
**PROJECT POSITION STATEMENT AND CAPITAL PROGRAMME MONITORING
OUTTURN 2015/2016**

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

**Responsible Directors - Paul Wildsmith,
Director of Neighbourhood Services and Resources
Ian Williams, Director of Economic Growth**

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 2016 and the proposed financing of the 2015/16 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 as well as several other large scale schemes in the Borough. 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 2015/16 totalled £34.889M. 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 65 live projects currently being managed by the Council with an overall project outturn value of £108.725M. 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 2015/16 Capital Programme.
 - (b) Note the attached status position on construction projects.
 - (c) Approve the adjustments to resources as detailed in paragraph 22.

Reasons

8. The recommendations are supported by the following reasons: -
 - (a) The recommendations are supported to enable Members to note the progress of the 2015/16 Capital Programme and to allow the capital spend to be fully financed.
 - (b) To inform Cabinet of the current status of construction projects.
 - (c) To maintain effective management of resources.

Paul Wildsmith
Director of Neighbourhood
Services and Resources

Ian Williams
Director of Economic Growth

Background Papers

- (i) Capital Medium Term Financial Plan 2015/16 – 2018/19
- (ii) Project Position Statement March 2016

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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 Impact	There are no carbon impact implications in this report
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	This report does not represent a change to the budget and policy framework.
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

2015/16 Capital Spend and Resources

9. The Capital outturn for 2015/16 totalled £34.9M compared to £38.7M in 2014/15. **Appendix 1** analyses the 2015/16 capital spend by department, the proposed financing of the overall approved programme and Corporate resources to be carried forward into 2016/17. The total of resources already approved to finance the outstanding capital programme including part finished projects is £80.551M therefore £47.412M will be carried forward into 2016/17 to fund completion. The Corporate Resources table shows the amount available to be utilised in future years to help finance the capital programme.

10. **Appendix 2** summarises the total approved departmental capital budgets of £139.273M, along with spend to date of £92.266M and the projected out turn position which is slightly higher than budget at £140.049M, a 0.56% variance which is not of concern at this stage.

11. The proposed financing of the 2015/16 expenditure is :-

	2014/15 £M
Capital Expenditure	34.889
Financing of Capital Expenditure	
<i>Corporate resources</i>	
Corporate Unsupported Capital Expenditure (Borrowing)	11.262
Capital Receipts	2.521
<i>Externally funded</i>	
Capital Grants	9.534
Capital Contributions	0.013
<i>Departmental and Other Resources</i>	
HRA - Capital Receipts	0.343
HRA - Revenue Contribution	10.578
Departmental - Borrowing for Leasable Assets	0.468
Departmental – Revenue Contribution	0.170
Total Capital Financing	34.889

Project Position Statement

12. 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.
13. The Project Position Statement (**Appendix 3**) details the current live construction projects, up to the end of March 2016, by delivery area, and provides 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. The statement excludes any completed projects or those on hold.

14. The overview of live construction projects is as follows:-

	Projects	Current Approved Budget £ / p	Projected Outturn £ / p	Variance %	Variance (Value) £ / p
(a) Economic Growth	13	32,386,671	32,021,143	-1.13	-365,528
(b) Neighbourhood Services & Resources	19	46,700,024	46,734,215	0.07	34,191
(c) People	33	30,112,863	29,970,054	-0.47	-142,809
TOTAL	65	109,199,558	108,725,412	-1.53	-474,146




15. 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.

16. The live projects are at the following stages:

Department	Brief	CP1	CP2	CP3	CP4	CP5	Total
Economic Growth	0	4	2	0	7	0	13
Neighbourhood Services & Resources	0	2	3	1	12	1	19
People	0	0	1	0	32	0	33
TOTAL	0	6	6	1	51	1	65

- (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.

17. The status on live projects is as follows:

Department			
Economic Growth	0	11	2
Neighbourhood Services & Resources	1	16	2
People	0	30	3
TOTAL	1	57	7

- (a) Star and 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 circles.
- (c) In addition to cost, the same symbols are used to indicate similar levels of variances in time and quality/outputs/outcomes.

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

Project	Reason for Variance	Action
DBC Depot Relocation	The scope increased to include additional office space at the new depot to enable the Vicarage Road office site to be redeveloped. This has enabled further accelerated housing development on Central Park. The costs associated with the additional works have raised the projected outturn above tolerance levels.	The final accounts for the project are being undertaken to finalise the projected outturn. The provision for the additional funding will be reported in a future report to Cabinet.

