

## **CABINET MEETING – 18 JANUARY 2024**

### **EXECUTIVE SUMMARY SHEET – PART I**

**Title of Report:**

Capital Programme Third Review 2023/2024 (including Treasury Management)

**Author(s):**

Director of Finance

**Purpose of Report:**

This report details:

- the outcome of the third capital review for 2023/2024; and
- progress in implementing the Treasury Management Borrowing and Investment Strategy for 2023/2024.

**Description of Decision:**

Cabinet is recommended to:

- In respect of the third capital review for 2023/2024 to approve the inclusion of additional schemes or variations to existing schemes for 2023/2024 detailed at Appendix A;
- Note the increased cost pressures on the Capital Programme as detailed in paragraph 4.3 of the report; and
- In relation to the Treasury Management Strategy, Cabinet is asked to note the progress in implementing the 2023/2024 Treasury Management Strategy and Prudential Indicators.

**Is the decision consistent with the Budget/Policy Framework?** Yes

**If not, Council approval is required to change the Budget/Policy Framework**

**Suggested reason(s) for Decision:**

As included in the Council's constitution, Cabinet is required to exercise control over capital spend and resources and receives quarterly reports to support this. This report notes the inclusion of additional capital schemes since approval by Cabinet on 12<sup>th</sup> October 2023.

Cabinet is also requested to note the progress in implementing the Treasury Management Strategy for 2023/2024, which is in line with the approved Treasury Management Policies.

**Alternative options to be considered and recommended to be rejected:**

No alternative options are proposed.

**Impacts analysed:**

**Equality**

☒

**Privacy**

☒

**Sustainability**

☒

**Crime and Disorder**

☒

**Is the Decision consistent with the Council's co-operative values?** Yes

**Is this a "Key Decision" as defined in the Constitution?** Yes - additional capital spending detailed at Appendix B estimated to cost above £500,000.

**Is it included in the 28 Day Notice of Decisions?** Yes

## **CABINET – 18 JANUARY 2024**

### **CAPITAL PROGRAMME THIRD REVIEW 2023/2024 (INCLUDING TREASURY MANAGEMENT)**

#### **Report of the Director of Finance**

#### **1. Purpose of Report**

##### **1.1 This report details:**

- the outcome of the third capital review for 2023/2024; and
- progress in implementing the Treasury Management Borrowing and Investment Strategy for 2023/2024.

#### **2. Description of Decision:**

##### **2.1 Cabinet is recommended to:**

- In respect of the third capital review for 2023/2024 to approve the inclusion of additional schemes or variations to existing schemes for 2023/2024 detailed at Appendix A;
- Note the increased cost pressures on the Capital Programme as detailed in paragraph 4.3 of the report; and
- In relation to the Treasury Management Strategy, Cabinet is asked to note the progress in implementing the 2023/2024 Treasury Management Strategy and Prudential Indicators.

#### **3. Introduction**

- 3.1 The Capital Programme changes during the year as notifications of additional schemes and resourcing are received and the phasing of schemes is reviewed. Variations to the 2023/2024 Capital Programme since the 2023/2024 Capital Second Review report to Cabinet on 12<sup>th</sup> October 2023, are shown in section 4 of this report.
- 3.2 Performance in implementing the Treasury Management Strategy and adhering to the agreed Prudential Indicators is detailed in section 5 along with confirmation that the Council is operating within its agreed borrowing limits.

#### **4. Capital Programme Third Review 2023/2024**

- 4.1 Since the Capital Programme was reported to Cabinet on 12<sup>th</sup> October 2023, there have been changes to the 2023/2024 Capital Programme both in terms of expenditure and resourcing. During the third quarter of 2023/2024 further reprofiling and other adjustments have been identified decreasing the Capital Programme by £31.253m from £224.633m to £193.380m in 2023/2024. These are summarised below:
- Reprofiling expenditure of £35.315m from 2023/2024 into future years; and
  - Additional schemes and scheme variations approved since the Capital Programme update, leading to a net increase of £4.062m in 2023/2024.

