



COUNCIL CABINET
13 JULY 2016

ITEM 17

Report of the Cabinet Member for Strategy & Policy

CAPITAL OUTTURN 2015/16

SUMMARY

- 1.1 This report deals with the following capital programme matters that require reporting to and approval by Council Cabinet:
- The successful delivery of 91.8% of the latest approved £76,508,960 capital programme.
 - Details of the capital outturn 2015/16 totalling £70,229,819 for work completed by 31 March 2016, and the associated capital financing. The programme has delivered a number of significant achievements detailed in Appendix 2.
 - Analysis of the variance of (£6,279,141) 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 £1,243,786. Variance details above £200,000 can be found in Appendix 3.
 - Use of resources to fund the capital outturn and variances to original budget, detailed in section 6.
 - Performance against the Quarter 2 baseline is detailed in section 7.
 - The revised indicative 2016/17 – 2018/19 capital programme is shown in Appendix 4.

RECOMMENDATIONS

- 2.1 To note the capital outturn for the financial year 2015/16 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 2015/16 capital programme detailed in paragraph 5.8.
- 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 2016/17 – 2018/19 capital programme detailed in Appendix 4.

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| REASONS FOR RECOMMENDATION |
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- 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.



COUNCIL CABINET
13 July 2016

Report of the Chief Executive

SUPPORTING INFORMATION

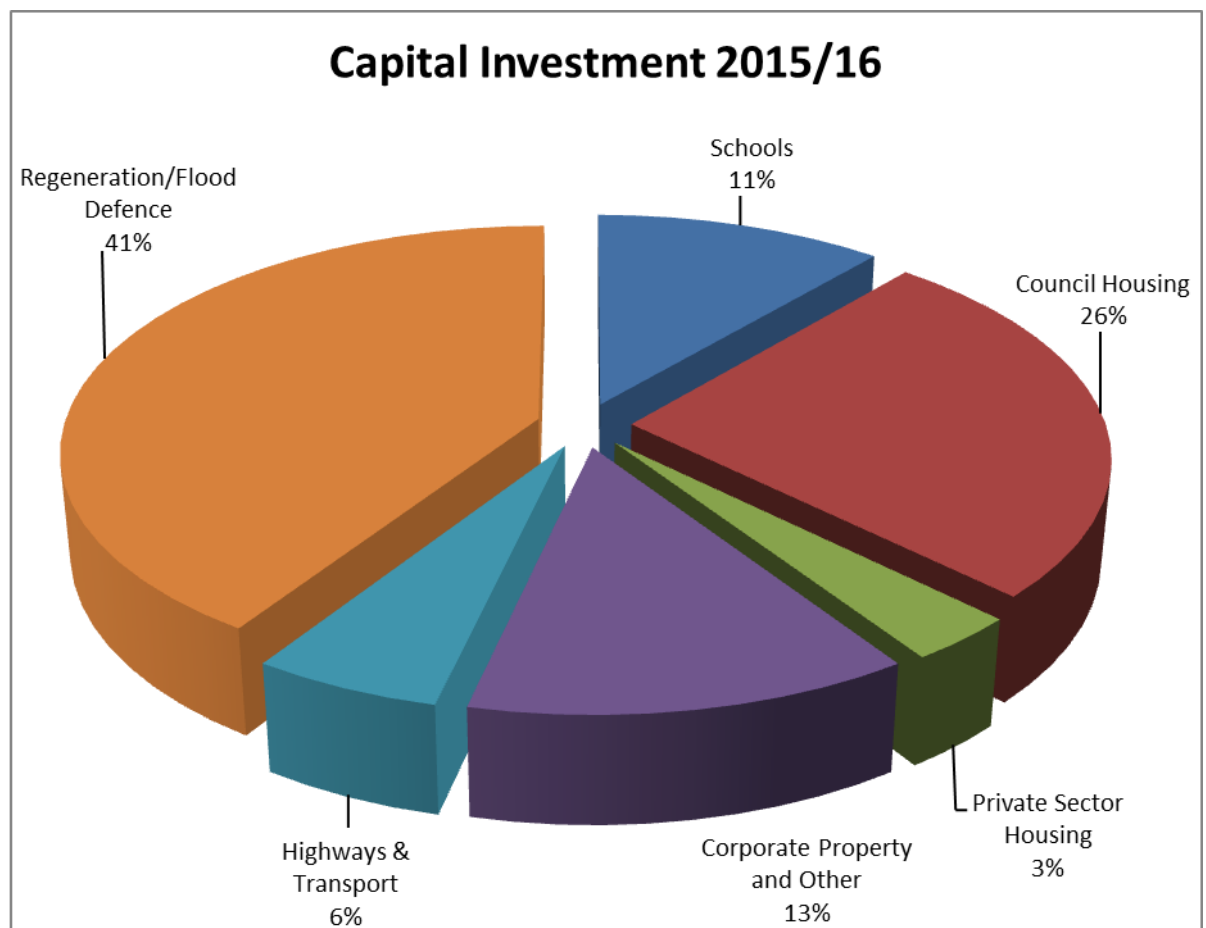
4 Programme Achievements

- 4.1 The programme has delivered some significant achievements in 2015/16 including the following ...
- Completion of the final stage of the major, multiphase, modernisation, refurbishment and extension scheme at Osmaston Primary School, including school decanting, reconfiguration and external works.
 - Completion of major refurbishment to the upper school sports hall and changing rooms at Bemrose School. The scheme included a new office, entrance lobby and exits as well as a new floor sub structure and sports surfacing. The project also included external drainage improvements.
 - Traditional illuminated bollards have been replaced with passively safe, diamond grade, retro-reflective non illuminated bollards at 202 locations. This will result in maintenance and energy cost savings.
 - Completion and opening in July 2015 of the new High Ropes outdoor learning facility at Markeaton Park.
 - Over 33,000sqft of new floorspace created at the i-Hub, the first building at Infinity Park Derby. The building will be home to businesses in the supply chains for Derby's transport engineering sectors.
 - The four "Connect" managed workspace buildings completed in 2014 and 2015 were operational within a month of occupation. New tenants were secured and located in the buildings during this year.
 - The iconic Marble Hall was fully regenerated, creating 15,000sqft of office space, a training kitchen, commercial café and a new nursery.
 - The newest Extra Care development for Derby has now been completed. Owned by Derby City Council this will provide eighty two individual two bedroom apartments with communal facilities and an on site care provider for older adults with a care need. Situated at the entrance to Darley park and overlooking the river Derwent the building incorporates flood defences as part of the Our City, Our River masterplan. These new homes will also generate New Homes Bonus providing additional income to the city.

