
**PROJECT POSITION STATEMENT & CAPITAL PROGRAMME MONITORING
QUARTER THREE 2010/2011**

**Responsible Cabinet Member – Councillor Chris McEwan,
Efficiency & Resources Portfolio**

**Responsible Directors - Paul Wildsmith, Director of Resources
Richard Alty, Director of Place**

SUMMARY REPORT

Purpose of the Report

1. This report provides
 - (a) A summary of the latest Capital resource and commitment position, to inform monitoring of the affordability and funding of the Council's capital programme,
 - (b) An update on the current status of all construction projects currently being undertaken by the Council
2. It also seeks approval for a number of changes to the programme.

Summary

3. The current projected outturn of the 2010/11 Capital Programme is £144.6million against an approved programme of £144.4million. The investment is delivering a wide range of improvements to the Council's assets and more critically, to Council services. Refurbishment of council homes, improved learning environments in schools, better traffic flows and opportunities for sustainable travel have been achieved and are detailed within the report. In line with existing plans and as previously reported, it is expected that prudential borrowing of £869,000 will be used to fund commitments. In addition, it is proposed in the draft 2011-15 MTFP to use capital receipts of £760,000 to fund capitalised redundancy costs and £1.0million to repay debt. The programme, including commitments, remains affordable within the Medium Term Financial Plan (MTFP) for 2010-14.
4. The Council has a substantial annual construction programme of work. The current project position statement (PPS) shows there are 103 live projects currently being managed by the Council with an overall project outturn value of £76.3million. The majority of projects are running to time, cost and quality expectations with no foreseeable issues.
5. The projects are managed either by the Council's in-house management team, a Framework Partner or by Consultants sourced via an open / OJEU tender process.

Recommendations

6. It is recommended that Cabinet :-
- (a) Note the attached status position on construction projects.
 - (b) Note projected capital expenditure and resources.
 - (c) Approve the adjustments to resources as detailed in paragraph 19.
 - (d) Approve the resource virements as indicated in paragraph 20.

Reasons

7. The recommendations are supported by the following reasons: -
- (a) To inform Cabinet of the current status of construction projects.
 - (b) To make Cabinet aware of the latest financial position of the Council.
 - (c) To maintain effective management of resources.

Paul Wildsmith
Director of Resources

Richard Alty
Director of Place

Background Papers

Capital Medium Term Financial Plan 2010/11 – 2013/14
Project Position Statement December 2010

Brian Robson : Extension 2334, John Barrigan : Extension 2323

S17 Crime and Disorder	This report has no implications for crime and disorder.
Health and Well Being	There are no issues relating to health and wellbeing which this report needs to address
Carbon Emissions	There are no issues relating to environmental impact.
Diversity	There are no specific implications for diversity
Wards Affected	All wards are affected.
Groups Affected	The proposals do not affect any particular groups within the community
Budget and Policy Framework	The report highlights potential changes to the Council's budget.
Key Decision	The report does not represent a key decision
Urgent Decision	For the purpose of the 'call-in' procedure this does not represent an urgent matter.
One Darlington: Perfectly Placed	The Capital Programme referred to in the report supports delivery of the Sustainable Community strategy through appropriate deployment of the Council's resources
Efficiency	The recommendations support the effective and efficient use of resources.

MAIN REPORT

Information and Analysis

8. **Appendix 1** summarises the Council's capital commitments and resources position. The total value of commitments, including 2010-11 spending and projected future spending, is £54.6million. In line with existing plans and previous monitoring reports, it is estimated that corporate prudential borrowing of £869,000 will be required to fund capital expenditure commitments in 2010-11. The revenue impact is included in the current Medium Term Financial Plan. In addition, the draft MTFP for 2011-15 includes proposals to use £0.760million of capital receipts to fund redundancy costs in 2010-11 and £1.0million to reduce the Council's net borrowing. The MTFP report to Cabinet on 18 January 2011 explained the financial advantage of these proposals and acknowledged that they would remove the ability to use the same capital receipts to fund capital schemes.
9. **Appendix 2** lists all live construction projects and provide details on numbers, type and details of the key individuals responsible for the delivery of the projects. It also provides a statement on the current status position on each project, details of actions being taken, where required and any current issues.