- 4.2 Appendix A sets out the detail of the above changes to expenditure and resources for 2023/2024.
- 4.3 Capital Programme delivery has been impacted by the Covid-19 pandemic since March 2020 and the war in Ukraine since Spring 2022. The Capital Programme Reviews reported to Cabinet since March 2020 advised that industry commentators were indicating that uncertainties continue, with upward cost pressures on construction contracts being exacerbated by global supply issues for raw materials (both availability and the timing of supplies) alongside labour cost pressures, and that this may manifest itself in further increases in cost and delays. Both main contractor and supply chain challenges continue to be experienced. These pressures to the Capital Programme remain, impacting on the cost and timescales of some projects. The impact on the Capital Programme continues to be closely monitored and reported to Cabinet as necessary.

## **5. Review of the Prudential Indicators and Treasury Management Strategy for 2023/2024**

- 5.1 The Prudential Indicators for 2023/2024 were approved by the Council on 22<sup>nd</sup> February 2023 and are regularly reviewed to ensure that:
- the Council remains within its Authorised Limit for External Debt;
  - treasury management decisions are taken in accordance with the Treasury Management Code of Practice and the Council Treasury Management Policy and Strategy Statement; and
  - the Capital expenditure control framework operated locally is consistent with, and supportive of, local strategic planning, local asset management planning, and proper option appraisal.
- 5.2 Internal monitoring procedures track performance daily against the various prudential indicators agreed by the Council. The Council is operating within its Authorised Borrowing Limit, which is a statutory limit determined under Section 3 (1) of the Local Government Act 2003 and there are no areas of concern or any issues which require any review of the indicators as originally approved.

### **Borrowing Strategy – 2023/2024**

- 5.3 The Council's strategy for 2023/2024 is to continue to adopt a pragmatic approach in identifying the low points in the interest rate cycle at which to borrow to secure benefit for the Council. A benchmark financing rate of 4.50% for long-term borrowing was set in the Treasury Management Policy and Strategy Statement for 2023/2024, reflecting the views prevalent and interest rates at the time.
- 5.4 Public Works Loans Board (PWLB) interest rates have risen steadily since the Council last undertook borrowing in August 2022. Delays in capital programme activity alongside temporary financing of the Capital Programme from internal sources have removed the need for any further borrowing. Borrowing rates will continue to be closely monitored and consideration given to various options, including the continued use of some investment balances to fund the Council's borrowing requirements in 2023/2024 in order to minimise interest charges.

## **Investment Strategy – 2023/2024**

- 5.5 The primary aim of the Investment Strategy is the security of Council funds, then having regard to liquidity, i.e. the availability of cash to meet the Council's liabilities, and finally to secure a reasonable rate of return on its investments.
- 5.6 The Bank of England's (BoE) Monetary Policy Committee (MPC) announced on 14<sup>th</sup> December 2023 that it had voted (6-3) to maintain the Base Rate at 5.25%, for a fourth consecutive meeting. Notes from the meeting reconfirmed the Committee's primary focus is on achieving the Government's inflation target and that monetary policy would remain "sufficiently restrictive for sufficiently long to return inflation to the 2% target sustainably in the medium term".
- 5.7 Annual CPI inflation was 3.9% in the year to November 2023, down from 4.6% in October. Underlying "core" inflation also fell, but at a slower rate, with the annual rate standing at 5.1% in November, down from 5.7% in October. The MPC noted a material fall in government bond yields but upside risks to inflation remain given events in the Middle East.
- 5.8 On growth, GDP remained unchanged in Q3 in line with expectations, but weaker than the positive growth that had been recorded during the first half of the year and was expected to remain flat in Q4. The fiscal measures in the Autumn Statement, including the 2p cut in the main rate of employee NI contributions, are provisionally estimated to increase the level of GDP by around 0.25% over the coming years.
- 5.9 At 30<sup>th</sup> November 2023 the Council achieved a rate of return on its investments of 5.06% during 2023/2024, compared with the benchmark rate SONIA (Sterling Overnight Index Average) rate of 4.85%. Interest rates on investments are linked to movements in the BoE Base Rate, which markets now believe has peaked but will remain high until inflationary pressures subside. Performance is above the benchmark rate, whilst still adhering to the prudent policy agreed by the Council.