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 £103,237,000 was approved by Council Cabinet on 18th February 2015 and Full Council on 4 March 2015. Adjustments to the capital budget were subsequently approved by Council Cabinet during 2015/16 as part of the Councils capital budget monitoring process. The final revised budget for 2015/16 is £76,508,960.
- 5.2 The Council has successfully delivered 91.8% of the final approved £76,508,960 capital programme, encompassing monitoring and reporting of progress and risks to the Corporate Capital Programme Board on a monthly basis.
- 5.3 The chart below shows the capital investment percentages by area of spend for 2015/16.



- 5.4 The final capital outturn for 2015/16 was £70,229,818 which includes accruals and retentions (funded under IFRS regulations). This gives a variance of £6,279,141 compared with the final revised adjusted capital budget of £76,508,960 as summarised in Table 1.

Table 1 – Programme Variance

| Service Area | Final Revised Adjusted Capital Programme | Actual Expenditure | Net Variance |
|---|---|---------------------------|---------------------|
| | 2015/16 | 2015/16 | 2015/16 |
| | £'000 | £'000 | £'000 |
| Schools | 7,527 | 7,929 | 402 |
| Highways & Transport | 4,419 | 3,918 | (501) |
| Property Improvement | 2,214 | 2,088 | (126) |
| Property Maintenance & refurbishment incl parks | 4,086 | 3,806 | (280) |
| Vehicles plant & Equipment | 2,149 | 1,932 | (217) |
| Flood Defence | 3,549 | 2,748 | (801) |
| Regeneration | 29,689 | 25,896 | (3,793) |
| Housing General Fund | 2,181 | 2,313 | 132 |
| HRA | 18,110 | 18,281 | 171 |
| ICT | 1,486 | 1,320 | (166) |
| Strategic Projects/contingency | 1,100 | 0 | (1,100) |
| Total | 76,509 | 70,230 | (6,279) |
| Less assumed capital slippage 10% of SCE C | | | |
| Total | 76,509 | 70,230 | (6,279) |

- 5.5 The Net Programme variance of (£6,279,141) is broken down as follows:
- Slippage to 2016/17 of (£7,335,901)
 - Net scheme (under)/over spends of (£826,641)
 - Additional spend backed by funding of £1,243,785
 - Spend brought forward from 2016/17 of £639,615.

These are discussed in the following paragraphs 5.6 – 5.10.

5.6 Slippage

The programme variance includes slippage of (£7,335,901). Approval is sought to add this slippage to the 2016/17 capital programme. Further details of slippage requests over £200,000 are included in Appendix 3 with a full list of slippage included in Appendix 4. Progress in 2016/17 will be reported as part of the planned monitoring to Council Cabinet.

5.7 Net Scheme Under/Over Spends

The net scheme cost variations of (£826,641) under spend was predominantly due to the contingency budget remaining unused. A breakdown of schemes with over/underspends over £200,000 can be found in Appendix 3.

Main areas include:

- Schools underspend of (£132,563)
- Housing General Fund underspend of (£187,559)
- Property Maintenance overspend £159,274
- HRA overspend of £744,218
- Contingency underspend (£1,099,910)

Funding not utilised on the schemes detailed in Appendix 3 will be added back into the 2016/17 programme for future use in the capital programme with the exception of the contingency fund which will be saved in accordance with current Medium Term Financial Plan. This is funded by £364,000 corporate borrowing and £735,000 SCE C. At this stage all other underspends are held within the relevant capital resources funding streams for 2016/17 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.

5.8 Additional Spend

£1,243,785 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 £1,509,328

- The addition of capitalised maintenance for individual schools from their delegated budget, not generally budgeted for on the Council's overall Peoples Capital Programme.

Housing General Fund

- Disabled Facilities Grant £162,232 – Demand for the disabled facilities a grant was higher than budgeted which meant additional contributions received from the recipients of disabled facilities grant were applied.
- Loans fund Regional Pilot/Community Energy savings project £166,660 – Demand for these schemes were higher than expected and Contributions received from recipients of the grant were applied not originally budgeted for.

5.9 Spend brought Forward

£639,615 spend brought forward from 2016/17 has been necessary mainly due to schemes originally programmed for 2016/17 within the Schools and Housing programme delivered earlier than anticipated. Main areas include:

- £200,000 for the HRA programme
- £269,769 for the Schools programme

A breakdown of those over £200,000 is detailed in Appendix 3 with a list of all schemes detailed in Appendix 4.

