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**PROJECT POSITION STATEMENT & CAPITAL PROGRAMME OUTTURN 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) Information on delivery of the Council's Capital Programme, the financial outturn position as at 31st March 2012 and the proposed financing of the 2011/12 Capital expenditure,
  - (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. Significant enhancements have been made to the Council's assets in three major programme areas of schools, housing and transport mostly using external funding. These investments are 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.
4. Capital expenditure in 2011/12 totalled £64.2million which included a payment of £33.3million to DCLG in preparation for the commencement of HRA self-financing. Since the last revision of the Capital Medium Term Financial plan further refinements to estimate have occurred as part of the ongoing management of the programme and these are included in the recommendations below, all revisions can be contained within existing programmes.
5. The Council has a substantial annual construction programme of work. The current project position statement (PPS) shows there are 66 live projects currently being managed by the Council with an overall project outturn value of £64.1million. The majority of projects are running to time, cost and quality expectations with no foreseeable issues.
6. 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

7. It is recommended that Cabinet :-
- (a) Note the delivery and financial outturn of the 2011/12 Capital Programme.
  - (b) Note the attached status position on construction projects.
  - (c) Approve the adjustments to resources as detailed in paragraph 24.

## Reasons

8. The recommendations are supported by the following reasons: -
- (a) The recommendations are supported to enable Members to note the progress of the 2011/12 Capital Programme and to allow the capital spend for to be fully financed.
  - (b) To maintain effective management of resources.
  - (c) To inform Cabinet of the current status of construction projects.

**Paul Wildsmith**  
**Director of Resources**

**Richard Alty**  
**Director of Place**

## Background Papers

Capital Medium Term Financial Plan 2010/11 – 2013/14, 2011/12 – 2014/15

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

#### 2011/12 Capital Spend and Resources

9. **Appendix 1** analyses all 2011/12 capital spend by department, the proposed financing and resources carried forward into 2012/13.
10. **Appendix 2** summarises departmental capital budgets, spend position of ongoing capital projects and projected under/overspends.
11. **Appendix 3** lists all live construction projects and provides details on numbers, type and 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.
12. **Appendix 4** details the general fund capital receipts received and brought forward from previous years.

#### Project Position Statement

13. 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
14. The Project Position Statement (**Appendix 3**) details the current live construction projects, up to the end of March 2012, by delivery area, excluding any completed projects or those on hold.
15. The overview of live construction projects is as follows:-

	<b>Projects</b>	<b>Current Approved Budget £ / p</b>	<b>Projected Outturn £ / p</b>	<b>Variance %</b>	<b>Variance (Value) £ / p</b>
(a) Place	28	16,504,329	16,451,356	-0.32	-52,973
(b) People	36	45,659,966	45,124,330	-1.17	-535,636
(c) Resources	2	2,506,000	2,509,886	0.16	3,886
<b>TOTAL</b>	<b>66</b>	<b>64,670,295</b>	<b>64,085,572</b>	<b>16.88</b>	<b>-584,723</b>




16. 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.

17. The live projects are at the following stages:

Department	Brief	CP1	CP2	CP3	CP4	CP5	Total
Place	-	1	4	3	18	2	28
People	-	1		1	34		36
Resources	-				2		2
<b>TOTAL</b>	-	<b>2</b>	<b>4</b>	<b>4</b>	<b>54</b>	<b>2</b>	<b>66</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.

18. The status on live projects is as follows:

Department			
Place	1	26	1
People	2	29	5
Resources		2	
<b>TOTAL</b>	<b>3</b>	<b>57</b>	<b>6</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.

19. 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
Hurworth Primary	Anticipated increased costs are in relation to unforeseen claims from the Contractor.	Discussions ongoing to assess validity of claims

### Reconciliation of Project Position Statement to Capital Programme

20. 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.

