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**PROJECT POSITION STATEMENT & CAPITAL PROGRAMME MONITORING**  
**QUARTER THREE 2011/2012**

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**Responsible Cabinet Member – Councillor Stephen Harker,**  
**Efficiency & Resources Portfolio**

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

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**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 projected outturn of the 2011/12 Capital Programme £127.1million against an approved programme of £127.2million. Due to the timing of the report production the figures are as at 30 November 2011 plus any known variances in December. 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. The programme, including commitments, remains affordable within the Medium Term Financial Plan (MTFP) for 2011/12 – 2015/16.
4. The Council has a substantial annual construction programme of work. The current project position statement (PPS) shows there are 76 live projects currently being managed by the Council with an overall project outturn value of £67.7million. 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 2011/12 – 2015/16  
Project Position Statement September 2011

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 2011-12 spending and projected future spending, is £42.4million.
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 2011, 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) Place	34	17,081,679	17,025,475	-0.33%	56,204
(b) People	40	48,590,416	48,212,025	-0.78%	378,391
(c) Resources	2	2,506,000	2,509,886	0.16%	-3,886
<b>TOTAL</b>	<b>76</b>	<b>68,178,095</b>	<b>67,747,386</b>	<b>-0.63%</b>	<b>430,709</b>

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
Place	-	1	4	5	24		34
People	-	1	1	5	33		40
Resources	-				2		2
<b>TOTAL</b>	<b>-</b>	<b>2</b>	<b>5</b>	<b>10</b>	<b>59</b>		<b>76</b>

- (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			
Place	4	27	3
People	1	34	5
Resources		2	
<b>TOTAL</b>	<b>5</b>	<b>63</b>	<b>8</b>

- (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
Central Park- Footbridge	Cost and programme overrun dispute	Discussions, in accordance with agreed strategy, are ongoing with the Project Manager and Contractor on disputed Compensation Events
Richmond Close - HCA	Increased costs mainly due to a contamination issue on site which has resulted in the removal of Asbestos.	Valuation to be agreed
A68 Royal Oak Ph1	Increased costs mainly due to a contamination issue on site	Valuation to be agreed

	which has resulted in the removal of Asbestos.	
Priestgate	Valuation submitted exceeded approved budget and is not agreed	Valuation to be agreed
A1150 Whinfield Rd	Valuation submitted exceeded approved budget and is not agreed	Valuation to be agreed

### 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 £84.7million relates to capital spend expended in previous years and the balance of £42.5million comprises of capital commitments brought forward from 2010/11 and schemes approved as part of the 2011/12 Capital Programme.

	Value £m
<b>Live Projects from Project Position</b>	<b>67.747</b>
Future years funding not yet released by Cabinet.	(9.203)
Schemes Closed or on hold.	17.140
Non-construction projects not included in PPS report.	11.165
Capital Schemes that were complete or nearing completion, before the production of PPS, are not included within PPS.	27.572
Capital Schemes not yet integrated into PPS reporting.	8.625
Projects under £75k are excluded from PPS reporting.	3.560
Funding not yet allocated	0.515
<b>Capital Programme</b>	<b>127.121</b>

### 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) Place - Community Services	Source of the Denes	(14,000)	Due to difficulties over finding an effective way of addressing concerns raised by the flood risk modelling results, a major part of the proposal has been withdrawn and these costs will no longer have to be met.	Capital contribution

(b) Resources - ICT	ICT Room	4,000	The final contract payment is marginally above the original estimated budget due to additional remedial work to the data centre. .	Department Prudential borrowing
(c) Place - Regeneration	Darlington Business Incubator	(50,000)	Refinement of the original estimate now that final funding requirement decided	Grant
<b>TOTAL</b>		<b>(60,000)</b>		

20. Virement of resources requested by Departments:-

<b>Department</b>	<b>Scheme</b>	<b>Value £</b>	<b>Reason for Virement</b>
(a) People - Children, Families & Learning	Hummersknott	(16,000)	Transfer to contingency
	Contingency	16,000	
<b>TOTAL</b>		<b>0</b>	

### **Outcome of Consultation**

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