6. Capital Financing

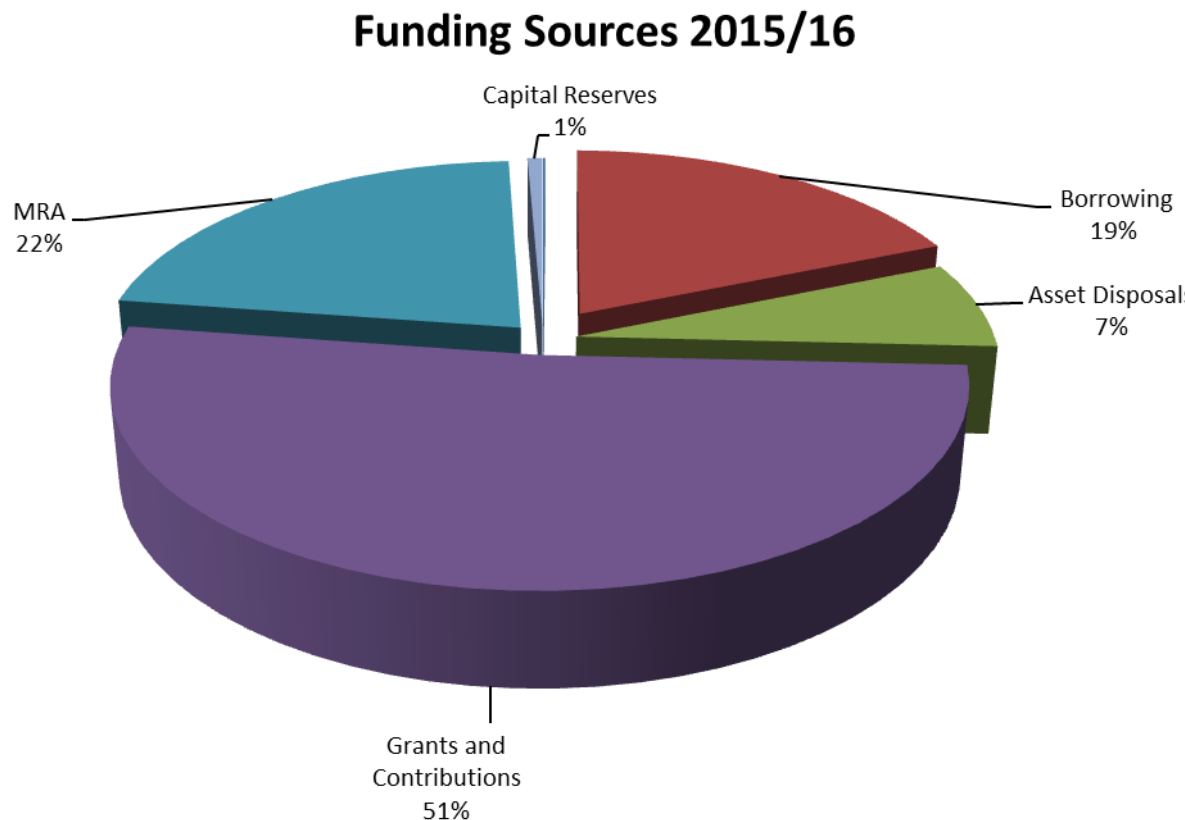
- 6.1 Capital Control regulations allow funding of capital spend of £70,229,818 to 31 March 2016. The application of available resources to fund the actual spend is shown in Table 2. Funding of actual spend has been applied in the most efficient way to maximise value for money for the Council, appropriate use of borrowing and to ensure no loss of external funding as a consequence of slippage. This results in unused funding of (£6,279,141) as analysed in Table 2 to fund commitments in 2016/17.

Table 2 – Financing of the Programme

| Source of Finance | Final Revised Adjusted Capital Programme 2015/16 | Actual Funding Utilised 2015/16 | Variance 2015/16 |
|---|--|---------------------------------|------------------|
| | £'000 | £'000 | £'000 |
| Supported Capital Expenditure (Revenue) – SCE (R) | 67 | 67 | 0 |
| Unsupported Borrowing – Corporate | 15,116 | 6,712 | (8,404) |
| Unsupported Borrowing – Self Financed | 3,636 | 5,064 | 1,428 |
| Unsupported Borrowing – Spend to Save | 0 | 0 | 0 |
| External Borrowing (LEP & Derby University) | 1,330 | 2,330 | 1,000 |
| Supported Capital Expenditure (Capital) – SCE (C) | 9,507 | 7,521 | (1,986) |
| Housing Major Repairs Allowance | 18,003 | 15,457 | (2,546) |
| Government Grants | 17,811 | 23,782 | 5,971 |
| Other Contributions, including Lottery | 5,306 | 2,044 | (3,262) |
| S106 | 649 | 592 | (57) |
| Capital Receipts | 3,184 | 4,933 | 1,749 |
| Revenue/Service Reserves | 1,877 | 0 | (1,877) |
| Capital Reserves | 23 | 464 | 441 |
| Plus assumed capital slippage 10% | | | |
| Total | 76,509 | 70,230 | (6,279) |

- 6.2 The 2015/16 final programme included £11,776,244 Unsupported Borrowing, consisting of £6,712,140 for the corporate programme, and £5,064,103 for departmental self-financed schemes. In addition further external borrowing was undertaken by the Regeneration department amounting to £2,330,000 from the Local Enterprise Partnership and the University of Derby and will be financed by the service.

The chart below shows the funding as a percentage by funding stream of the 2015/16 capital programme.



6.3 Explanation of Variances in Funding

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

- The reduction in unsupported corporate borrowing of £8,404,000 is mainly due to the use of alternative grant funding that required applying to prevent the claw-back of grant, this includes the Sport England grant given for the arena external track and the application of SCE C grant to be applied to shorter life assets which are less cost effective for the council to utilise borrowing for.
- The increase in service financed borrowing is due to the increase in borrowing applied to the DEGF loans fund which was approved at Cabinet during 2015 as a loan to the fund to ensure all commitments could be met and to maintain the momentum of the fund.
- The increase in External borrowing is due to the additional loan taken from the University of Derby for the Innovation Centre not previously included in the budget.
- The reduction in SCE C is mainly due to the slippage on the regeneration and schools programmes and the saving in the corporate contingency pot.
- The reduction in MRA is due to the use of alternative grant funding and new build capital receipts not included in the budget.
- The increase in government grants is due to the use additional grants not previously budgeted for e.g. HCA for the HRA, D2N2 for the regeneration programme and Our City Our River scheme.
- The reduction in contributions is due to the slippage on the innovation centre and infinity park which will be utilised for these schemes upon completion.
- The increase/reductions in capital receipts/revenue contributions and capital reserves are due to the switching necessary to ensure revenue and capital expenditure is matched to the correct resources.

- 6.4 The Prudential Indicators have been updated accordingly and are included in the separate Treasury Management – Annual Report 2015/16 to this Cabinet.

