

CABINET
3 JULY 2023

PROJECT POSITION STATEMENT & CAPITAL PROGRAMME MONITORING
OUTTURN 2022/23

Responsible Cabinet Member -
Councillor Mandy Porter, Resources Portfolio

Responsible Director -
Elizabeth Davison, Group Director of Operations
Dave Winstanley, Group Director of Services

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 31 March 2023 and the proposed financing of the 2022/23 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 largescale 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 2022/23 totalled £62.566m. Since the last revision of the Capital Medium Term Financial plan further refinements to estimates 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 43 live projects currently being managed by the

Council with an overall project outturn value of £186.705m. 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 2022/23 Capital Programme.
 - (b) Note projected capital expenditure and resources.
 - (c) Approve the adjustments to resources as detailed in paragraph 25.

Reasons

8. The recommendations are supported by the following reasons:
 - (a) The recommendations are supported to enable Members to note the progress of the 2022/23 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.

Elizabeth Davison
Group Director of Operations

Dave Winstanley
Group Director of Services

Background Papers

- (i) Capital Medium Term Financial Plan 2022/23 – 2025/26
- (ii) Project Position Statement March 2022

Brian Robson : Extension 6608

Steve Wake : Extension 5424

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 and Climate Change	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.
Council Plan	The Capital Programme referred to in the report supports delivery of the Council plan.
Efficiency	The recommendations support the effective and efficient use of resources.
Impact on Looked After Children and Care Leavers	This report has no impact on Looked After Children or Care Leavers

MAIN REPORT

Information and Analysis

2022/23 Capital Spend and Resources

Information and Analysis

9. **Appendix 1** is for information and lists all live construction projects 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.
10. The Capital outturn for 2022/23 totalled £62.566m compared to £43.388m in 2021/22. **Appendix 2** analyses the 2022/23 capital spend by department, the proposed financing of the overall approved programme and corporate resources to be carried forward into 2023/24. The total of resources already approved to finance the outstanding capital programme including part finished projects is £181.706m therefore £119.140m will be carried forward into 2023/24 to fund completion. The spend summary shows the amount available to be utilised in future years to help finance the capital programme.
11. **Appendix 3** summarises the total approved departmental capital budgets of £283.717m, along with spend to date of £164.577m and the projected outturn position which is lower than budget at £272.399m.

12. The proposed financing of the 2022/23 expenditure is:

	2022/23
Capital Expenditure	£M
Financing of Capital Expenditure	62.566
<i>Corporate resources</i>	
Corporate Unsupported Capital Expenditure (Borrowing)	7.967
Capital Receipts	0.623
<i>Externally funded</i>	
Capital Grants	34.396
Capital Contributions	0.407
<i>Departmental and Other Resources</i>	
HRA - Capital Receipts	0.433
HRA - Revenue Contribution	13.289
Departmental - Borrowing for Leasable Assets	2.478
Departmental - Unsupported Borrowing	2.786
Departmental – Revenue Contribution	0.187
Total Capital Financing	62.566

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 1) details the current live construction projects, up to the end of March 2023, 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.
15. The overview of live construction projects is as follows:

	Projects	Current Approved Budget £ / p	Projected Outturn £ / p	Variance %	Variance (Value) £ / p
Chief Executive & Economic Growth	16	56,578,104	56,426,221	(0.3)	(151,883)
Operations	14	51,192,357	50,883,391	(0.6)	(308,966)
People	3	5,278,566	5,097,654	(3.4)	(180,912)
Services	10	73,306,801	74,298,058	1.4	991,257
TOTAL	43	186,355,828	186,705,324		349,496

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
Chief Executive & Economic Growth	0	2	2	7	3	2	16
Operations	0	1		7	3	3	14
People	0	1				2	3
Services	0	1	2	3	2	2	10
TOTAL	0	5	4	17	8	9	43

18. **Control Point 1 (CP1) – Start Up:** is used to define the position of a project at its conception stage.

- (a) **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.
- (b) **Control Point 3 (CP3) – Define:** the point that the project is progressed to RIBA Stage F, i.e. detailed design.
- (c) **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.
- (d) **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.

19. The status on live projects is as follows:

Department			
Chief Executive & Economic Growth	2	12	2
Operations	2	11	1
People	0	2	1
Services	3	7	0
TOTAL	7	32	4

- (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.