## **6. Reasons for Decision**

- 6.1 As included in the Council's constitution, Cabinet is required to exercise control over capital spend and resources, and as such receives quarterly reports to support this. This report notes the inclusion of additional capital schemes since approval by Cabinet on 12<sup>th</sup> October 2023.
- 6.2 Cabinet is also requested to note the progress in implementing the Treasury Management Strategy for 2023/2024, which is in line with the approved Treasury Management Policies.

## **7. Alternative Options**

- 7.1 No alternative options are proposed.

## **8. Impact Analysis**

- 8.1 Impact assessments will be undertaken by Directorates to ensure programmes are delivered within budget.

## **9. List of Appendices**

9.1 Appendix A – Variations to the 2023/2024 Capital Programme.

## **10. Background Papers**

Capital Programme 2023/2024 to 2026/2027 and Treasury Management Policy and Strategy 2023/2024, including Prudential Indicators for 2023/2024 to 2026/2027.

Capital Programme Outturn 2022/2023.

Capital Programme Second Review 2023/2024 (including Treasury Management)

## Variations to the 2023/2024 Capital Programme

Portfolio / Project	Latest Revised Budget 2023/2024 £'000	Reprofiling of Expenditure 2023/2024 £'000	Additional Schemes and Cost Variations to Existing Projects 2023/2024 £'000	Technical Adjustments 2023/2024 £'000	Revised Budget 2023/2024 £'000	Comment
<b>Deputy Leader and Clean Green City</b>						
International Advanced Manufacturing Park (IAMP)	8,918	(6,563)	0	0	2,355	Securing planning permission for A1290 works and Northern Employment Area spine road has impacted on the construction phase which will now commence late in 2023/2024 resulting in the majority of the construction costs being reprofiled to 2024/2025. Land acquisitions and large utility orders primarily relating to the Northern Development Area are also reprofiled due to the overall programme slippage. A budget of £6.563m is to be reprofiled from 2023/2024 to 2024/2025 to align to revised timescales.
Sunderland Eye Infirmary	7,917	(2,468)	0	0	5,449	Construction of the new eye hospital commenced on site in November 2023 with works scheduled to complete in April 2026. The delay to the start on site is due to a prolonged tender period and negotiations caused by price inflation in the construction sector. To mitigate the delay an enabling works package was undertaken across the summer to de-risk the project however the slippage in programme will result in a reprofiling of £2.468m from 2023/2024 to future years.

Portfolio / Project	Latest Revised Budget 2023/2024 £'000	Reprofiling of Expenditure 2023/2024 £'000	Additional Schemes and Cost Variations to Existing Projects 2023/2024 £'000	Technical Adjustments 2023/2024 £'000	Revised Budget 2023/2024 £'000	Comment
Elemore Green Space and Social Enterprise Development	1,330	(250)	(703)	0	377	Works to refurbish the building at Elemore to transform the former golf club building into a café, garden and visitor centre, have been completed with the café, garden and visitor centre opening in June 2023. The building has been refurbished to improve accessibility, installation of a changing places standard toilet, as well as poly tunnels, growing space and a visitor and heritage room. Outdoor seating has been installed as well as additional raised and planted flower beds, and the lake has been cleared of silt with the installation of a small island to support nesting birds. Remaining external works are for the installation of the play area and footpaths as well as refurbishment of the car park, all to complete by early Summer 2024. As such, funding of £0.250m is to be reprofiled from 2023/2024 to 2024/2025 to fully complete the scheme.
Port Warehousing Developments	541	(400)	0	0	141	In the Second Review report to Cabinet 12th October 2023, it was confirmed that the Port Warehouse Development project is dependent on Wastefront AS progressing with their end-of-life tyre investment at the Port. The expected timescale for this decision is quarter 4 2023/2024, resulting in a further £0.4m budget to be reprofiled into the financial year 2024/2025.
Allotments Improvements	393	(333)	0	0	60	An improvement allotment strategy has now been put into place which took longer than anticipated due to the process of inspection and prioritisation of works to be undertaken. This has therefore impacted on the delivery of the project resulting in reprofiling £0.333m budget from 2023/2024 into 2024/2025 to complete these allotment improvement works.