7. Performance Against Baseline Forecast Quarter 2

In November 2015 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 |
|--|---|-------------------------------|---------------------|
| | 2015/16 | 2015/16 | 2015/16 |
| | £'000 | £'000 | £'000 |
| Schools | 7,684 | 7,929 | 245 |
| Highways & Transport | 4,810 | 3,918 | (892) |
| Property Improvement | 2,941 | 2,088 | (853) |
| Property Maintenance & refurbishment | 5,366 | 3,806 | (1,560) |
| Vehicles plant & Equipment | 2,134 | 1,932 | (202) |
| Flood Defence | 8,078 | 2,748 | (5,330) |
| Regeneration | 33,777 | 25,893 | (7,884) |
| Housing General Fund | 2,280 | 2,313 | 33 |
| HRA | 19,985 | 18,281 | (1,704) |
| ICT | 1,826 | 1,320 | (506) |
| Strategic Projects | 1,100 | 0 | (1,100) |
| Total | 89,981 | 70,227 | (19,754) |
| Less Devolved | (800) | | |
| Less assumed capital slippage 10% of SCE C | (458) | | |
| Total | 88,723 | 70,227 | (19,754) |

Performance against baseline quarter 2 is explained by strategy area below:

- 7.1** The corporate capital programme has a number of significant projects with multiple partners. It is therefore continues to be difficult to predict the forecast outturn spend when dealing with such complex projects.

7.2 Schools

The Schools programme quarter 2 baseline forecast was £7,684,000 and the final outturn was £7,929,000 giving an overspend variance to quarter 2 of £245,000 (3.18%). The main reasons for this were:

- The refurbishment scheme at Bemrose School completed ahead of programme.

7.3 Highways & Transport

The Highways and Transport programme quarter 2 baseline forecast was £4,810,000 and the final outturn was £3,918,000 giving an underspend variance to quarter 2 of £892,000 (18.54%). The main reasons for this were:

- The Variance of £340,300 across various schemes in the Structures Maintenance Strategy Area, this is due to difficulties around the retention and recruitment of specialist staff and has adversely impacted on scheme delivery. Agency staff were recruited during Q2.
- £552,000 underspends for other minor adjustments to various schemes within the highways programme.

7.4 Property Improvement

The Property Improvement programme quarter 2 baseline forecast was £2,941,000 and the final outturn was £2,088,000 giving an underspend variance to quarter 2 of £853,000 (29.0%).

- £83,000 underspend carried forward to 2016/17 due to less compensation payments relating to Connecting Derby being processed than expected in 2015/16.
- £316,000 underspend carried forward to 2016/17 for the refurbishment of Kedleston Road Training Centre. When the scheme was first drawn up in 2015 funding of £560,000 was agreed and the scheme was due to commence by the end of 2015. Delays are due to two points:
 - Changes in the service user requirements which resulted in additional design time thereby extending the programme,
 - Tender documents were put to the open market and at least four contractors were expected to price the work, only one contractor submitted a priced tender and this was well above the available budgetBoth these points have led to tender prices higher than the budget available and ongoing detailed tender evaluation and negotiations with the service user and contractor which has delayed the delivery of the project.
- £175,000 funding carried forward to 2016/17 for the Silk Mill Museum major project following agreement with the Museum Trust on the profiling of the Councils total £350,000 contribution to the development phase of the project.
- £71,000 underspend carried forward for Coronation Avenue Children's Home due to delay in statutory services being installed which has had a knock on effect delaying mechanical installations, and finishing's to the building.

7.5 Property Maintenance

The Property Maintenance programme quarter 2 baseline forecast was £5,366,000 and the final outturn was £3,806,000 giving an underspend variance to quarter 2 of £1,560,000 (29.07%). The following summarises the main reasons for variance compared to the Q2 baseline:

- £196,000 underspend on lift replacement/refurbishment schemes. The delivery of these projects was put on hold while consideration was given to their priority in relation to the property rationalisation programme. These schemes will be undertaken in 2016/17.
- £193,000 underspend on energy efficiency projects at homes for older people due to uncertainty as to the long term future of some homes.
- £110,000 underspend carried forward to 2016/17 for the car park energy efficiency schemes. Lack of resource in the property design & maintenance team delayed the preparation of the specification which in turn delayed the approval for Salix grant funding.
- £50,000 underspend Markeaton park pirate ship, works delayed due to weather conditions. Works will be undertaken in 2016/17.
- £209,000 underspend carried forward to 2016/17 for Guildhall and Warwick House Fire Risk Assessment works delays occurred due to service needs preventing access for the works to take place.
- £100,000 underspend carried forward to 2016/17 for refurbishment works to homes for older people Fire Risk Assessment works took priority leaving insufficient time and staff/contractor resource to deliver this work in the same financial year.
- £121,000 underspend is to be carried forward to 2016/17 for boiler replacements at Allen Park Centre and Darley Changing Rooms. The delivery of these projects was put on hold while consideration was given to their priority in relation to the property rationalisation programme.
- The remaining variance of £581,000 is attributable to a number of projects with small variances.

7.6 Vehicles Plant & equipment

The Vehicles Plant and Equipment programme quarter 2 baseline forecast was £2,134,000 and the final outturn was £1,932,000 giving an underspend variance to quarter 2 of £202,000 (9.47%).

- The variance is due to a decision taken to reduce the number of replacement refuse vehicles procured as it was found that it was possible to prolong the working life of the existing vehicles.

7.7 Flood Defence

The Flood Defence programme quarter 2 baseline forecast was £8,078,000 and the final outturn was £2,748,000 giving an underspend variance to quarter 2 of £5,330,000 (65.98%). The following summarises the main reasons for variance on the Our City Our River project compared to the Q2 baseline:

- Last year the intention was to undertake the individual property protection work at Darley Abbey, this work was not undertaken in 2015/16 therefore £360,000 was not spent. This was because the planning application for the scheme hadn't been approved due to there being a series of 21 day statutory consultation periods having to be undertaken as a result of the formal responses to the planning application proposals and so the activity and planned spend has been slipped forward into future years.
- £2,000,000 was provided for risk and inflation which was not spent. As the project commenced late, neither the risk nor inflation costs materialised, these costs were a calculated percentage against construction work which did not take place within 2015/16 financial year.
- £1,630,000 was forecast to spend against development sites, however no progress on the package 1 sites was made. This was due to ongoing uncertainty of land-owner intentions and despite pre-application discussions no planning proposals were submitted.
- £2,000,000 variance in the main contractors forecast due to delays starting on site as a result of planning consent delay already referred to above, this meant works couldn't commence on site until approvals were in place.

