Strategic Projects	0	0	0	0
<b>Total Revised Programme</b>	<b>94,509</b>	<b>109,594</b>	<b>59,345</b>	<b>263,448</b>
Less assumed capital Slippage	(3,795)	(786)	(3,337)	(7,918)
<b>Revised Programme</b>	<b>90,714</b>	<b>108,808</b>	<b>56,008</b>	<b>255,530</b>