	<b>Value £m</b>
<b>Live Projects from Project Position</b>	<b>64.086</b>
Future years funding not yet released by Cabinet.	(5.453)
Schemes Closed or on hold.	(15.863)
Annualised Programmes.	(0.794)
Non-construction projects not included in PPS report.	4.264
Capital Schemes that were complete or nearing completion, before the production of PPS, are not included within PPS.	2.383
Capital Schemes not yet integrated into PPS reporting.	4.327
Projects under £75k are excluded from PPS reporting.	1.279
Funding not yet allocated.	0.095
Capital funding Passported direct to Academies.	5.400
<b>Capital Programme</b>	<b>59.724</b>

### Capital Programme Update

21. The following major areas of work have been undertaken in 2011/12.

(a) Children, Families & Learning

- (i) Primary Capital Programme (PCP) funding was obtained to support an extensive programme of Capital works projects within Darlington primary schools all of which have now completed on site. The main objectives of the PCP projects being to enhance facilities and improve the suitability and condition of the premises.
- (ii) Projects which completed on site in 11/12 include: replacement of dilapidated temporary accommodation at Whinfield Primary School, remodelling at Mount Pleasant Primary School; final phases of window replacements, boiler renewal and remodelling works at Reid Street Primary School; drainage renewal works at Corporation Rd Primary School; final phase of internal remodelling works at Gurney Pease Primary School and Heighington Primary School and further phases of major remodelling and refurbishment works proposals at Heathfield Primary School,

Hurworth Primary School & Dodmire School. Final accounts are currently being prepared.

- (iii) There has been a dramatic reduction in Capital Maintenance funding following the end of the Primary Capital Programme and the number of schools converting to Academy status as the funding is allocated to authorities based on number and types of schools and total pupil numbers. This funding is for remaining Community Schools only and will be spent in line with key priorities identified through the locally agreed asset management planning (LAMP) process.
- (iv) Capital Maintenance 11/12 was being held in contingency pending the settlement of the final account for the Northwood PCP Pathfinder Project. Approximately £300k was needed to fund the final account as the anticipated outturn of this scheme had exceeded the original project budget.
- (v) Following that settlement new projects previously approved by Cabinet as a reserve list have been progressing through design stage. Works are mainly restricted to summer holidays to avoid disruption to the schools and the majority of this work will be carried out in Summer 12.
- (vi) A report will be brought to Cabinet in September on the outturn of the entire PCP programme including the Northwood project.
- (vii) The Local Authority was allocated £2,417,374 Basic Need funding in 2011-12 to support the need for additional school places across the authority. Cabinet agreed the release of £27,800 of this funding in July 11 to enable feasibility work to be undertaken in considering the most appropriate schools in which to provide additional places. The feasibility work has identified Mowden Infant and Junior School Federation for expansion and this was agreed by Cabinet in February 12. Following the development of detailed costings a further cabinet report will be presented in July which will seek the release of the capital funding specific to this project.
- (viii) Officers are currently developing a School Organisation Plan which will review the need for places and identify further areas for investment across the Borough.
- (ix) January 2012 saw the completion of condition projects valued at approximately £500k in each of the three secondary schools Branksome, Hurworth and Longfield. This funding was allocated to the Council following the demise of the national Building Schools for the Future programme as future large scale capital investment would be unlikely in the short or medium term. The balance of the funding and the rest of the allocation (split by pupil numbers across the three schools) is being transferred to the schools following their signing of a legal agreement on how the funding is to be spent and monitored.

(b) Housing

- (i) Rockwell House - Completion of the modernisation of 39 flats to Rockwell House sheltered housing scheme and the refurbishment and improvement of all communal areas including the provision of a new communal entrance, buggy store, improved bin store, laundry facilities and a new coffee bar as well as improved external security with the provision of new gated entrance and perimeter fencing. All external gardens have been improved and landscaped.

- (ii) Parkside Regeneration Scheme - Regeneration to the Parkside area including the conversion of 60, 1 bed flats into 30, 3 Bedroom Houses. Rendering to External walls, Roofing repairs, External Fencing and footpath replacement, provision of off road parking and hardstands to 184 properties.
- (iii) Adaptations - The provision of disabled adaptations including Flat Floor Showers, ramps, stairlifts handrails, grabrails and other adaptations to 320 Council Properties.
- (iv) Heating Replacement - The upgrade of heating systems including 'A' rated Combi boilers, radiators and heating controls and the progressing of Electric to gas central heating replacement including the installation of new gas services and pipelines to 280 properties including Central, Cockerton West, Eastbourne, Haughton East & West, Lascelles, Lingfield, North Road, Northgate, Park East and Peirremont wards.
- (v) Internal Planned Maintenance - Kitchen, Bathroom and rewires to 65 properties to Bank Top, 2 Properties to Cockerton West, 72 Properties in Haughton, 20 properties in Middleton St George, 75 Properties in North Road, 32 properties in Northgate. Kitchen, Bathroom Rewire and Central Heating to 15 Properties to Eastbourne. The works included the installation of Flat Floor Showers 56 Ground Floor Properties.
- (vi) Cockerton Regeneration - Work commenced on the regeneration project this included the completion of Kitchen, Bathroom, Rewire and Central Heating to 56 Properties.
- (vii) General External Work - This funding a just in time roofing repair programme to various properties throughout the borough.
- (viii) Footpaths & Fencing - The provision of Fencing replacements as a just in time replacement programme to 180 properties throughout the borough.