Portfolio / Project	Latest Revised Budget 2023/2024 £'000	Reprofiling of Expenditure 2023/2024 £'000	Additional Schemes and Cost Variations to Existing Projects 2023/2024 £'000	Technical Adjustments 2023/2024 £'000	Revised Budget 2023/2024 £'000	Comment
UKSPF - External Grants	273	0	235	0	508	The Second Review report to Cabinet in October 2023 confirmed the allocation of UKSPF grant and scheme approvals at that time including £0.332m for external organisations (£0.273m in 2023/2024 and £0.059m in 2024/2025). Since then, a further £1.515m has been approved for capital works to support schemes under the Communities and Place and Supporting Local Business themes, with £0.235m profiled for use in 2023/2024 and £1.280m in 2024/2025. This £1.515m is to be vired from the current unallocated UKSPF grant balance scheme.
Play and Urban Games	806	0	159	0	965	Further S106 developer contributions of £0.159m have been secured to support play facilities across the city.
Other Projects	18,364	48	6	0	18,418	Minor funded variations.
<b>Total Deputy Leader and Clean Green City</b>	<b>38,542</b>	<b>(9,966)</b>	<b>(303)</b>	<b>0</b>	<b>28,273</b>	
<b>Cabinet Secretary</b>						
Solar PV Battery Storage	591	0	203	0	794	The installation of solar PV and battery storage at Council buildings is now complete, part supported by ERDF (European Regional Development Fund) funding. Following the prior completion of majority of works, the Council secured a further £0.083m ERDF funding to support 850kW solar PVs instead of 440kW at Bunnyhill and St Mary's Car Park – to help deliver additional energy savings to those buildings. The further match funding, and some increase to estimated costs, of £0.120m has been aligned from the Planned Property Capital Maintenance project.

Portfolio / Project	Latest Revised Budget 2023/2024 £'000	Reprofiling of Expenditure 2023/2024 £'000	Additional Schemes and Cost Variations to Existing Projects 2023/2024 £'000	Technical Adjustments 2023/2024 £'000	Revised Budget 2023/2024 £'000	Comment
Smart Cities Project	4,682	0	130	0	4,812	On 7th December 2023 Cabinet approved the 5G Innovation Regions research and development project, fully funded by £3.796m grant from the Department of Innovation, Science and Technology (DSIT). This will support the Council's Smart City ambitions, a key priority within the City Plan and paves the way for driving a digitally empowered future across the North East region. The Project will demonstrate the region working effectively together, leveraging funding to boost the local economy. Sectors set to benefit from the Project include transport and logistics, creative industries and Agri-tech across rural industries. The Project extends Sunderland's position as a leading UK Smart City and will be delivered through the Smart Cities project with delivery underway and through to 2024/2025. Reflecting this and other external funding to support the Council's Smart Cities agenda the budget will primarily be profiled in 2024/2025 in recognition of latest delivery timescales and resourcing for Sunderland Open Network EcosysTem (SONET), the Sunderland Advanced Mobility Shuttle (SAMS) and the wider Smart Cities project; as such £0.130m is to be profiled in 2023/2024 and £3.666m in 2024/2025.
Planned Property Capital Maintenance	2,871	0	(236)	0	2,635	The Planned Property Capital Maintenance works continue to be reviewed in line with Council needs and priorities. There is £0.236m allocation to be transferred to support other projects in 2023/2024 including the refurbishment works at the Arts Centre Washington and the Solar PV Battery Storage projects.

