

CABINET
16 JULY 2024

PROJECT POSITION STATEMENT & CAPITAL PROGRAMME MONITORING
OUTTURN 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) Information on delivery of the Council's Capital Programme, the financial outturn position as at 31 March 2024 and the proposed financing of the 2023/24 capital expenditure.
 - (b) An update on the 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 2023/24 totalled £60.084m. 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 27 live projects currently being managed by the Council with an overall project outturn value of £158.405m. 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 2023/24 Capital Programme.
 - (b) Note projected capital expenditure and resources.
 - (c) Approve the adjustments to resources as detailed in paragraph 30.

Reasons

8. The recommendations are supported by the following reasons:
 - (a) The recommendations are supported to enable Members to note the progress of the 2023/24 Capital Programme and to allow the capital expenditure to be fully financed.
 - (b) To inform Cabinet of the status of construction projects.
 - (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 March 2024

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

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 2023/24 totalled £60.084m compared to £62.566m in 2022/23. **Appendix 2** analyses the 2023/24 capital spend by department, the proposed financing of the overall approved programme and corporate resources to be carried forward into 2024/25. The total of resources already approved to finance the outstanding capital programme including part finished projects is £180.949m (including £4.045m referenced in the report) therefore £120.865m will be carried forward into 2024/25 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 £336.008m, along with spend to date of £215.143m and the projected outturn position which is lower than budget at £314.955m.

12. The proposed financing of the 2023/24 expenditure is:

	2023/24
Capital Expenditure	£M
Financing of Capital Expenditure	60.084
<i>Corporate resources</i>	
Corporate Unsupported Capital Expenditure (Borrowing)	10.436
Capital Receipts	2.491
<i>Externally funded</i>	
Capital Grants	36.996
Capital Contributions	0.261
<i>Departmental and Other Resources</i>	
HRA - Capital Receipts	0.000
HRA - Revenue Contribution	8.003
Departmental - Borrowing for Leasable Assets	0.169
Departmental - Unsupported Borrowing	0.560
Departmental – Revenue Contribution	1.168
Total Capital Financing	60.084

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 2024, 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	14	44,255,210	44,225,401	(0.1)	(29,809)
Operations	3	41,037,222	41,476,030	1.1	438,808
People	1	1,124,000	1,124,000	0.0	0
Services	9	70,908,939	71,579,082	0.9	670,143
TOTAL	27	157,325,371	158,404,513		1,079,142

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	0	2	4	6	2	14
Operations	0	1	0	1	1	0	3
People	0	0	0	0	1	0	1
Services	0	0	0	3	1	5	9
TOTAL	0	1	2	8	9	7	27

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	Red	Blue	Green
Chief Executive & Economic Growth	1	13	0
Operations	1	1	1
People	0	1	0
Services	3	6	0
TOTAL	5	21	1

- (a) Green and red colour coding 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 blue coding.
- (c) In addition to cost, the same colour codes are used to indicate similar levels of variances in time and quality/outputs/outcomes.

20. Current projects with red coding are as follows:

Project	Reason for Variance	Action
Skinnergate Re-development, Commercial & 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 Nutrient Neutrality further delaying the start on site date.	The Party Wall process has been protracted and impacted on the anticipated commencement date. It is now being completed to allow phase 1 demolition works to commence in May/June 2024.
Darlington Station Demolitions	This project has been delayed as compensation amounts with two interests are still to be agreed.	The Council continues to negotiate with two interests who are yet to agree a compensation amount. This process could continue until 2027.
Crown Street Library Refurbishment	Delays and additional costs have been encountered from the withdrawal of the originally appointed roofing contractor.	The scheme is now complete, and the outturn report is included at Appendix 6.
Sherborne Close Phase 2	Following the introduction of nutrient Mitigation requirements in line with changes in national Planning Legislation, the project needed to be paused. This delay resulted in the construction design also becoming subject to revised Building Regulations (post June 23). These factors plus considerable inflation over the period 2022 to late 2023 resulted in the project costs increasing significantly.	The project team are currently undertaking a tender exercise with the construction tender cost due to be confirmed in Spring 2024.