Project Position Statement

10. Project management procedures require the production by project managers of a Project Position Statement (PPS) for all projects over £75,000. This report brings together the pertinent data from the current PPS with financial information from the Financial Management System (FMS) and approvals by Cabinet
11. The Project Position Statement (**Appendix 2**) details the current live construction projects, up to the end of December 2010, by delivery area, excluding any completed projects or those on hold.
12. The overview of live construction projects is as follows:-

	Projects	Current Approved Budget £ / p	Projected Outturn £ / p	Variance %	Variance (Value) £ / p
(a) Children's Services	23	24,172,846	24,282,136	0.45%	109,290
(b) Community Services	5	17,519,797	17,601,506	0.47%	81,709
(c) Corporate Services	2	2,443,000	2,509,886	2.74%	66,886
(d) Housing	12	15,898,230	15,454,093	-2.79%	-444,137
(e) Regeneration	4	2,473,158	2,413,703	-2.40%	-59,455
(f) Transport	57	14,067,321	14,033,332	-0.24%	-33,989
TOTAL	103	76,574,352	76,294,656	-0.37%	-279,696




13. The table shown above includes a column for current approved budget. In certain cases this budget figure may be different from the original approved budget. This could be as a result of variances identified during construction or other variables not known at the initiation stage. The original budget and all subsequent changes have been reported to and approved by Cabinet.

14. The live projects are at the following stages:

Department	Brief	CP1	CP2	CP3	CP4	CP5	Total
Children's Services	-	-	3	12	8	-	23
Community Services	-	-	1	2	2	-	5
Corporate Services	-	-	-	1	1	-	2
Housing	-	-	1	5	6	-	12
Regeneration	-	2	-	1	1	-	4
Transport	2	8	9	7	31	-	57
TOTAL	2	10	14	28	49	-	103

- (a) **Control Point 1 (CP1) – Start Up:** is used to define the position of a project at its conception stage.
- (b) **Control Point 2 (CP2) – Initiate:** defines a project at feasibility stage and will likely include a desktop assessment of a project and the use of informed estimates.
- (c) **Control Point 3 (CP3) – Define:** the point that the project is progressed to RIBA Stage F, i.e. detailed design.
- (d) **Control Point 4 (CP4) – Construction Phase:** is the stage at which work begins on the project, i.e. for a construction project on site through to build completion.
- (e) **Control Point 5 (CP5) – Evaluate:** is the stage post completion of the project at which time the project is reviewed and lessons learned are discussed in order that they can be taken to the next or similar projects.

15. The status on live projects is as follows:

Department			
Children's Services	1	21	1
Community Services	1	4	
Corporate Services	1	1	
Housing		7	5
Regeneration	1	2	1
Transport		54	3
TOTAL	4	89	10

- (a) Green stars and red triangle symbols are used to identify projects that have variances which are:-
 - (i) More than £5,000, if the variance is also more than 5% of the approved budget for the project, or
 - (ii) More than £50,000 regardless of the percentage variance
- (b) Projects that are within these margins are symbolised with blue circles.
- (c) In addition to cost, the same symbols are used to indicate similar levels of variances in time and quality/outputs/outcomes.

16. Current projects with the red triangle symbol are as follows:-

Project	Reason for Variance	Action
Darlington Eastern Transport Corridor	Cost overrun due to compensation events and associated time delay	Contract complete
Town Hall Basement Void	Significant extra works required by the client and associated programme overrun	Contract complete
North Rd Primary Pathfinder	Programme slipped due to complications in developing remediation strategy to deal with contaminated land, and difficulties in sourcing a local supplier for the specialist topsoil required as part of remediation and drainage strategy.	Final account presently being assessed with a further report on potential contract value implications to Cabinet in due course
Central Park Footbridge	Cost dispute resulting in programme overrun	Contract managed in accordance with strategy agreed by Cabinet in March 2009 with a further report to Members in due course