20. Current projects with the triangle symbol are as follows:

Project	Reason for Variance	Action
Skinnergate Re-development Housing	A delay was encountered following the production of a revised design to satisfy concerns raised by English Heritage at the planning application stage.	The scheme design is being updated to include for changes to the Building Regulations requirements. The Nutrient Neutrality issue has fallen away and will be treated as part of the discharge of a planning condition. Some delays have also been encountered due to the Party Wall process which needs the agreement of 3rd parties to progress.
Demolition of 12-18 King Street	The expected outturn cost currently sits above the initial budget, this will be market tested once the Bat Licence/Party Wall issues are resolved.	Demolition cannot proceed until a Bat License has been issued and a Party Wall agreement has been finalised, current programme to start the works is May 2023.
Ingenium Parc Masterplan + Infrastructure	Delays encountered due to ground conditions, phase II works underway.	Following a meeting with the Contract Manager and the site team it was decided that due to the bad weather no further work could continue. It was agreed that work would continue at the end of April 2023 until end of May 2023.
West Cemetery Development	The project has been subject to numerous delays extending the project significantly. Additional costs have been occurred resulting in an increase in the final outturn cost; the details of which are being reconciled as part of the final account and project closedown process.	All projects over £1m report require an out-turn report. This report will be brought as part of the next quarterly report.

Crown Library Refurbishment	Delays and additional costs have been encountered from the withdrawal of the originally appointed roofing contractor.	Forecast completion still stands at July 2023.
Communal Works 22-23	Works to the Cloud based system were delayed in start-up.	Works will commence in early 23/24 with budget slipped to support this.
Energy Efficiency 22-23	This fund is used to support matched funding on grant schemes. 1 Scheme is ongoing but are not yet at claim stage and will be completed early in 23/24	Grant claim to be made once works completed.

Reconciliation of Project Position Statement to Capital Programme

21. 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	186.705
Schemes closed or on hold within CP but awaiting PPS post project review.	6.952
Annualised Schemes excluded from PPS - Housing Repairs & Maintenance	0.267
Annualised Schemes excluded from PPS - Highways Maintenance	7.113
Annualised Schemes excluded from PPS – Children’s Services School Maintenance	0.253
Non construction excluded from PPS	15.194
Capital Investment fund excluded from PPS	20.117
Projects under 75k excluded from PPS	1.035
Capital Schemes not yet integrated into PPS reporting	30.047
Included in PPS & CMR	0.470
Funding not yet allocated	4.246
Capital Programme	272.399

22. The table below shows the split of the approved capital programme of £274.536m, between the different service areas and also the various categories of spend. When compared to the table above it shows that there is a projected £2.137m underspend on the approved capital programme.

	Construction				Non construction	Capital investment fund	Housing New Build - not yet allocated	Total
	Live Schemes 75k & Over	Annualised Schemes	Completed Schemes awaiting review	Live Schemes under 75k				
Area	£m	£m	£m	£m	£m	£m	£m	£m
Housing	67.078	0.267	2.324	0.160	1.205	0.000	0.432	71.466
Economic Growth	54.999	0.000	0.498	0.318	9.876	20.117	3.369	89.177
Highways/Transport	64.129	7.113	7.553	1.252	1.334	0.000	2.362	83.743
Leisure & Culture	22.354	0.000	0.073	0.175	0.000	0.000	0.000	22.602
Education	3.970	0.253	0.002	0.254	0.053	0.000	0.290	4.822
Adult Social Care	0.000	0.000	0.000	0.000	0.071	0.000	0.000	0.071
Other	0.000	0.000	0.000	0.000	2.655	0.000	0.000	2.655
Total	212.530	7.633	10.450	2.159	15.194	20.117	6.453	274.536

Capital Programme

23. The following major areas of work have been undertaken in 2022/23:

(a) Children, Families and Learning

- (i) A programme of planning maintenance was undertaken across the local authority maintained schools.
- (ii) Contracts were let for a complete re-roof of Whinfield Primary to take between May and September 2023.