Portfolio / Project	Latest Revised Budget 2023/2024 £'000	Reprofiling of Expenditure 2023/2024 £'000	Additional Schemes and Cost Variations to Existing Projects 2023/2024 £'000	Technical Adjustments 2023/2024 £'000	Revised Budget 2023/2024 £'000	Comment
UKSPF - Unallocated Capital Grant	0	235	(235)	0	0	The Second Review report to Cabinet in October 2023 confirmed the allocation of UKSPF grant, the scheme approvals and a balance of unallocated grant of £2.145m, all profiled for use in 2024/2025. Since then, from this balance, £1.515m has been approved for capital works to be delivered by external organisations, with £0.235m profiled for use in 2023/2024 and £1.280m in 2024/2025. This leaves £0.630m grant yet to be allocated to schemes for use in 2024/2025.
Other Projects	4,504	15	0	0	4,519	Minor funded variations.
<b>Total Cabinet Secretary</b>	<b>12,648</b>	<b>250</b>	<b>(138)</b>	<b>0</b>	<b>12,760</b>	
<b>Children, Learning &amp; Skills</b>						
Children's Residential Short Breaks Property	0	0	850	0	850	On 12th October 2023 Cabinet approved the purchase and subsequent refurbishment of a property for the provision of residential short breaks. The purchase has been undertaken in the East Rainton area and work is now underway on the planning application, full design and contractor appointment. It is anticipated that the major works to the property will take place in 2024/2025 financial year resulting in a profiled budget of £0.850m in 2023/2024 and £0.858m in 2024/2025.
Lombard Street - Family Hubs	246	0	102	0	348	There has been an increase in costs since the original £0.246m budget was approved by Cabinet on 13th July 2023 for the new family hub at Lombard Street. The increase is £0.102m with a revised budget requirement of £0.348m. This relates to a number of security improvements, removal of asbestos and other improvements following surveys. This cost increase will be fully funded by accelerated eligible 2024/2025 DfE capital funding of £0.048m and from a budget saving of £0.054m in the children's residential project where two children's homes refurbishments currently in progress are forecast to cost less than previously estimated.

Portfolio / Project	Latest Revised Budget 2023/2024 £'000	Reprofiling of Expenditure 2023/2024 £'000	Additional Schemes and Cost Variations to Existing Projects 2023/2024 £'000	Technical Adjustments 2023/2024 £'000	Revised Budget 2023/2024 £'000	Comment
Children's Residential Homes	551	0	(54)	0	497	A forecast budget saving of £0.054m as outlined in the above Family Hub project.
SEN (Special Educational Needs) Provision	689	0	524	0	1,213	An additional 14 places for children with ASD were created in Summer 2023 at Usworth Colliery Primary School in the Washington Area. In addition, a 16-place provision for children with (SEMH) Social, Emotional and Mental Health requirements will be developed at Hudson Road Primary School in South Sunderland. There is an increased budget requirement associated with this reflecting the increased number of places to be delivered and the wider distribution of places across the city. These further costs will be met by £0.153m S106 developer contributions and £0.371m unallocated Basic Needs grant.
Kepier Academy Temporary Capacity Increase	250	0	73	0	323	Kepier Academy was oversubscribed in both 2022/2023 and 2023/2024 academic years. With no reasonable alternative secondary provision available that could meet the additional requirement for places in the area it was agreed that Kepier would operate 'bulge year groups' in each of these years to assist the Council in meeting its school place sufficiency duties. Accommodation (via demountable classbases) has been provided to the Academy to support the accommodation of 60 additional pupils. That resource provides classrooms for the 2023/2024 cohort and additional space to mitigate the shortfall in accommodation from 2022/2023. The costs for this provision though are £0.073m more than the £0.250m allocated - to be fully funded by S106 developer contributions.

Portfolio / Project	Latest Revised Budget 2023/2024 £'000	Reprofiling of Expenditure 2023/2024 £'000	Additional Schemes and Cost Variations to Existing Projects 2023/2024 £'000	Technical Adjustments 2023/2024 £'000	Revised Budget 2023/2024 £'000	Comment
Fulwell Junior School Refurbishment	2,146	0	54	0	2,200	The cost of the refurbishment works at Fulwell Junior School has increased to reflect additional works identified. Additional intrusive surveys were carried out which highlighted remedial works were required to areas including the ground floor slab which had suffered cracking and calcification. Works have also been expanded to include additional classroom finishes and changes to the 1st floor layout to facilitate a more flexible use of space. These additional costs of £0.054m will be funded from unallocated Schools Condition Allocation grant.
School's Asset Management Unallocated	3,009	(1,998)	(425)	0	586	The unallocated school's asset management grants budget is held for unforeseen winter and other emergencies e.g. heating failure, storm damage, as well as for contributions to major and other schools conditions projects. £0.425m of this funding has been allocated to meet cost increases in the above projects in 2023/2024. In addition, £1.998m of the £2.584m balance of the 2023/2024 budget will be reprofiled for priorities in 2024/2025.
Early Years - Wraparound Childcare Programme	0	0	0	0	0	The Department for Education (DfE) announced on 30th November 2023 a capital grant for childcare expansion. DfE is providing a £0.457m grant allocation to Sunderland from the £100m national pot available for the current financial year. This will support the Council in delivering the expansion of the 30-hours early years entitlement for working families and of wraparound provision in primary schools. However, given the timing of the announcement and allowing time for consideration to and consultation on priorities for Sunderland it is envisaged that spend from this allocation will occur from early in the 2024/2025 financial year.
Other Projects	9,102	0	0	0	9,102	No variations.
<b>Total Children, Learning &amp; Skills</b>	<b>15,993</b>	<b>(1,998)</b>	<b>1,124</b>	<b>0</b>	<b>15,119</b>	

