
PROJECT POSITION STATEMENT AND CAPITAL PROGRAMME MONITORING
OUTTURN 2016/2017

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 2017 and the proposed financing of the 2016/17 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 2016/17 totalled £34.096M. 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 29 live projects currently being managed by the Council with an overall project outturn value of £87.372M. 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 2016/17 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 2016/17 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 2016/17 – 2019/20
- (ii) Project Position Statement March 2017

Brian Robson : Extension 6608
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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

2016/17 Capital Spend and Resources

Information and Analysis

9. The Capital outturn for 2016/17 totalled £34.1M compared to £34.9M in 2015/16. **Appendix 1** analyses the 2016/17 capital spend by department, the proposed financing of the overall approved programme and corporate resources to be carried forward into 2017/18. The total of resources already approved to finance the outstanding capital programme including part finished projects is £69.505M which leaves £0.320M to be approved and these adjustments are in para.22. £35.728M with therefore be carried forward into 2017/18 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 £134.846M, along with spend to date of £99.132M and the projected out turn position which is slightly lower than budget at £133.082M

11. The proposed financing of the 2016/17 expenditure is :-

	2016/17 £M
Capital Expenditure	34.096
Financing of Capital Expenditure	
<i>Corporate resources</i>	
Corporate Unsupported Capital Expenditure (Borrowing)	4.868
Capital Receipts	1.464
<i>Externally funded</i>	
Capital Grants	14.274
Capital Contributions	0.220
<i>Departmental and Other Resources</i>	
HRA - Capital Receipts	0.641
HRA - Revenue Contribution	11.743
Departmental - Borrowing for Leasable Assets	0.014
Departmental – Revenue Contribution	0.872
Total Capital Financing	34.096

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 2017, 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	12	31,622,533	31,415,707	-0.65	-206,826
(b) Neighbourhood Services and Resources	13	52,181,323	51,316,737	-1.66	-864,586
(c) People	4	4,717,256	4,639,807	-1.64	-77,449
TOTAL	29	88,521,112	87,372,251	-1.30	-1,148,861




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	1	3	1	2	5	12
Neighbourhood Services and Resources	0	1	1	1	8	2	13
People	0	0	1	1	1	1	4
TOTAL	0	2	5	3	11	8	29

- (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	1
Neighbourhood Services and Resources	2	10	1
People	0	4	0
TOTAL	2	25	2

- (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.
Red Hall Courts - Anfield and Aintree New Build Housing	Additional Houses incorporated into the design/bid.	A reconfiguration of overall scheme is under way to bring back in line with budget. Linkages with other Red Hall schemes.

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	88.521
Schemes closed or on hold within CP but awaiting PPS post project review.	10.605
Annualised Programmes.	8.576
Non-construction projects not included in PPS report.	4.241
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.	28.606
Projects under £75k are excluded from PPS reporting.	2.621
Funding not yet allocated.	-2.124
Capital funding passported direct to Academies.	0.000
Schemes Included with PPS and CM Reporting	-8.390
Capital Programme	133.082

Capital Programme Update

20. The following major areas of work have been undertaken in 2016/17.

(a) Children, Families and Learning

- (i) In June 2016 cabinet released £601,045 of School Condition Allocation funding. Together with a previously released underspend figure of £166,901 this provided a £767,946 programme of condition and health and safety related work in maintained schools and nurseries.
- (ii) The devolved formula capital grant of £85,289 is allocated to the LA on a formulaic basis based on pupil numbers in maintained schools. The LA then allocates the funding directly to schools for the schools themselves to support the other capital needs of their buildings.
- (iii) Cabinet allocated £1,200,000 to a project to expand St George's CE Academy by 105 places. This allocation is in advance of developer contributions which it is hoped will cover 100% of the project costs. This project is currently on site and with an anticipated completion date of 12th October.
- (iv) Both The Rydal Academy and Eastbourne Nursery successfully bid to the Education Funding and Skills Agency for capital in 2016/17. This funding will support the development of their premises to enable them to offer more places for three and four year olds when the universal 30 hour offer starts in September 2017. Eastbourne Nursery combined these funds with a grant awarded to them by the LA under the funded places for two year olds programme of 2014/15.