Reconciliation of Project Position Statement to Capital Programme

17. The table shown below reconciles the differences between the Capital Programme (CP) and the Project Position Statement (PPS). Differences occur because the Project Position Statement includes all construction projects over £75,000 in value funded from Capital and Revenue sources. Spending within the Capital Programme is not always of a construction nature, can be of any value and excludes Revenue funded schemes. Of those schemes included within the Capital Programme £90m relates to capital spend expended in previous years and the balance of £54.6million comprises of capital commitments brought forward from 2009/10 and schemes approved as part of the 2010/11 Capital Programme.

		Value £m
	Live Projects from Project Position	76.295
<i>less</i>	Future years funding not yet released by Cabinet.	(11.113)
<i>less</i>	Revenue funded projects. Only capital schemes are included within the CP.	(0.008)
<i>add</i>	Non-construction projects not included in PPS report.	13.341
<i>add</i>	Capital Schemes that were complete or nearing completion, before the production of PPS, are not included within PPS.	49.233
<i>add</i>	Children's Services resources not yet allocated to specific projects.	8.304
<i>add</i>	2010/11 Capital Schemes not yet integrated into PPS reporting.	2.271
<i>add</i>	Schemes Closed or on hold.	4.491
<i>add</i>	Projects under £75k are excluded from PPS reporting.	1.765
	Capital Programme	144.579

Capital Programme

18. Paragraphs 19 & 20 show the movements in the Capital Programme since the approval of the 2010/11 Capital MTFP that have not yet been approved by Members:-

19. Adjustment to resources requested by Departments:-

Department	Scheme	Value £	Reason for adjustment	Resource type adjusted
(a) Community Services	Red Hall MUGA	38,000	Additional resources secured to supplement existing LAA funding.	HRA Revenue contribution of £10,000, Capital contribution of £10,000 and grant from the Football Foundation totalling £18,000
(b) Corporate Services	Land Sale costs	14,000	Additional costs in relation to work on Beamont St & Faverdale	Corporate resources
(c) Housing	New Build Springfield	273,000	A lower and more competitive tender price was achieved for Springfield, but, the previous outturn position reported of £3.045m was incorrect and did not reflect the overall scheme delivery costs of £3.318m. Despite this, an estimated saving to the Authority of approximately £500,000 has been achieved based on the budget approved by Cabinet on 4th May 2010	Departmental unsupported borrowing
(d) Regeneration	Blackwell Meadows – College Playing Pitches	(189,000)	Tender price significantly below original budget	Capital contribution (to be repaid to College)
TOTAL		136,000		

20. Virement of resources requested by Departments:-

Department	Scheme	Value £	Reason for Virement
(a) Children's Services	Bishopton Redmarshall	1,000	Roofing project outturned higher than original estimate
	Longfield School	(17,000)	Ventilation & external repair works now to be covered within 14-19 funding
	Firthmoor Primary	(5,000)	Underspend re DDA works – DFC returned back to School
	Devolved Formula Capital	5,000	Underspend re DDA works – DFC returned back to School
	High Coniscliffe	1,000	DDA works to doorframe
	Mowden Junior	(1,000)	Minor variance
	Children's Play Programme	(217,000)	Cancellation of Playbuilder projects as agreed by Cabinet in July 2010.
	PCP Co-Location Borough Rd	10,000	Transfer from PCP

			contingency
	PCP High Coniscliffe	20,000	Projected overspend against PCP project
	PCP Mount Pleasant	(50,000)	Projected underspend against PCP project
	Unallocated PCP Funding	20,000	Increase re. above adjustments
	Contingency	233,000	As per above adjustments
(b)Housing	09/10 Lifeline Services	(11,000)	Adjustment to enable easier monitoring.
	10/11 Lifeline Services	11,000	
TOTAL		0	

Outcome of Consultation

21. There has been no consultation in the preparation of this report.