
**PROJECT POSITION STATEMENT AND CAPITAL PROGRAMME MONITORING
OUTTURN 2014/2015**

**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 2015 and the proposed financing of the 2014/15 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 2014/15 totalled £38.677M. 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 61 live projects currently being managed by the Council with an overall project outturn value of £98.9M. 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 2014/15 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 2014/15 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 2014/15 – 2017/18
- (ii) Project Position Statement March 2015

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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

2014/15 Capital Spend and Resources

9. The Capital outturn for 2014/15 totalled £38.7M compared to £29.3M in 2013/14. **Appendix 1** analyses the 2014/15 capital spend by department, the proposed financing of the overall approved programme and Corporate resources to be carried forward into 2015/16. The total of resources already approved to finance the outstanding capital programme including part finished projects is £79.508M therefore £40.831M will be carried forward into 2015/16 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 £125.191M, along with spend to date of £83.692M and the projected out turn position which is slightly higher than budget at £124.598M, a 0.47% variance which is not of concern at this stage.

11. The proposed financing of the 2014/15 expenditure is :-

	2014/15 £M
Capital Expenditure	38.677
Financing of Capital Expenditure	
<i>Corporate resources</i>	
Corporate Unsupported Capital Expenditure (Borrowing)	9.493
Capital Receipts	1.300
<i>Externally funded</i>	
Capital Grants	16.497
Capital Contributions	0.138
<i>Departmental and Other Resources</i>	
HRA - Capital Receipts	0.542
HRA - Revenue Contribution	7.267
Departmental - Borrowing for Leasable Assets	2.503
Departmental – Revenue Contribution	0.937
Total Capital Financing	38.677

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 2015, 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	9	26,717,401	26,615,401	-0.38	-102,000
(b) Neighbourhood Services & Resources	19	42,326,381	42,439,990	0.27	113,609
(c) People	33	29,908,493	29,834,736	-0.25	-73,757
TOTAL	61	98,952,275	98,890,127	-0.36	-62,148




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	2	3	4	0	9
Neighbourhood Services & Resources	-	4	5	1	9	-	19
People	-	-	-	3	30	-	33
TOTAL	0	4	7	7	43	0	61

- (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	8	1
Neighbourhood Services & Resources	1	16	2
People	-	30	3
TOTAL	1	54	6

- (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	98.952
Schemes closed or on hold within CP but awaiting PPS post project review.	-17.653
Annualised Programmes.	-0.193
Non-construction projects not included in PPS report.	11.155
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.	17.584
Projects under £75k are excluded from PPS reporting.	3.169
Funding not yet allocated.	2.165
Capital funding passported direct to Academies.	6.429
Capital Programme	122.032

Capital Programme Update

20. The following major areas of work have been undertaken in 2014/15.

(a) Children, Families and Learning

- (i) In April 2014 cabinet released £712,638 of 2 year old funding. This is currently being spent on projects within Eastbourne Playgroup, Red Hall Primary, Gurney Pease Academy, St John's C of E Academy, George Dent Nursery and Mount Pleasant Primary.
- (ii) A report in June 2014 sought approval for the release of: Capital maintenance grant from 2013/14 of £287,403 and 2014/15 of £283,907. This funded 18 Health & Safety (including Safeguarding) and Condition projects across Community nurseries and schools. Devolved capital grant of £69,110 in 2013/14 and £60,373 in 2014/15. Although, initially allocated to the LA on a formulaic basis, the LA then allocates the funding directly to schools for the schools themselves to support the other capital needs of their buildings. The free school meals grant of £68,886 which has been invested in building work and/or equipment to ensure the new entitlement (from Sept 14) of a free school meal for every KS1 pupils could be delivered by the Community schools.
- (iii) In March 2015 Cabinet released basic need funding totalling £3,478,081. The funding is to be spent on two main projects for the Primary phase: an expansion at Heathfield Primary School to meet current demand in the East of Darlington and safeguarding works at Red Hall Primary School ahead of a planned future expansion in response to the development of the Eastern Urban Fringe.

(b) Housing

- (i) Internal Planned Maintenance - Kitchen, bathroom, rewires and boiler replacements to 255 properties 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. Work was carried out in 475 properties primarily in Eastbourne and Park East.
- (iii) Adaptations - The provision of disabled adaptations including Flat Floor Showers, ramps, stair lifts, handrails, grabrails and other adaptations to 290 Council Properties. This also included extensions to two properties.
- (iv) Energy Efficiency – 118 properties in the Stephenson ward had the single glazed UPVC windows and timber doors replaced. The new windows are 'A' rated double glazed with improved security and safety features, new composite doors were also provided with the tenants having a choice of four colours and designs.
- (v) External Works – Responsive repairs across the borough and the planned replacement of fencing and paths to over 200 properties in the Haughton and Springfield ward.
- (vi) 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. 85 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.
- (vii) Roofing – 164 properties in the Stephenson ward received works for the replacement of roofs, fascia's, soffits and rainwater goods alongside the top-up of loft insulation where appropriate.
- (viii) Communal Works and Door Entry System – These two budgets were used to upgrade communal entrance doors and entry systems to provide increased security to blocks of flats in the Red Hall and Lingfield and North Road wards.
- (ix) External Doors – 234 properties across the borough received new composite doors as a replacement for poor condition existing timber doors.
- (x) Red Hall Regeneration – Funds used to provide Statutory Home Loss payments to 56 properties, the purchase of 5 properties and other cost associated to the demolition including site security and council tax payments.