(b) Housing

- (i) Adaptations – A Major adaptation extension was carried out within Haughton estate. Various minor adaptations were carried out to 160 properties across various areas.
- (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 to 199 properties.
- (iii) Structural Repairs – Ongoing structural monitoring continues and as a result, structural works to lintels, canopies and wall tie replacements were carried out to 24 properties in Hundens Lane.
- (iv) Repairs before Painting – 1295 properties had joinery repair works as part of the cyclical external painting programme in Cockerton, Harrowgate Hill, Hurworth, Northgate and Pierremont road areas.

- (v) Roofing – Responsive replacements were carried out to 12 properties and parapet wall removal to 6 flats within various areas of Darlington. Planned replacement works were delayed during 22/23 and will be carried out alongside the 23/24 programme.
- (vi) Garages – 46 Prefabricated garages on Lascelles estate were removed and replaced with parking spaces or incorporated into enclosed gardens with fencing.
- (vii) External Works –
 - (1) Various properties in RedHall and Lascelles estate were provided with fencing replacements.
 - (2) 161 properties were identified by responsive inspections and required some fencing replacing.
- (viii) Pavement Crossings – 3 properties had pavement crossings installed in their properties across the borough.
- (ix) Replacement Door Programme – 107 properties were identified by responsive inspections and required replacement doors.
- (x) 178 Properties in Banktop and Lascelles areas were upgraded as part of our planned programme.
- (xi) Another 408 planned properties were due for upgrades but due to contracting delays, these will be carried out in 23/24.
- (xii) Communal Works & Door Entry Systems –
 - (1) Lascelles estate – 15 Blocks of flats had replacement communal door entry systems.
 - (2) Works to external vehicle gates were carried out at Rockwell House and Roxby Court.
 - (3) Works to the cloud based improved door entry systems has been delayed so works will commence in 23/24.
- (xiii) Internal planned maintenance – 68 properties have been completed this year due to Labour constraints within Building Services.
- (xiv) Windows – We completed a programme to upgrade 880 single glazed properties to Double Glazing. In some streets old double glazing was also replaced to complete whole streets with upgrades. In addition 138 properties were completed under the Local Authority Delivery phase1b (LAD1b) grant funding stream.

- (xv) Energy Efficiency works - We were awarded grant funding under the Social Housing Decarbonisation Funding Wave 1 (SHDFw1) stream. This enabled us to carry out energy improvement works to 23 properties, which includes External Wall Insulation, Windows and Solar Panels.
- (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 Cycling and Walking Infrastructure Programme, and various grants awarded by the Department for Transport (DfT) including Incentive and the Pothole Challenge fund.
 - (ii) LTP3 funding was spent on delivering a programme of maintenance schemes and integrated transport schemes:
 - (1) Continued design work on the A68 at Cockerton Roundabouts.
 - (2) Safer Routes to Schools including School Streets.
 - (3) Resurfacing Newbiggin Lane.
 - (4) Carriageway resurfacing and patching at the Swan House roundabout.
 - (5) Patching and resurfacing Neasham Road.
 - (iii) Funding was secured from the Local Cycling and Walking Infrastructure Programme for the following scheme:
 - (1) Woodland Road (including Outram Street and Duke Street).

24. Paragraph 25 shows the movements in the Capital Programme since the approval of the 2022/23 Capital MTFP, some of which have not yet been approved by Members.

25. Adjustment to resources requested by departments:

Adjustments needing approval release

Department	Scheme	Value £	Reason for adjustment	Resource type adjusted
Chief Executive & Economic Growth	Green Street Acquisitions & Demolitions. Single Programme Schemes	£223,049	DLUHC - Brownfield Land Release Fund	Release
Services	A68 Woodland Road Outram Street Duke Street	£647,213	A68 Woodland Rd – TVCA funding	Release
Services	Dolphin Centre - Pool Repairs	£250,543	Dolphin Centre pool – RCCO	Release
Services	West Cemetery Development	£139,000	West Cemetery – RCCO	Release
TOTAL		£1,259,805		

26. **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 £0.623m has been utilised to finance capital expenditure as well as £0.267m of earmarked receipts to fund slippage, leaving a balance of £2.454m to carry forward into future years.

Conclusion

27. The total capital spend incurred during 2022/23 was £62.566m. Overall a balanced programme has been achieved with a wide variety of capital improvements undertaken throughout the Borough during 2022/23.

Outcome of Consultation

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