7.8 Regeneration

The Regeneration programme quarter 2 adjusted baseline forecast was £33,777,000 and the final outturn was £25,893,000 giving an underspend variance to quarter 2 of £7,884,000 (23.34%). The following details the reasons for those schemes with the most substantial variance against quarter 2 baseline:

- **Infinity Park Derby (GTC) Variance to Q2 (£2,806,704)**
A number of factors have influenced the changes to the IPD budget: There have been significant delays to utilities provision on site. Work was delayed as a consequence of satisfying planning conditions and agreeing/implementing signage and artwork proposals with the Council's developer partners
Due to delays to the programme earlier in the year, planting and landscaping works had to be delayed until Spring 2016. This change required budget to be moved from 2015-16 to 2016-17
- **Accelerated Development/Infinity Park Derby & Innovation Centre Risk Provision Variance to Q2 (£649,000)**
This is a contingency budget for the major Infinity Park Derby and Innovation Centre projects. Due to delays in the programme described above, the contingency has not been required in 2015-16 but moved to 2016-17.
- **Infinity Park Derby (infrastructure) Variance to Q2 (£209,918)**
This is a Local Growth Fund funded scheme. Due to the length of due diligence and funding contract phases, the scheme design did not start until later in the year than originally forecast.
- **City Living Initiative Variance to Q2 (£304,584)**
This is a demand led scheme dependent on third party delivery. One major new residential development, the first to be supported by the City Living Initiative, (Weaver's Point by Radleigh Group) was contracted and started on site in 2015-16, however the start of this scheme was delayed due to the length of the due diligence process, which was prolonged because it was the first scheme therefore no precedents were in place and the delivery model proposed by the applicant was complex and required lengthy legal considerations.
- **Derby Enterprise Growth Fund/ Variance to Q2 (£1,680,000)**
DEGF (Recycled) Variance to Q2 £422,275
The single budget at the beginning of the year was split into two budgets - one for the RGF funded element and one for the recycled loan funded element. All RGF funds were spent in 2015-16. As a recycled fund, the budget for DEGF is inherently variable, and can change on a monthly basis due to repayment holidays, early repayments, and re-negotiated terms for example. On the expenditure side, the scheme is demand led and responds to applications submitted by businesses, which are in turn subject to due diligence and appraisal. The nature of the DEGF means that forecast are constantly changing in response to demand and income therefore it is difficult to predict forecast outturn.

7.9 Housing General Fund

The Housing General Fund programme quarter 2 baseline forecast was £2,280,000 and the final outturn was £2,313,000 giving an overspend variance to quarter 2 of £33,000 (1.45%). Variance negligible.

7.10 HRA

The HRA quarter 2 baseline forecast was £19,985,000 and the final outturn was £18,281,000 giving an underspend variance to quarter 2 of £1,704,000 (8.52%). The main reasons for this variance against quarter 2 are summarised below:

Planned Maintenance

Slippage of external programmes due to adverse weather conditions.

New Build

Funds were transferred from the generic new build and acquisitions budget to specific schemes during the year. Of these specific schemes, 2 off-plan scheme purchases Elton Road, Mackworth College failed to complete within the financial year and had to be slipped. This was due to the house builder re-phasing its delivery of the Mackworth College site to fit with the availability of brickwork sub-contractors. The acquisition was completed shortly after year end. On Elton Road, the builder decided to finalise other sites again due to subcontractor availability and as such delayed works progress on Elton Road. This was mitigated to a small degree by bringing forward some new-build spend.

7.11 ICT

The ICT programme quarter 2 baseline forecast was £1,826,000 and the final outturn was £1,320,000 giving an underspend variance to quarter 2 of £506,000 (27.71%). The main reasons for this variance against quarter 2 are summarised below:

- Slippage of £212,000 for the Social care system. Delays were due to the complexity of data migration. Poor data quality failing validation tests and interfaces which led to slippage
- The re-classification of the Highways system £100,000 as a revenue item following its purchase under software as a service licence.
- £216,000 slippage for network support and infrastructure due to the failure of the contractor to deliver installation commitments contractually committed by the end of March 2016.

7.12 Corporate Contingency

The Corporate Contingency programme quarter 2 baseline forecast was £1,100,000 and the final outturn was nil giving an underspend variance to quarter 2 of £1,100,000 (100%). The contingency was left in in case of any unforeseen circumstances but will now be taken in line with the MTFP proposals.

8 Revised 2016-19 Programme

- 8.1 Appendix 4 shows the revised indicative programme for 2016/17 to 2018/19 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:

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|--|--|
| Legal officer Financial officer Human Resources officer Estates/Property officer Service Director(s) Other(s) | Janie Berry Director of Governance and Monitoring Officer Toni Nash Head of Finance Organisation & Governance Janie Berry, Director of Governance and Monitoring Officer Christine Durrant, Acting Strategic Director of Neighbourhoods Martyn Marples, Director of Finance & Procurement Nick O Reilly, Director of Digital Services |
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| | |
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| For more information contact: Background papers: List of appendices: | 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 |
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| IMPLICATIONS |
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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 2015/16

The programme has delivered some significant achievements in 2015/16 including the following ...

Schools

- Completion of the final stage of the major, multiphase, modernisation, refurbishment and extension scheme at Osmaston Primary School, including school decanting, reconfiguration and external works.
- Completion of major refurbishment to the upper school sports hall and changing rooms at Bemrose School. The scheme included a new office, entrance lobby and exits as well as a new floor sub structure and sports surfacing. The project also included external drainage improvements.
- Completion of major refurbishment works at Pear Tree Junior School, including new windows to the South-East and South-West elevations, replacement heating system and new pupil toilet provision.
- Completion of Shelton Junior School phase 2 fire risk assessment works, including replacement of corridor ceilings, new lighting and the subsequent re-commissioning of the fire alarm system. Works also included re-roofing of failing roof coverings, new insulation and replacement of failing single glazed roof lights with new double glazed units and associated roofing structural works.
- Commencement of extension and refurbishment scheme at Rosehill Infant and Nursery School. Works will improve teaching accommodation for the Reception age pupils, provide additional teaching space and new windows.
- Completion of new two classroom teaching block to provide additional capacity at Allenton Primary School.
- Completion of the final phase of the major programme of refurbishment works at Ashgate Primary School.
- Completion of new cooking kitchens at Redwood Primary School and St Giles Special school to allow for on-site preparation and cooking of school meals.
- Completion of major condition refurbishment scheme to provide new roof, ceilings, lighting, fire alarm and fire breaks to the main technology block at Murray Park Community School.
- Completion of refurbishment and modernisation of the Key Stage 1 Pupil Referral Unit.
- Successful completion of a range of other significant maintenance programme works across a range of schools, including fire precaution works, window replacements, boiler/heating replacements and roofing replacements.