(b) Housing

- (i) Adaptations – The provision of disabled adaptations including Flat Floor Showers, ramps, stair lifts, handrails, grabrails and other adaptations to 200 Council Properties. This also included extensions to two properties.
- (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 249 properties primarily in Banktop and Lascelles and Red Hall and Lingfield.
- (iii) Structural Repairs – Ongoing structural monitoring continues and as a result 9 properties had structural repairs carried out. Major structural works are currently being carried out to the boundary wall at Heatherwood Grove site.
- (iv) Repairs before Painting – 1128 Properties had joinery repair works as part of the cyclical external painting programme in Branksome, Red Hall and Lingfield wards.
- (v) Roofing – 40 properties in the Park East Ward and Tennyson Gardens Community Centre also in the Park East ward received works for the replacement of roofs, fascia's, soffits and rainwater goods alongside the top-up of loft insulation where appropriate
- (vi) Garages - Improvements to the Council's garage blocks were carried out in the Springfield and Sadberge and Middleton St George Wards
- (vii) External Works - Responsive repairs across the borough and the planned replacement of fencing and paths to 79 properties in the Haughton and Springfield ward.
- (viii) Smoke Detectors – Work continued to replace existing hard wired smoke and heat detectors where systems are now 10 years old and reached the end of their recommended lifespan.
- (ix) Pavement Crossings – 8 properties had pavement crossings installed in their properties across the borough.
- (x) Replacement Door Programme – 394 properties across the borough received new composite doors as a replacement for poor condition existing timber doors.
- (xi) Communal Works and Door Entry Systems - Upgrade communal entrance doors and entry systems to provide increased security to blocks of flats in the Cockerton and Whinfield wards.

- (xii) Internal planned maintenance – Kitchen, bathroom, rewires and boiler replacements to 199 properties identified on the 20 year investment programme. Work was carried out to properties in Heighington and Coniscliffe, Eastbourne, Hurworth, Red Hall and Lingfield Sadberge and Middleton St. George.
- (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: the third Local Transport Plan (LTP3), the Local Growth Fund and various grants awarded by the Department for Transport including Challenge Fund, Incentive and Pothole funding.
 - (ii) LTP3 funding was spent on delivering a programme of maintenance schemes and integrated transport schemes. The highway maintenance programme included schemes on Stockton Road, Beaumont Hill, McMullen Road (phase 1), Minors and Walton Crescents and the resurfacing of Houndgate. The integrated transport programme included:
 - a) Advanced design work for phase 1 of the A68 Rotary Way roundabout widening, which will involve introducing a third lane on the inbound side of the A68 on the approach to the roundabout with Rotary Way, and changing the inbound speed limit (the construction of this scheme is to be funded by Highways England);
 - b) Aimsun modelling work on the A66 to ascertain the impact of new developments on traffic flows and congestion. Outputs from this model will be used in formulating the Local Plan and bidding for further funding for transport infrastructure;
 - c) major improvements to the area around Feethams including improvements to the public realm to the front of the Town Hall and the creation of a town centre Riverside Park which provides a new walking and cycling route;
 - d) construction started on a shared use cycleway / footway along the river Skerne from the junction of Valley Street and John Street to join the existing route at Albert Road and improves access between existing residential areas in the north of Darlington and the town centre.
 - (iii) 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 2015. The final phase of work to repaint the parapets, upgrade the lighting and replacing the stone pillars took place in summer 2016 with the bridge finally reopening in September 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. This is due to be completed by the end of March 2018.
- (iv) Funding was secured in June 2016 from the Local Growth Fund for three schemes as follows:
- a) Feethams Connections project which included improvements to the public realm and pedestrian routes to front of the Town Hall and creation of a town centre Riverside Park.
 - b) The River Skerne Sustainable Transport and Heritage Corridor project which aimed to provide a continuous walking and cycling route from Darlington town centre alongside the river Skerne to the edge of the urban area in Haughton.
 - c) The Parkgate Connections Scheme connecting Central Park, Bank Top station and Darlington town centre.
- (d) Miscellaneous Schemes
- (i) Rowan West Gypsy and Traveller Site – £1.9M of funding was received from HCA and £0.2M allocated from corporate resources to complete the works on Rowan West. Total expenditure on the scheme to date is £1.6M and final accounts should be completed in 2017/18.
 - (ii) Civic Theatre Restoration – £11.2M of funding has been allocated to the scheme from HLF grant, capital contributions and corporate resources. Total expenditure on the scheme to date is £5.4M and final accounts should be completed in 2017/18.

Capital Programme

21. Paragraph 22 shows the movements in the Capital Programme since the approval of the 2016/17 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
<u>Virements</u>				
Economic Growth	Town Hall Refurbishment Works	-1,349	Virement	Nil effect
Economic Growth	Town Hall WC Refurbishment Works	1,349	Virement	Nil effect
Economic Growth	Advanced Design Fees	-123,348	Virement	Nil effect
Economic Growth	Feethams Riverside Park	50,000	Virement	Nil effect
Economic Growth	Ingenium Park	73,348	Virement	Nil effect
Economic Growth	Opus Land at Albert Road	-1,967	Virement	Nil effect
Economic Growth	Feethams Riverside Park	1,967	Virement	Nil effect
Economic Growth	Rowan West Gypsy and Traveller Site	-5,000	Virement	Nil effect
Economic Growth	Biodiversity Traveller Site	5,000	Virement	Nil effect
Neighbourhood Services and Resources	Sports Facility Funding	-14,735	Virement	Nil effect
Economic Growth	Feethams Riverside Park	14,735	Virement	Nil effect