Reconciliation of Project Position Statement to Capital Programme

19. 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.

	Value £m
Live Projects from Project Position Statement	108.725
Schemes closed or on hold within CP but awaiting PPS post project review.	-16.417
Annualised Programmes.	12.344
Non-construction projects not included in PPS report.	9.667
Capital schemes that were complete or nearing completion, before the production of PPS, are not included within PPS.	0.425
Capital schemes not yet integrated into PPS reporting.	24.310
Projects under £75k are excluded from PPS reporting.	1.409
Funding not yet allocated.	-1.191
Capital funding passported direct to Academies.	0.000
Capital Programme	139.273

Capital Programme Update

20. The following major areas of work have been undertaken in 2015/16.

(a) Children, Families and Learning

In 2015/16 Work continued on the previously released Funded Places for 2 yr old capital and the development, with released Basic Need grant, of school expansion proposals in response to proposed development in the borough. 2015/16 School Condition Allocation was held with the intention of combining with 2016/17 funds for a programme of condition works in maintained schools to take place Summer 2016

(b) Housing

- (i) Internal Planned Maintenance - Kitchen, bathroom, rewires and boiler replacements identified on the 20 year investment programme. Work was carried out to properties in Bank Top and Lascelles, Cockerton, Eastbourne, Haughton and Springfield, North Road and Park East wards.
- (ii) 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 programme including the installation of new gas services and pipelines.
- (iii) Roofing – properties received works for the replacement of roofs, fascia's, soffits and rainwater goods alongside the top-up of loft insulation where appropriate.
- (iv) External Doors – properties across the borough received new composite doors as a replacement for poor condition existing timber doors.
- (v) Smoke Alarm – With the introduction of hardwired smoke alarms to the housing stock there is a need to ensure the battery backup which has a 10 year life are replaced as part of a rolling programme. Properties benefitted from this works which also saw the introduction of heat detectors in

kitchens to bring the properties up to the current standards installed today as part of the IPM programme.

(c) Transport

- (i) Darlington continues to deliver capital schemes in support of its Transport Strategy. The objectives of the Transport Strategy as set out in the Third Local Transport Plan include supporting employment, economic activity and sustainable development; tackling climate change; improving accessibility to jobs, education, training, health, and green spaces; and improving the journey experience. Capital investment sources to deliver the Transport Programme were provided by: Tees Valley Bus Network Initiative (TVBNI), the Third Local Transport Plan (LTP3), the Department for Transport's Maintenance Challenge Fund and the Local Growth Fund.
- (ii) TVBI - This initiative seeks to make the best use of local transport infrastructure through targeted improvements that benefit bus passengers. Work was completed on the core bus routes, upgrading bus stops with raised kerbs and providing new bus shelters. Work was finally completed on the installation of the new panels and seating at the Coach Stop in Feethams.
- (iii) LTP3 funding was spent on delivering a programme of maintenance schemes and integrated transport schemes. The highway maintenance programme included schemes on West Auckland Road, Bondgate, Neasham Road, Brinkburn Road, Coombe Drive and the Stanhope Road/Abbey Road/Duke Street roundabout. The integrated transport programme included:
 - a) a traffic management scheme to improve access for vehicles and pedestrians to the multi-story car park which opened in February 2016;
 - b) a Safer Route To School across Sugar Hill Park improving access for pupils walking and cycling to Holy Family Roman Catholic Primary School and St Marys Cockerton Church of England Primary School;
 - c) the construction of a roundabout at the Grange Road/Parkside junction as a bus priority and speed management scheme; and
 - d) the resurfacing and re-lining of Barnard Street and Winston Street car parks
- (iv) In 2014/15 a bid was submitted to the Department for Transport's Maintenance Challenge Fund by the Council. In March 2015 it was announced that the bid was successful, securing an additional £5.792m to be spent over the next 3 years. The money is to fund two schemes:

- a) the strengthening of Stonebridge, which supports a key road into the town centre and which carries the majority of bus and coach services. The main strengthening work was completed in two phases, either side of Christmas. The final phase of work to repaint the parapets, upgrade the lighting and replacing the stone pillars will take place in summer 2016; and
 - b) the acceleration of the programme to convert all street lights to LED lighting and replacing street lighting columns that are over 40 years old.
- (v) Funding was secured from the Local Growth Fund to construct a new signalised junction to open up access to Central Park Enterprise Zone from Yarm Road. The junction includes facilities for pedestrians, cyclists and buses. The junction is complete. Work has started on the construction of a road from this junction across Central Park to the residential area at the north of the site to open up the development land as part of the Central Park master plan.