Project	Reason for Variance	Action
Railway Heritage Quarter	See paragraphs 21-23.	See paragraphs 21-23.

21. The Hopetown (Railway Heritage Quarter) project budget in the PPS shows a revised budget of £37,088,350. This adjustment is to reflect additional funding secured from a variety of sources. The majority of the increase being from additional grant from National Lottery Heritage Fund and sponsor funding to provide additionality to the project, with some funding added from carried forward monies. Approval is sought in paragraph 30 to revise the budget and release the funding.

22. The project is coming towards the end of the construction phase. There are a number of matters where there remains a financial risk and an amount has been included in the forecast should they materialise. There also remains a significant amount of money in the forecast that is in dispute, and this will need resolving post project, but from a prudent financial management perspective the financial risk has been included in the forecast at this stage. Depending on the financial outcome of the remaining risks and disputed sums, the current forecast is between £603k within budget and £363k over budget. The PPS is reporting the worst-case scenario at this stage given the uncertainty on risk and dispute outcome. The worst-case scenario represents a 0.9% potential overspend on the revised project budget.

23. As with all projects over £1m a report will be produced on the final outturn when the outcome of the risk and disputes will be known.

24. In line with the Council's Financial Procedure rules any scheme with an outturn value of in excess of a £1m must be reported to Cabinet. In accordance with the agreed procedure the Central Park South Landscaping Project and Crown Street Library Project have been reviewed (CP5) and the results and final outturn are shown in **Appendices 5 and 6**.

25. If approved, Central Park South Landscaping and Crown Street Library will be removed from the live PPS listing in **Appendix 1**.

Reconciliation of Project Position Statement to Capital Programme

26. 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	158.405
Schemes closed or on hold within CP but awaiting PPS post project review.	30.480
Annualised Schemes excluded from PPS - Housing Repairs & Maintenance	9.890
Annualised Schemes excluded from PPS - Highways Maintenance	10.055
Annualised Schemes excluded from PPS - Childrens Services School Maintenance	0.140
Non construction excluded from PPS	12.533
Capital Investment fund excluded from PPS	41.443
Projects under 75k excluded from PPS	2.477
Capital Schemes not yet integrated into PPS reporting	28.508
Included in PPS & CMR	0
Funding not yet allocated	21.024
Capital Programme	314.955

27. The table below shows the split of the approved capital programme of £328.085m, between the different service areas and the various categories of spend. When compared to the table above it shows that there is a projected £13.130m 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	47.753	23.924	0.627	0.033	1.455	0.000	15.673	89.465
Economic Growth	41.706	0.079	7.453	0.274	6.816	40.181	3.476	99.985
Highways/Transport	65.314	9.941	14.873	1.601	1.741	1.877	1.512	96.859
Leisure & Culture	30.105	0.000	2.618	0.245	0.000	0.000	0.000	32.968
Education	1.124	0.140	4.283	0.273	0.079	0.000	0.290	6.189
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	2.548	0.000	0.000	2.548
Total	186.002	34.084	29.854	2.426	12.710	42.058	20.951	328.085

Capital Programme

28. The following major areas of work have been undertaken in 2023/24:

- (a) Children, Families and Learning
 - (i) A programme of planning maintenance was undertaken across the local authority maintained schools.
 - (ii) A complete re-roof of Whinfield Primary was undertaken which was completed in April 2024.

