

CABINET
6 FEBRUARY 2024

PROJECT POSITION STATEMENT & CAPITAL PROGRAMME MONITORING
QUARTER 3 2023/24

Responsible Cabinet Member -
Councillor Mandy Porter, Resources Portfolio

Responsible Directors -
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 £324.747m against an approved programme of £324.414m. 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.
4. The Council has a substantial annual construction programme of work. The current project position statement (PPS) shows there are 41 live projects currently being managed by the Council with an overall projected outturn value of £160.324m. 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 21.

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

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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 and Climate Change	Carbon Impact and Climate Change are assessed and reported in individual projects
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 £177.108m.
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.

Project Position Statement

11. 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.
12. The Project Position Statement (Appendix 1) details the current live construction projects, up to the end of November 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.
13. 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	36,581,171	36,584,501	0.0	3,330
Operations	15	54,623,222	55,008,080	0.7	384,858
People	1	1,124,000	1,124,000	0.0	0
Services	9	67,300,589	67,607,567	0.5	306,978
TOTAL	41	159,628,982	160,324,148		695,166

14. 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.

15. The live projects are at the following stages:

Department	Brief	CP1	CP2	CP3	CP4	CP5	Total
Chief Executive & Economic Growth	0	1	5	0	10	0	16
Operations	0	4	2	7	2	0	15
People	0	0	0	0	1	0	1
Services	0	0	1	2	3	3	9
TOTAL	0	5	8	9	16	3	41

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.

16. The status on live projects is as follows:

Department	Red	Blue	Green
Chief Executive & Economic Growth	3	11	2
Operations	1	13	1
People	0	1	0
Services	2	7	0
TOTAL	6	32	3

- (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.

17. 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' has been made and has been successful. The final credit certificate is yet to be received and will be forwarded on to planning upon receipt.
Sherborne Close Phase 2	<p>Following the introduction of Nutrient Mitigation requirements in line with changes in national Planning legislation, the project was required to be paused. This delay resulted in the construction design also becoming subject to revised Building Regulations (post June 23).</p> <p>These factors plus considerable inflation over the period 2022 to late 2023 resulted in the project costs increasing significantly.</p>	<p>Nutrient credits were provisionally secured in September 2023.</p> <p>The project's pre-tender cost estimate was recalculated in response to the two planning - related requirements and inflation. The revised cost was duly reported to the project sponsor and Board on 2nd October 2023 who advised that the project was to continue.</p> <p>The project team are currently undertaking a tender exercise with the construction tender cost due to be confirmed in April 2024.</p>
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 once the weather allows.
Demolition of 12-18 King Street	The expected outturn cost currently sits above the initial budget.	Forecast outturn cost to be market tested. The scheme is currently paused whilst discussions are being undertaken with an adjoining owner.

Project	Reason for Variance	Action
Darlington Station Demolitions	The historic reduction in the anticipated outturn figure reflects the fact that some of the Council's previous compensation amounts were slightly less than had originally been anticipated for some properties. It should be noted that that does not indicate that all final settlements will be consistent with this trend.	The Council continues to negotiate with the two interests who are yet to agree a compensation amount. This process could continue until c. 2027.
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 complete, outturn report to be produced.

Reconciliation of Project Position Statement to Capital Programme

18. 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	160.324
Schemes closed or on hold within CP but awaiting PPS post project review.	26.343
Annualised Schemes excluded from PPS - Housing Repairs & Maintenance	9.890
Annualised Schemes excluded from PPS - Highways Maintenance	9.747
Annualised Schemes excluded from PPS - Childrens Services School Maintenance	0.230
Non construction excluded from PPS	16.439
Capital Investment fund excluded from PPS	49.909
Projects under 75k excluded from PPS	3.277
Capital Schemes not yet integrated into PPS reporting	27.564
Included in PPS & CMR	0.000
Funding not yet allocated	21.024
Capital Programme	324.747

19. The table below shows the split of the approved capital programme of £324.414m, 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 £0.333m overspend on the approved capital programme. Details of how the overspend is being managed are included in paragraph 17 and will be finalised before construction commences.

	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	60.100	10.020	0.627	0.033	1.455	0.000	15.673	87.908
Economic Growth	33.092	0.080	3.388	0.337	10.817	48.681	3.476	99.872
Highways/Transport	63.161	9.634	14.923	2.257	1.741	1.877	1.512	95.105
Leisure & Culture	29.883	0.000	2.619	0.255	0.000	0.000	0.000	32.757
Education	1.124	0.230	4.161	0.362	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	187.360	19.964	25.718	3.244	16.618	50.558	20.951	324.414

Capital Programme

20. Paragraph 21 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.

21. Adjustment to resources requested by departments:

Adjustments needing approval release

Department	Scheme	Value £	Reason for adjustment	Resource type adjusted
Services	Micro Asphalt Road Patching	£388,000	Extra pothole funding from LTP	Release
People	Disabled Facilities Grant	£92,787	Additional DFG Funding	Release
People	School Aycliffe	£20,000	S106 - School Aycliffe	Release
Services	Walking Cycling Route MSG Yarm Road Mill Lane	£145,000	S106 - Walking Cycling Route MSG Yarm Road Mill Lane	Release
Chief Executive & Economic Growth	Towns Fund - Victoria Road	£29,400	Victoria Road Facade Improvements	Release
Chief Executive & Economic Growth	Towns Fund - Skinnergate & Yards Project	£579,000	Yard Phase 2	Release
Services	Corporate CCTV Replacement	£21,289	RCCO	Release

Chief Executive & Economic Growth	Skinnergate Housing and Commercial units	£260,000	Homes England Brownfield Housing Programme for Site preparation	Release
TOTAL		£1,535,476		

Outcome of Consultation

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