(c) Transport

- i) The Council has continued to deliver capital funded actions through the Tees Valley Bus Network Improvement Scheme, the Third Local Transport Plan (3LTP), and the Local Sustainable Transport Fund in support of its Transport Strategy. The objectives of the Transport Strategy are to tackle congestion; improve accessibility to employment, education, shopping, leisure and further improve travel safety and security.

Schemes completed during the financial year include:

- ii) Major Scheme Bid - The TVBNI scheme proposals aim to tackle traffic congestion and improve reliability of bus services.
  - The commencement of a new road and junction layout at the junction of North Road and Whessoe Road
  - New traffic signals and improved pedestrian crossings at the junction of Yarm Road and Geneva Road
  - A programme of works which include raised bus platforms and dropped kerbs on core routes throughout the Borough.
  - Installation of "Real Time" information at Town Centre bus stops.

iii) Cycling and Walking

- The installation of 160 cycle parking and 160 scooter parking space across the following schools and nurseries Borough Road Nursery, George Dent Nursery, Firthmoor Primary School, St John's CE Aided Primary School, Harrogate Hill Primary School, Heathfield Primary School, Hurworth Primary School, St Bede RC VA Primary School and Polam Hall School and also the installation of cycle parking at Central House for use by the Youth Offending Team.
- The commencement of the upgrading of pedestrian / cycle foot path from North Rd to the Borough boundary, linking through to Newton Aycliffe, this scheme is funded through the LSTF bid.
- The installation of a new bridge across Baydale Beck and improved surfacing of bridleway linking Coniscliffe Road to Staindrop Road.

iv) Travel Safety

- West Park Academy Safer Routes to School – this scheme incorporated an improved crossing with pedestrian refuge to ensure a safer crossing of West Auckland Road.
- Heathfield Safer Routes to School – this scheme incorporated a 20 mph zone with full width road humps and speed cushions at appropriate locations.
- Reid Street Safer Routes to School – this scheme incorporated a 20 mph zone with full width road humps at appropriate locations on Craig Street, northern section of Greenbank Road, Reid Street and Roseberry Street.

v) Maintenance Schemes

- The commencement of a programme of works to replace street lighting columns.
- North Road: White Horse / Burtree Lane junction – Carriageway resurfacing with heavy duty rut resistant surfacing
- Feethams Roundabout: Carriageway resurfacing with heavy duty rut resistant surfacing
- Whinbush Way Ph1: Structural reconstruction and carriageway resurfacing.
- Firthmoor Crescent: Structural reconstruction and carriageway resurfacing
- Piercebridge to High Coniscliffe Ph3: Carriageway resurfacing.

(d) Resources

- i) The £20k RIEP funding is being used to support the development and delivery of the Channel Management Strategy which is a key element of the Council's new Customer Strategy. The Channel Management Strategy is setting out the Council's plan for the channels it will use to deliver services to, and interact with, its customers. The development of the strategy has largely been delivered by the Transformation Team and so the funding will be geared towards facilitating any further research and technology needed to support the delivery of the strategy. The 20k strategy is likely to be launched through 2012-2013.
- ii) The funding from CLG has been used to support the Early Intervention and Prevention service for children, implementing technology, data and developing intelligence to target families most in need and work with them to improve outcomes. The suite of technology needed to support the delivery of this project, and that of the new Insight and Information Team has been developed and arising from this a Local Information System has now been launched for use by the whole Authority and is in the early stages



of further development. 59k of technology has already been implemented during 11-12 and the remaining 7k of the project will be implemented during 12-13.