Property Improvement

- Coronation Avenue Children's Home – New children's home.

Property Maintenance and Refurbishment

A number of significant maintenance schemes took place in 2015/16 including:

- Warwick House lift refurbishment.
- Milestone House creation of 7 additional bed spaces.
- Bramblebrook Community Centre roof renewal.
- Essential roof repairs to Grade 1 listed building Pickfords House Museum.

- Creation of a disabled access ramp at Moorways Stadium.
- A number of schemes to address fire safety issues arising from the programme of fire risk assessments were successfully delivered throughout 2015/16 including works at homes for older people and Pickfords House Museum.
- Enhancement of outdoor courts at Springwood Leisure Centre.

Parks and Open Spaces

Markeaton Park Restoration and Improvement Project

- 2015/16 has seen major improvements to Markeaton Park, part funded by the Heritage Lottery Fund. The café and craft units have been fully refurbished, along with the addition of new community facilities and toilets creating a vibrant events space within the park which will host a range of events this year including outdoor cinema and theatre.

A new circular path around the park has encouraged park users to appreciate more areas of the park and has attracted more events including two weekly park runs.

The formal gardens and portico have been restored and the original fountain located alongside the foundations of the old hall.

Other programme achievements:

- Completion and opening in July 2015 of the new High Ropes outdoor learning facility at Markeaton Park.
- Refurbishment of Springwood Leisure Centre outdoor courts, including new surfacing and fencing.
- Refurbishment of Rocket Park play area in partnership with Derby Homes.
- Improvements to the Steve Bloomer Astro Turf Pitch, funded by the Football Foundation.

Land Drainage and Flood Defence

- Our City Our River Project Delivery of stand alone defences is progressing well. Including extensive archaeological mitigation works on the Scheduled Monument site at Little Chester in advance of full construction works to this area.

Highways and Transport

- Delivery of 29 Highways and Transport priority schemes selected by the Neighbourhood Boards
- A52 Wyvern Transport Improvements Scheme progress includes:
 - planning application for the Scheme submitted February 2016.
 - work on a Compulsory Purchase Order started November 2015.
 - entered into the Early Contractor Involvement stage.
 - preparation of a business case underway.
- The replacement of obsolete traffic signal controllers at 10 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 202 locations. This will result in maintenance and energy cost savings.
- Undertook 19 principal bridge inspections as per our statutory function.
- Resurfaced the carriageway at Pentagon Island.
- Refurbished traffic signals at 6 locations in the city.
- Installed a bus lane camera at Chequers Road.
- Implemented one-way restrictions at Raven Street and Percy Street, the aim of the scheme was to ease access on these narrow terraced streets.
- Casualty reduction schemes delivered at:
 - Abbey Street/Mercian Way
 - Osmaston Park Road/Portland Street
 - Friar Gate/Ford Street
- Derby's first car club has successfully launched.
- Bus stop improvements have been implemented in Allestree, Darley and Chellaston.

The highway maintenance programme has achieved the following improvement:

- Total length of carriageway reconstruction and/or resurfacing = **2.79km**
- Total length of carriageway surface dressing / micro asphalt = **9.69km**
- Total area of footway slurry sealing = **63,286m²**

Streetpride Plant and Equipment

- An additional highway gully emptying vehicle has been procured and is now being utilised all over the city.
- 4 tractors and 1 trailer have been procured and are now engaged on Grounds Maintenance activities.
- 9 new refuse vehicles have been procured and are now in operation throughout the city.

HRA

- A programme of acquisitions and adaptations has been undertaken to provide bespoke accommodation for adults and families with high care needs. These new homes provide them with the freedom to live in suitable accommodation and allow them better outcomes.
- The newest Extra Care development for Derby has now been completed. Owned by Derby City Council this will provide 82 individual 2 bedroom apartments with communal facilities and an on site care provider for older adults with a care need. Situated at the entrance to Darley park and overlooking the river Derwent the building incorporates flood defences as part of the Our City, Our River masterplan. These new homes will also generate New Homes Bonus providing additional income to the city.
- Construction has commenced on a long term vacant site within the Osmaston area to provide 6 generous sized 2 bedroom homes. This will prevent the issue of anti social behaviour associated with vacant sites and provide much needed suitable accommodation.
- A number of under used or vacant sites were identified across the city and have been used to provide new affordable homes. Many of these are bungalows which are in high demand.

Private Sector Housing

- 108 empty homes returned to use with the direct intervention and help of our Empty Homes Service
- Our Empty Homes activity saw:
 - Over 2,500 property visits and checks contribute to the maximisation of NHB award to the Council:
 - Generating over £370,000+ income
 - Preventing losses to income of up to £2,400,000
- Our Empty Homes and Compulsory Purchase programme activities helped facilitate recovery of over £173,000 of debt associated with empty homes
- Our Compulsory Purchase programme continued to deliver some intense casework tackling some of the city's worst and most problematic empty private sector properties, presenting particular nuisance and blight:

16 such long term empty properties were returned to use via Compulsory Purchase powers.
- 212 Disabled Facilities Grants completed helping people to remain living independently in their own homes.
- Solid Wall insulation installed to 105 private sector properties with a further 100 programmed for 2016/17, reducing residents fuel bills by an average of £240

increasing their thermal comfort and reducing CO2 emissions.