(d) Miscellaneous Schemes

- (i) Gypsy and Traveller Site Extension - £1.8M of funding was received from HCA to complete the expansion works to the Gypsy and Traveller Site on Neasham road before the 31 March 2015. The total spend on the scheme in 15/16 was just over the allocated £1.8M, the additional spend has been funded from corporate resources, and final accounts should be completed in 16/17.
- (ii) Business Growth Hub – Funding was agreed of £3.3M from ERDF and £3M from HCA. Spend on this scheme in 15/16 totalled nearly £6.3M and was completed on schedule. Final accounts should be completed in 16/17.
- (iii) Multi Storey Car Park – The budget was increased in January 2015 to £7.5M funded from corporate resources. Expenditure on the scheme to date totalled £7.4M with the scheme substantially completed in 15/16. Final accounts should be completed in 16/17.

Capital Programme

21. Paragraph 22 shows the movements in the Capital Programme since the approval of the 2015/16 Capital MTFP, some of which have not yet been approved by Members.

22. Adjustment to resources requested by Departments:-

Department	Scheme	Value £	Reason for adjustment	Resource type adjusted
Economic Growth	Ingenium Park	2,601	Virement	Nil effect
	Advanced design fees	-2,601	Virement	Nil effect
	Street Lighting	50,000	Revenue contribution towards costs	RCCO
	Central Park Spine Road	35,000	Revenue contribution towards costs	RCCO
	Business Growth Bub	2,834	Revenue contribution towards costs	RCCO
	Dolphin Centre essential M & E works	45,000	Revenue contribution towards costs	RCCO
	Refurbish Former Goods Shed	-68,479	Virement	Nil effect
	Carriageworks	68,479	Virement	Nil effect
	Carriageworks	25,228	Funded from Prudential borrowing	Corporate Resources
	Estates	970,278	Schemes funded from capital receipts	Corporate Resources
	Blackwell Meadows - Car parking	2,292	Virement from previously released funds	Virement
	Morton Palms Car Park	5,057	Funded from capital receipts	Corporate Resources
	Land at Feethams and Houndgate	28,254	Funded from Prudential borrowing	Corporate Resources
	Land costs Haughton Rd - Devel	25,396	Funded from capital receipts	Corporate Resources
Neighbourhood Services & Resources	South Park Play area	40,000	Revenue contribution towards costs	RCCO
	Depot Relocation	28,754	Funded from Prudential borrowing	Corporate Resources

Department	Scheme	Value £	Reason for adjustment	Resource type adjusted
People	Disabled Facility Grants 15/16	-408,567	Virement	Nil effect
	Disabled Facility Grants 16/17	408,567	Virement	Nil effect
Children Family's & Learning	Basic Need Safeguarding works Red hall Primary	13,094	Virement from previously released Basic Need	Virement
	General Capital Works	4,382	Virement from previously released Capital Maintenance	Virement
	Whinfield School	17,447	Contribution towards costs from the school	RCCO
	Gurney Pease - funded 2 year olds	-1,885	Scheme closed funds no longer required	Funds moved back to 2 year old entitlement
	Corporation Road Roofing & Kitchen upgrade	-1,282	Scheme closed funds no longer required	Funds moved back to Capital maintenance
	Red Hall Community centre condition work	-1,036	Scheme closed funds no longer required	Funds moved back to Capital maintenance
	Whinfield primary condition works	-2,249	Scheme closed funds no longer required	Funds moved back to Capital maintenance
(e) Prudential Borrowing - Leasable assets	Various	463,259	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 2015/16 is £463,259	Departmental unsupported borrowing

Department	Scheme	Value	Reason for adjustment	Resource type adjusted
		£		
			and has been added to the Capital programme	
TOTAL		1,749,823		

General Fund Capital Receipts and Corporate Resources

23. **Appendix 4** details the general fund capital receipts and corporate resources received and brought forward from previous years. These amount to £4.835M of which £2.521M has been utilised to finance capital expenditure leaving a balance of £2.314M to carry forward into future years.

Conclusion

24. The total capital spend incurred during 2015/16 was £34.9M. Overall a balanced programme has been achieved with a wide variety of capital improvements undertaken throughout the Borough during 2015/16.

Outcome of Consultation

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