

**CABINET
7 NOVEMBER 2023**

**PROJECT POSITION STATEMENT & CAPITAL PROGRAMME MONITORING
QUARTER 2 2023/24**

**Responsible Cabinet Member -
Councillor Mandy Porter, Resources Portfolio**

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

SUMMARY REPORT

Purpose of the Report

1. This report provides:
 - (a) A summary of the latest Capital resource and commitment position, to inform monitoring of the affordability and funding of the Council's capital programme.
 - (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. The projected outturn of the current Capital Programme is £315.846m against an approved programme of £316.805m. The investment is 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. The programme, including commitments, remains affordable within the Medium Term Financial Plan (MTFP) for 2023/24 – 2026/27.
4. 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 projected outturn value of £167.583m. The majority of projects are running to time, cost and quality expectations but are being monitored given the current pressures on resources in the construction sector nationally.
5. 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

6. It is recommended that Cabinet:
- (a) Note the attached status position on construction projects.
 - (b) Note projected capital expenditure and resources.
 - (c) Approve the adjustments to resources as detailed in paragraph 24.

Reasons

7. The recommendations are supported by the following reasons:
- (a) To inform Cabinet of the current status of construction projects.
 - (b) To make Cabinet aware of the latest financial position of the Council.
 - (c) To maintain effective management of resources.

Dave Winstanley
Group Director of Services

Elizabeth Davison
Group Director of Operations

Background Papers

- (i) Capital Medium Term Financial Plan 2023/24 – 2026/27
- (ii) Project Position Statement and Capital Monitoring Outturn 2022/23

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

2023/24 Capital Spend and Resources

8. **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.
9. **Appendix 2** summarises the Council's capital commitments which are yet to be financed and also shows how it is intended for them to be financed. The total value of commitments, including available resources brought forward from previous years and 2023/24 schemes previously released by Cabinet, is £169.499m.
10. **Appendix 3** shows the Council's projected capital receipts and how they are going to be utilised to help finance the capital programme over the life of the MTFP.
11. **Appendix 4** is the final outturn report for the Education SEND Capital Schemes at Red Hall Primary School and Rise Carr College.

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 1) details the current live construction projects, up to the end of August 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.
14. 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	10	27,874,947	27,539,947	(1.2)	(335,000)
Operations	16	57,098,203	56,610,347	(0.9)	(487,856)
People	3	5,278,616	5,066,039	(4.0)	(212,577)
Services	14	78,059,233	78,366,211	0.4	306,978
TOTAL	43	168,310,999	167,582,544		(728,455)

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
Chief Executive & Economic Growth	0	4	0	2	3	1	10
Operations	0	6	1	7	2	0	16
People	0	0	0	0	1	2	3
Services	0	2	2	6	1	3	14
TOTAL	0	12	3	15	7	6	43

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.

17. The status on live projects is as follows:

Department	Red	Blue	Green
Chief Executive & Economic Growth	2	6	2
Operations	1	14	1
People	0	1	2
Services	1	13	0
TOTAL	4	34	5

- (a) Colours (Green better, Red worse, than) 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 the colour Blue.
- (c) In addition to cost, the same colours are used to indicate similar levels of variances in time and quality/outputs/outcomes.

18. Current projects with the Red colour 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. It has also been impacted by the Nutrient Neutrality issue which will have an impact on the start on site date.	The design team are working on the Stage 4 design. An application to seek the purchase of 'credits' will be made to Natural England in the next application phase closing on 27th October
Ingenium Parc Masterplan + Infrastructure	Delays have been encountered due to ground conditions. Phase II works are underway.	The contractor is on site and has completed drainage works. Final fencing and landscaping work is underway and will be complete in November 2023.
Demolition of 12-18 King Street	The expected outturn cost currently sits above the initial budget.	Forecast outturn cost to be market tested.
Crown Library Refurbishment	Delays and additional costs have been encountered from the withdrawal of the originally appointed roofing contractor.	No further issues have been experienced and scheme is expected to complete in September 2023.

19. In line with the Council's Financial Procedure rules any scheme with an outturn value of in excess of a £1m has to be reported to Cabinet. In accordance with the agreed procedure the Education SEND Capital Schemes at Red Hall Primary School and Rise Carr College have been reviewed (CP5) and the results and final outturn are shown in **Appendix 4**.

20. If approved this scheme will be removed from the live PPS listing in **Appendix 1**.

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	167.583
Schemes closed or on hold within CP but awaiting PPS post project review.	22.221
Annualised Schemes excluded from PPS - Housing Repairs & Maintenance	9.890
Annualised Schemes excluded from PPS - Highways Maintenance	10.123
Annualised Schemes excluded from PPS - Childrens Services School Maintenance	0.230
Non construction excluded from PPS	16.094
Capital Investment fund excluded from PPS	34.640
Projects under 75k excluded from PPS	2.323
Capital Schemes not yet integrated into PPS reporting	31.730
Included in PPS & CMR	0.000
Funding not yet allocated	21.012
Capital Programme	315.846

22. The table below shows the split of the approved capital programme of £316.805m, 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 £0.959m underspend on the approved capital programme. However, it should be noted that this underspend relates to funding that is coming from grants and housing borrowing and therefore not an additional resource.

Area	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				
	£m	£m	£m	£m	£m	£m	£m	£m
Housing	60.099	10.021	0.627	0.033	1.205	0.000	15.673	87.658
Economic Growth	41.593	0.080	3.388	0.337	10.817	33.481	3.476	93.172
Highways/Transport	63.152	10.011	14.949	1.380	1.645	1.877	1.512	94.526
Leisure & Culture	29.883	0.000	2.618	0.176	0.000	0.000	0.000	32.677
Education	5.279	0.230	0.007	0.361	0.079	0.000	0.290	6.246
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	2.455	0.000	0.000	2.455
Total	200.006	20.342	21.589	2.287	16.272	35.358	20.951	316.805

Capital Programme

23. Paragraph 24 shows the movements in the Capital Programme since the approval of the 2023/24 Capital MTFP, some of which have not yet been approved by Members.

24. Adjustment to resources requested by departments:

Adjustments needing approval release

Department	Scheme	Value £	Reason for adjustment	Resource type adjusted
Services	Firthmoor MUGA Works	£20,000	S106 - George Wimpey Geneva Lane - Firthmoor MUGA	Release
Services	Open Space Teesdale Way Footpath	£12,223	S106 - Homes Finance Robertson Homes - Field at Low Coniscliffe	Release
Services	West Park Travel Planning	£38,851	S106 - West Park JV LTD - Travel Programme Contribution	Release
Services	West Park Travel Planning	£56,962	S106 - Bussey & Armstrong - Travel programme	Release
Services	Capitalised Repairs	£250,000	Council Capital (MTFP) for repair of corporate assets.	Release
TOTAL		£378,036		

Outcome of Consultation

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