Regeneration

- Schedule of essential maintenance works prepared for the iconic Friar Gate Bridge. Ongoing dialogue with the Friends of Friar Gate Bridge and exploration of external funding opportunities.
- Work started on site for the first building enhancement project supported through the Townscape Heritage Initiative (on Green Lane). Local schools and college students have been involved in a variety of engagement projects and activities investigating the history of the area.
- The Council working with Historic England continues to award grants to help shop owners in certain parts of the city restore their historic shop fronts. Approximately 100 local businesses have benefited from this project over the last five years or so which has not only helped improve Derby's historic heritage, but has also helped to revitalise the local economy.
- The iconic Marble Hall was fully regenerated, creating 15,000sqft of office space, a training kitchen and commercial café and a new nursery. Enquiry levels are high, and 45% of space in the building was let prior to the official opening on 1st April 2016.
- The first phase of works to deliver the Vibrant District Centre Strategy were delivered, with parking, signage, traffic management, landscaping and public realm improvements in target District Centres across the city.
- Planning permission secure for new parking provision at Mackworth District Centre, with work starting on site in April.
- Project launched to use developer S106 monies ringfenced for public art works for a programme of installations across the city. Partnership created with Engineered Learning to engage young people in the design and fabrication of the art works and Sustrans engaged to involve local communities in shaping the designs.
- Over 33,000sqft of new floorspace created at the i-Hub, the first building at Infinity Park Derby. The building will be home to businesses in the supply chains for Derby's transport engineering sectors and will benefit from high quality accommodation, superfast broadband and access to a range of tailored business support. Enquiry levels are high with a number of units let.
- 850 new jobs created and over £14.3m of private sector leverage to date through grants and loans issued by the Derby Enterprise Growth Fund.
- The 4 "Connect" managed workspace buildings complete in 2014 and 2015 were operational within a month of occupation. 297 enquiries were received for Connect offices, co-working and meeting room facilities since Jan 2014. 63 new tenants were secured and located in the buildings during this year and 18 new co-workers. High levels of occupancy rates achieved on all Connect buildings within 12 months of building opening.

- Infinity Park Derby – Infrastructure works including a new road will be completed in May to open up a 100 acre hi-tech business park with the potential to create 4500 new jobs.
- First scheme funded through the City Living Initiative is on site delivering 35 new residential units in the city centre. After one month of opening for sales, 25% of the units have sold. 5 further applications are under appraisal for City Living funding.
- Derbyshire County Cricket Club – Loan funding secured from the Regeneration Fund has enabled work to commence to improve the ground and create a new media centre. This has enabled Derby to become a host city for the ICC Woman's World Cup in 2017.
- Completed the acquisition of a site on Bold Lane to facilitate the ongoing regeneration of Sadler Square. Completed a feasibility study into the delivery of grow-on office space on Bold Lane adjacent to Sadler Bridge Studios, which would provide larger office units to accommodate growing SMEs who want to move on from the Connect managed workspace buildings. External funding opportunities being explored to bring forward grow-on space.
- Castleward Phase 1 – 164 homes as part of phase 1 are due for completion summer 2016 with positive sales achieved. All units expect to be sold by December 2016.
- Successfully completed new network infrastructure in the city centre with support from DCMS "SuperConnected Cities" programme. This is providing superfast broadband to tenants of Connect and other organisations in the city centre, in addition to free public wi-fi access.
- Successfully delivered the voucher scheme to small businesses in Derby to help them get better broadband connections. More than 350 businesses have been supported

ICT

- The new social care system for both adult and children's services has been implemented together with a new income management system which was delivered enabling process efficiencies and reducing the IT Cost. Cloud computing service has been invested in with new voice and data connections and network switches providing better bandwidth at reduced cost enabling the end of the contract with Serco.

Land Drainage and Flood Defence

- A scheme to construct a flood bund to protect properties on Morefern Drive has been completed.
- Phase 1 of an 8 year strategy to reduce flood risk in the Markeaton Lane area has been undertaken.
- Eggington Brook – a raised flood bund was constructed to protect residential from flooding. The bund diverts surface water run-off from the fields above Milton Close into Eggington Brook

Our City Our River

- Project is progressing with delivery of stand alone defences in the package 1 area. Including extensive archaeological mitigation works on the Scheduled Monument site at Little Chester in advance of full construction works to this area. Detailed designs of final defences in advance stages for approval and installation.

Summary By Department-major variances over £200,000 Variance Analysis 2015-2016**Appendix 3**

| Department | Variance | Spend b/fwd from 2016/17 | Net Variance | Net Variance made up of: | | |
|----------------------------|--------------------|-----------------------------|--------------------|--------------------------|--------------------------|--|
| | | | | Slippage to 2016/17 | Over / (Under) spends | Additional Spend backed by Funding |
| | £ | £ | £ | £ | £ | £ |
| Schools | 402,072 | 269,769 | 132,303 | (638,937) | (132,563) | 903,802 |
| Housing General Fund | 131,778 | 0 | 131,778 | (10,147) | (187,559) | 329,483 |
| Property Improvement | (126,341) | 11,209 | (137,550) | (38,633) | (98,917) | 0 |
| Property Maintenance | (279,700) | 20,331 | (300,031) | (459,305) | 159,274 | 0 |
| Flood Defence | (800,969) | 0 | (800,969) | (762,656) | (38,313) | 0 |
| Highways and Transport | (500,212) | 0 | (500,212) | (410,552) | (89,660) | 0 |
| Vehicles plant & Equipment | (216,887) | 0 | (216,887) | (225,762) | 8,375 | 500 |
| Regeneration | (3,796,405) | 88,939 | (3,885,343) | (3,899,733) | 4,389 | 10,000 |
| ICT | (166,114) | 49,368 | (215,482) | (116,893) | (98,589) | 0 |
| HRA | 170,933 | 200,000 | (29,067) | (773,285) | 744,218 | 0 |
| Contingency | (1,099,910) | | (1,099,910) | | (1,099,910) | |
| | | | | | | |
| Total | (6,281,756) | 639,616 | (6,921,372) | (7,335,902) | (829,256) | 1,243,785 |

Schools Capital Outturn 2015/16 - Variance Analysis and Explanation of major variances over £200,000

Appendix 3

| Scheme | Variance | Spend b/fwd from 2016/17 | Net Variance | Net Variance made up of: | | | Explanation of Significant Variances over £200,000 |
|---|------------------|-----------------------------|------------------|--------------------------|-----------------------------|---|--|
| | | | | Slippage to 2016/17 | Over / (Under) spends | Additional Spend backed by Funding | |
| | | | | | | | |
| Capital Schemes Delivered Directly by Schools | 1,509,328 | 0 | 1,509,328 | | 610,568 | 898,761 | Change of accounting treatment - schemes delivered by schools now added to capital programme |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| Total | 1,509,328 | - | 1,509,328 | - | 610,568 | 898,761 | |