Department	Scheme	Value £	Reason for adjustment	Resource type adjusted
Neighbourhood Services and Resources	LTP Funding	-20,741	Virement	Nil effect
Neighbourhood Services and Resources	A67 Carlbury Landslip	20,741	Virement	Nil effect
Children Family's and Learning	Heathfield Primary School Expansion	-170,000	Virement	Nil effect
Children Family's and Learning	MUGA - Heathfield and St Teresas	170,000	Virement	Nil effect
People	Disabled Facility Grants 16/17	-720,026	Virement	Nil effect
People	Disabled Facility Grants 17/18	720,026	Virement	Nil effect
Total Virements		NIL		

Department	Scheme	Value £	Reason for adjustment	Resource type adjusted
<u>Adjustments needing approval/release</u>				
Economic Growth	S106 10/00412/FUL Bellway Homes Open space	30,000	Contribution from Bellway Homes towards Feethams Riverside Park	S106
Economic Growth	S106 13/00989/FUL A Abbott Open Space	18,876	Contribution from A Abbott towards Feethams Riverside Park	S106

Department	Scheme	Value £	Reason for adjustment	Resource type adjusted
Economic Growth	S106 14/01251/FUL Darlington RUFCC - Highways (access to the club)	9,697	Contribution from Darlington RCFC towards Blackwell Meadows - Car parking	S106
Economic Growth	S106 14/001251/FUL Darlington Rugby Club Ecology	9,800	Contribution from Darlington Rugby Club for Blackwell Meadows habitat mitigation	S106
Economic Growth	Central Park Development	5,500	RCCO 16/17 Central Park Development from Regeneration Projects	RCCO
Economic Growth	Dolphin Centre essential M & E works	122,740	Earmarked Resources utilised to fund the Dolphin Centre M&E Works project	RCCO
Economic Growth	Central Park - Yarm Rd Junction	20,000	RCCO Contribution Enabling Infrastructure for growth 14/15 from Car Parking Repairs and Maintenance	RCCO
Economic Growth	Central Park - Yarm Rd Junction	230,000	RCCO Contribution Enabling Infrastructure for growth 14/15 from Highways Schemes	RCCO
Economic Growth	Central Park - Yarm Rd Junction	70,000	RCCO Contribution Enabling Infrastructure for growth 14/15 from Sustainable Transport	RCCO

Department	Scheme	Value £	Reason for adjustment	Resource type adjusted
Economic Growth	Central Park - Yarm Rd Junction	30,000	RCCO Contribution Enabling Infrastructure for growth 14/15 from Engineering	RCCO
Economic Growth	Town Hall WC Refurbishment Works	81,000	RCCO 16/17 Toilet refurbishment for Town Hall from Property Management	RCCO
Neighbourhood Services and Resources	Civic Theatre Restoration - Equipment	2,700	RCCO 16/17 Civic Theatre Restoration – Equipment from the Hipperdrome	RCCO
Neighbourhood Services and Resources	Civic Theatre Restoration - Equipment	73,300	RCCO 16/17 Civic Theatre Restoration – Equipment from the Hipperdrome Restoration	RCCO
Economic Growth	Gypsy and Traveller site extension	-9,377	Funds no longer required	Reduction in borrowing
Economic Growth	Carriageworks	-3,060	Funds no longer required	Reduction in borrowing
Neighbourhood Services and Resources	Darlington Eastern Corridor	-79,251	Darlington Eastern Corridor funds no longer required	Reduction in borrowing
Neighbourhood Services and Resources	Parks and Play Sadberge	-908	Funds no longer required	Reduction in borrowing
Neighbourhood Services and Resources	Equal Pay	-297,000	Funds no longer required	Reduction in borrowing
Children Family's and Learning	Basic Need Safeguarding works to Red Hall Primary	-335	Funds no longer required	Funds moved back to basic needs

Department	Scheme	Value £	Reason for adjustment	Resource type adjusted
Children Family's and Learning	Mount Pleasant Condition works 16/17	-6,933	Funds no longer required	Funds moved back to Capital Maintenance
Prudential Borrowing - Leasable assets	Various	13,523	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 2016/17 is £13,523 and has been added to the Capital programme	Departmental unsupported borrowing
Total adjustments needing approval		320,272		

23. **Appendix 4** details the general fund capital receipts and corporate resources received and brought forward from previous years. These amount to £3.344M of which £0.433M has been utilised to finance capital expenditure leaving a balance of £2.251M to carry forward into future years.

Conclusion

24. The total capital spend incurred during 2016/17 was £34.0M. Overall a balanced programme has been achieved with a wide variety of capital improvements undertaken throughout the Borough during 2016/17.

Outcome of Consultation

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