(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), Local Sustainable Transport Fund (LSTF) and the Third Local Transport Plan (3LTP).
- (ii) TVBNI – This initiative seeks to make the best use of local transport infrastructure through targeted improvements that benefit bus passengers. Schemes this financial year include: -
 - a) The construction of the junction on the Inner Ring Road at the Stonebridge/Parkgate roundabout. This light controlled junction provides benefits to bus services by improving reliability and punctuality for buses leaving the town centre. In addition the junction has provided more direct pedestrian routes between Parkgate and Stonebridge and has completed the cycle route alongside the River Skerne.
 - b) Work was completed on Feethams, providing a bus lay by, 2 bus stops and a bus stand and improved passenger waiting facilities. This was the final stage in a programme to improve the operation of buses in the town centre and provide a better environment for both pedestrians and waiting passengers.
 - c) Work was completed on the core bus routes, upgrading bus stops with raised kerbs and providing new bus shelters.
- (iii) LSTF – there was a small allocation of capital funding which was spent on next stop announcement equipment on Services X66, X26, X27, 8 and 21, serving inter-urban routes into County Durham and North Yorkshire.
- (iv) LTP funding was spent on delivering the street lighting upgrade programme, a programme of highway maintenance schemes and the resurfacing of Commercial Street car park.
- (v) 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 the strengthening of a bridge (Stonebridge) and to accelerate the programme to convert all street lights to LED lighting and replacing street lighting columns that are over 40 years old.

(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 & Traveller Site on Neasham road before the 31 March 2015. The total spend on the scheme in 14/15 was just over the allocated £1.8M, the additional spend has been funded from corporate resources.
- (ii) Business Growth Hub – Funding was agreed of £3.3M from ERDF and £3M from HCA. Spend on this scheme in 14/15 totalled nearly £5.9M and was completed on schedule.
- (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 £1.173M with the scheme expected to be substantially completed in 15/16.

Capital Programme

21. Paragraph 22 shows the movements in the Capital Programme since the approval of the 2014/15 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
(a) Housing	Energy Efficiency	(132,000)	Virement	Nil Effect
	External Doors	132,000	Virement	Nil Effect
	Egglestone View	(2,845,000)	No further spend, scheme no longer taking place	Revenue Contribution HRA
(b) Neighbourhood Services & Resources	Healthy Hub	160,365	Contribution towards Healthy Hub costs	RCCO
	Denes Restoration	(11,997)	No further spend anticipated	Corporate Resources
	Civic Theatre	(498,434)	Reallocation of funding	Corporate Resources
(c) Economic Growth	Stonebridge	150,000	Contribution towards Stonebridge	RCCO
	Yarm Road Junction	35,000	RCCO towards costs of Yarm Rd Junction	RCCO

Department	Scheme	Value £	Reason for adjustment	Resource type adjusted
	Yarm Road Junction	40,660	RCCO towards costs of Yarm Rd Junction	RCCO
	Car Parking Contingency	98,779	Contribution towards car parking contingency works	RCCO
(d) Children Families & Learning	Contingency	35,900	Virement	Nil Effect
	Corporation Road Roofing and Kitchen Upgrade	4,000	Virement	Nil Effect
	PCP Harrowgate Hill Additional Classroom	10,000	Virement	Nil Effect
	High Coniscliffe Primary Sch	(31,000)	Virement	Nil Effect
	Mount Pleasant Primary	(13,200)	Virement	Nil Effect
	High Coniscliffe Primary	(5,700)	Virement	Nil Effect
	Various	(300,751)	Virement	Grant
(e) Prudential Borrowing - Leasable assets	Various	2,502,947	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	Departmental unsupported borrowing

Department	Scheme	Value £	Reason for adjustment	Resource type adjusted
			leasable assets in 2014/15 is £2,502,947 and has been added to the Capital programme	
TOTAL		(668,431)		

General Fund Capital Receipts & Corporate Resources

23. **Appendix 4** details the general fund capital receipts and corporate resources received and brought forward from previous years. These amount to £3.738M of which £1.300M has been utilised to finance capital expenditure leaving a balance of £2.438M to carry forward into future years.

Conclusion

24. The total capital spend incurred during 2014/15 was £38.7M. Overall a balanced programme has been achieved with a wide variety of capital improvements undertaken throughout the Borough during 2014/15.

Outcome of Consultation

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