- iii) Accommodation Review Schemes are now completed and are awaiting final accounts and the project closure report. These schemes are expected to be within budget.
- iv) A number of land sale schemes have been put on hold and await an upturn in market conditions. These schemes include land at Commercial Street, Faverdale and Morton Palms. Other land sale schemes are progressing subject to factors such as market value, planning consent, external funding, preferred developer and financial viability.
- v) The buildings of the former Eastbourne School have now been demolished and the site is now cleared.

### Capital Spend and Resources Monitoring

22. The Capital outturn for 2011/12 totalled £64.2M (of which £33.3M HRA Self Financing) compared to £29.4M in 2010/11. The proposed financing of the 2011/12 expenditure is :-

	<b>2011/12 £M</b>
<b>Capital Expenditure</b>	<b>64.197</b>
<b>Financing of Capital Expenditure</b>	
<i>Corporate resources</i>	
Corporate Unsupported Capital Expenditure (Borrowing)	0.852
General Fund – Capital Receipts	0.251
<i>Externally funded</i>	
Capital Grants	15.400
Capital Contributions	1.114
Major Repairs Allowance – Housing Revenue Account (HRA)	3.796
Supported Capital Expenditure (Borrowing)	1.002
<i>Departmental and Other Resources</i>	
HRA - Capital Receipts	0.110
HRA - Unsupported Borrowing	37.082
HRA - Revenue Contribution	3.988
Departmental - Borrowing for Leasable Assets	0.157
Departmental - Unsupported Borrowing	0.238
Departmental – Revenue Contribution	0.207
<b>Total Capital Financing</b>	<b>64.197</b>

### Capital Programme

23. Paragraphs 24 & 25 show the movements in the Capital Programme since the approval of the 2011/12 Capital MTFP, some of which have not yet been approved by Members:-

24. Adjustment to resources requested by Departments:-

<b>Department</b>	<b>Scheme</b>	<b>Value £</b>	<b>Reason for adjustment</b>	<b>Resource type adjusted</b>
(a) People - Children, Families & Learning	Devolved Formula Capital	117,000	DFC funding from 12/13 allocation	Grant
(b) Place - Community Services	CCTV – South Park	-3,000	Scheme Complete	Contribution
	CCTV – Control Room	-9,000	Scheme Complete	Corporate Resources
	Civil Parking Enforcement	4,000	Scheme Complete	Unsupported Capital Expenditure
	Lascelles Play Area	2,000	Scheme Complete	Contribution
	West Park Play Area	-1,000	Scheme Complete	Contribution
	Highways Maint. Winter Repairs	-1,000	Scheme Complete	Grant
(c) Resources - Transformation	Contact Centre Building Costs	-1,000	Scheme Complete	Corporate Resources
	DDA & Fire	5,000	Additional costs in work to replace reception counter at Dolphin Centre	Corporate Resources
	Art Centre - Masonary work & Lightening Protection Works	-9,000	Scheme Complete	Corporate Resources
	Land Sale costs	16,000	Additional costs in relation to the proposed sale of the former Bus Depot	Corporate Resources
(d) People – Adult Social Care & Housing	Various	-409,000	Various, including reduced costs, re-prioritising work and changing requirements	HRA Borrowing
(e) Place – Highways, Design & Projects	Tees Valley Metro Appraisal	-6,000	Scheme Complete	Grant
	Contaminated Land Project	5,000	Additional investigations.	RCCO
(f) Prudential Borrowing – Leasable Assets	Various	157,000	Since 2004 the introduction of the prudential code has allowed assets otherwise leased to be purchased outright with the costs paid by the department from revenue over the useful life of the asset. Spending on leasable assets in 2011/12 is £157,000 and has been added to the Capital programme	Departmental unsupported borrowing
(g) HRA Self Financing	HRA Self Financing	33,300,000	HRA Self Financing	HRA borrowing
<b>TOTAL</b>		<b>33,167,000</b>		

### **General Fund Capital Receipts**

25. Appendix 4 details the general fund capital receipts received and brought forward from previous years. These amount to £456,000 of which £251,000 has been utilised to finance capital expenditure leaving a balance of £205,000 to carry forward into future years.

### **Conclusion**

26. The total capital spend incurred during 2011/12 was £64.2million. Overall a balanced programme has been achieved with a wide variety of capital improvements undertaken throughout the Borough during 2011/12.

### **Outcome of Consultation**

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