Regeneration Capital Outturn 2015/16 - Variance Analysis and explanation of major variances over £200,000

Appendix 3

| Scheme | Variance | Spend b/fwd from 2016/17 | Net Variance | Net Variance made up of: | | | Explanation of Significant Variances over £200,000 |
|-------------------------------------|-------------|--------------------------|--------------|--------------------------|-----------------------|------------------------------------|--|
| | | | | Slippage to 2016/17 | Over / (Under) spends | Additional Spend backed by Funding | |
| | £ | £ | £ | £ | £ | £ | |
| Infinity Park Derby | (2,806,704) | | (2,806,704) | (2,806,704) | | | A number of factors have influenced the changes to the IPD budget: - Planting and landscaping works were profiled for Spring 2016 and to fund this budget was moved at end Q3. - Work delayed as a consequence of satisfying planning conditions and agreeing/implementing signage and artwork proposals with the Council's developer partners. - Significant delays to utilities provision on site |
| Infinity Park Derby- Infrastructure | (209,918) | | (209,918) | (209,918) | | | This is an LGF funded scheme. Due to the length of due diligence and funding contract phases, the scheme design did not start until later in the year than originally forecast. |

| Scheme | Variance | Spend b/fwd from 2016/17 | Net Variance | Net Variance made up of: | | | Explanation of Significant Variances over £200,000 |
|---|--------------------|-----------------------------------|--------------------|--------------------------|-----------------------------|---|--|
| | | | | Slippage to 2016/17 | Over / (Under) spends | Additional Spend backed by Funding | |
| | £ | £ | £ | £ | £ | £ | |
| Derby Enterprise Growth Fund - Recycled | (257,725) | | (257,725) | (257,725) | | | The single budget at the beginning of the year was split into two budgets - one for the RGF funded element and one for the recycled loan funded element. As a recycled fund, the budget for DEGF is inherently variable, and can change on a monthly basis due to repayment holidays, early repayments, re-negotiated terms etc. On the expenditure side, the scheme is demand led and responds to applications submitted by businesses, which are in turn subject to due diligence and appraisal. |
| Total | (3,274,347) | - | (3,274,347) | (3,274,347) | - | | |

Classification: OFFICIAL

Classification: OFFICIAL
Classification: OFFICIAL

**HRA Capital Outturn 2015/16 - Variance Analysis and explanation of major variances over
£200,000**

Appendix 3

| Scheme | Variance | Spend b/fwd from 2016/17 | Net Variance | Net Variance made up of: | | | Explanation of Significant Variances over £200,000 |
|-----------------------------------|----------------|--------------------------------|-----------------|--------------------------|-----------------------------|--|---|
| | | | | Slippage to 2016/17 | Over / (Under) spends | Additional Spend backed by Funding | |
| | £ | £ | £ | £ | £ | £ | |
| Kitchens and Bathrooms | 312,354 | | 312,354 | | 312,354 | | The inclusion of wet room/walk in showers replacements for older shower trays with upstands increased cost This was to be funded from the underspend on central heating. |
| New & Replacement Central Heating | (302,737) | | (302,737) | | | | Cost reduced as a result of fewer than anticipated installs and supply chain efficiencies. The underspend was identified mid-year and is to be used to fund overspend on Kitchens and Bathrooms. |
| Seymour Close | 203,520 | 200,000 | 3,520 | | 3,520 | | The original budget reflected proposed scheme timeline. However the scheme was started earlier than anticipated due to non-starts on other schemes and therefore completed within 15/16 and the budget was brought forward. |
| Ashlea Hostel NB | 399,797 | | 399,797 | | 399,797 | | Works not anticipated to start but brought forward due to earlier completion of site preparation than anticipated |
| Mackworth Coll | (480,000) | | (480,000) | (480,000) | | | The original completion date provided by the developer was January 2015. The completion date has slipped a number of times due to the rephasing of site delivery by the developer. |
| TOTAL | 132,933 | 200,000 | (67,068) | (480,000) | 715,671 | - | |

Flood Defence 2015/16 - Variance Analysis and explanation of major variances over £200,000

Appendix 3

| Scheme | Variance | Spend b/fwd from 2016/17 | Net Variance | Net Variance made up of: | | | Explanation of Significant Variances over £200,000 |
|--------------------|------------------|--------------------------------|------------------|--------------------------|-----------------------------|--|--|
| | | | | Slippage to 2016/17 | Over / (Under) spends | Additional Spend backed by Funding | |
| | £ | £ | £ | £ | £ | £ | |
| Our City Our River | (762,656) | - | (762,656) | (762,656) | | | Delay to securing necessary planning consent had significant impact upon variety of forecast costs for the OCOR project. |
| | | | | | | | |
| | | | | | | | |
| Total | (762,656) | - | (762,656) | (762,656) | - | - | |

Appendix 4

Revised Indicative Programme 2016/17 - 2018/19

| Strategy Area | Revised 2016/17 | Revised 2017/18 | Revised 2018/19 | Total |
|--------------------------------|--------------------|--------------------|--------------------|----------------|
| | £000 | £000 | £000 | £000 |
| Schools | 6,992 | 8,653 | 4,131 | 19,776 |
| H&T | 11,266 | 7,100 | 3,800 | 22,166 |
| Property Improvement | 8,600 | 4,638 | 0 | 13,238 |
| Vehicles, Plant and Equipment | 26,720 | 564 | 530 | 27,814 |
| Flood Defence | 13,366 | 9,920 | 9,581 | 32,867 |
| Regeneration | 17,526 | 12,976 | 0 | 30,502 |
| Housing General Fund | 2,998 | 1,879 | 1,464 | 6,341 |
| HRA | 24,504 | 11,321 | 19,213 | 55,039 |
| ICT | 828 | 3750 | 100 | 4,678 |
| Total Revised Programme | 112,800 | 60,802 | 38,819 | 212,420 |