(b) Housing

- (i) Adaptations – A Major refurbishment to two lifts at Branksome Hall Drive were carried out. Various minor adaptations were carried out to 131 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 240 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. Structural balcony Repairs - Sherbourne, Mount Pleasant, Stockmoor close, Heatherwood Grove.
- (iv) Repairs before Painting – 1295 (555 Houses, 207 blocks of flats, 4 schemes – just over 1000 “properties”) properties had joinery repair works as part of the cyclical external painting programme in Skerne Park, Park Place, Inverary, Wesley Court, (urban wards = Whinfield, Park West/East, Central & Stephenson).
- (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(PDF) 63 Roofing / Repointing.
- (vi) Garages – No planned works carried out 23/24, funds slipped to 24/25 to allow demolition of blocks to be completed.
- (vii) External Works –
 - (1) Various properties across the Borough have had fencing replacements works completed.
 - (2) 168 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 – 96 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) 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) All blocks of flats now connected to the cloud based system, including schemes. All tenants issued new fobs. Certain blocks now hard linked (Katherine / Havelock EG).
 - (4) Two sliding door upgrades at Windsor / Rosemary.
- (xii) Internal planned maintenance – 240 properties have been completed this year due to Labour constraints within Building Services.
- (xiii) Windows – We completed a programme to upgrade 1000 single glazed properties to Double Glazing. In some streets old double glazing was also replaced to complete whole streets with upgrades.
- (xiv) Energy Efficiency works - Enabling work begun under the Social Housing Decarbonisation Funding Wave 2.1 (SHDFw2.1) stream. This will enable us to complete energy improvement works to 130 properties, which includes External Wall Insulation. (PDF) DG / Solar / EWI & Cavity Wall – 28 Properties (LAD 1).
- (c) Transport
- (i) Darlington Borough Council continues to deliver capital schemes as part of the action plans associated with the Darlington Transport Plan, Town Centre Transport Plan and Parking Strategy (2022 – 2030). The objectives of the Darlington Transport Plan, are to:
 - (1) Reduce transport’s impact on the environment and support health and wellbeing.
 - (2) Improve safety for all road users.
 - (3) Connect people with job and training opportunities and link communities.
 - (4) Support a revitalised and transformed Darlington town centre and.
 - (5) Maintain and effectively manage a resilient transport system.
 - (ii) Capital investment funding to progress and deliver DBC transport related improvement schemes are funded through the City Regional Sustainable Transport Settlements (CRSTS), which consolidates funding from previous allocations of the Highways Maintenance Block, Pothole Fund and Integrated Transport Block. CRSTS funding spent on delivering a programme of maintenance schemes and transport improvement schemes, including:
 - (1) Borough-wide patching and resurfacing schemes.

- (2) Reconstruction of A67 Merrybent (Phase 3).
- (3) Design and delivery of Safe Routes to School schemes.
- (4) Implementation of dropped and raised kerbs to improve access for all.
- (5) Reconstruction of Neasham Road (Phase 2).
- (6) Reconstruction of Clifton Road Back Lane.

29. Paragraph 30 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 but are included in the figures at Appendix 1.

30. Adjustment to resources requested by departments:

Adjustments needing approval release.

Department	Scheme	Value £	Reason for adjustment	Resource type adjusted
Services	Car Park & Biodiversity Enhancement MSG Community Centre	£115,435	S106 Funding	Release
Services	Maintenance Works at Harrogate Hill & Bensham Park Play Areas	£6,100	S106 Funding	Release
Services	Drainage works at Teesside Airport pitches	£15,408	S106 - Land at Lancaster House - 16/00396/OUT	Release
Operations	TVCA – Social Housing Decarbonisation Fund (SHDF) Wave 1 Grant	£276,323	TVCA - SHDF Wave 1 Grant	Release
Operations	Skinnergate	£1,515,000	Homes England and Commercial/IGF funding	Release
Services	Railway Heritage Quarter	£1,948,350	Additional funding secured for the project as outlined in the report.	Release
TOTAL		£3,876,616		

31. **Appendix 4** details the general fund capital receipts and corporate resources received and brought forward from previous years. These amount to £7.778m of which £2.491m has been utilised to finance capital expenditure as well as £0.223m of earmarked receipts to fund slippage, leaving a balance of £5.064m to carry forward into future years.

Conclusion

32. The total capital expenditure incurred during 2023/24 was £60.084m. Overall a significant programme is being delivered with a wide variety of capital improvements undertaken throughout the Borough during 2023/24.

Outcome of Consultation

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