Portfolio / Project	Latest Revised Budget 2023/2024 £'000	Reprofiling of Expenditure 2023/2024 £'000	Additional Schemes and Cost Variations to Existing Projects 2023/2024 £'000	Technical Adjustments 2023/2024 £'000	Revised Budget 2023/2024 £'000	Comment
<b>Dynamic City</b>						
HICSA (Housing Innovation Construction & Skills Academy)	12,045	(7,363)	0	0	4,682	The re-tender process following Tolent's administration has been completed and the construction contract and agreement for lease were signed in late November 2023. Construction works are progressing on site and are due to complete in spring / summer 2025 in readiness for occupation by Sunderland College ahead of the 2025/2026 academic year. The delay has resulted in £7.363m budget being reprofiled to 2024/2025.
Sunderland Central Station Redevelopment & Car Park	16,041	(3,000)	0	0	13,041	The Station redevelopment has progressed well and reached Practical Completion on 8th December 2023, and the demolition/clearance works to the old civic centre site are scheduled to complete February 2024. The Holmeside 201 space car park was envisaged to be complete this financial year, however, these works are not expected to commence until mid-February 2024. The car park is expected to be complete June 2024 resulting in a budget of £3.000m to be reprofiled from 2023/2024 to 2024/2025 to align to the revised programme.
Riverside Sunderland Infrastructure	29,910	(2,892)	0	0	27,018	The various work packages, including the new wear footbridge, to deliver on the Riverside Sunderland Masterplan are progressing, but at varying stages of design, consultation and works. Works to form new clifftop footpaths, 5G infrastructure and sustainable urban drainage across the Riverside Sunderland development have progressed on site with construction works well advanced. Works to the footbridge and infrastructure have also progressed well although there is some reprogramming of works to the northern pier and abutment which will result in £2.892m to be reprofiled from 2023/2024 into 2024/2025 and 2025/2026. The new footbridge and infrastructure works remain scheduled to complete Summer 2025.

Portfolio / Project	Latest Revised Budget 2023/2024 £'000	Reprofiling of Expenditure 2023/2024 £'000	Additional Schemes and Cost Variations to Existing Projects 2023/2024 £'000	Technical Adjustments 2023/2024 £'000	Revised Budget 2023/2024 £'000	Comment
Farringdon Row and Carley Hill New Homes	0	0	3,135	0	3,135	On 9th November 2023 Cabinet approved the grant funding agreements with Placefirst and Gentoo to fund remediation and enabling works on the Farringdon Row and Carley Hill residential sites. The provision of grant funding will unlock two brownfield sites to support the delivery of 165 new homes for private rent at Farringdon Row and 115 affordable homes on the Carley Hill site.
Inspiring Futures Programme - Delivering a new approach to Homelessness Services and Accommodation	1,848	(1,278)	0	0	570	The Inspiring Futures Programme is to provide accommodation and support for those who are homeless, have complex needs and require support to move forward with their lives towards independent living. Due to planning policy (which requires the owners of the properties to market for 2 years) the submission of the planning applications for Halfway House (conversion into 7 bedrooms and associated support and living space for clients with complex needs) has been delayed and the proposal for Thorney Close (new-build apartments, associated living space and support for clients with complex needs) will no longer proceed requiring £1.688m budget to be reprofiled into future years. This has been offset in part by the acceleration of £0.410m budget for the planned purchase and conversion this year of the Shielings to deliver 5 en suite bedrooms and associated living space to support females with complex needs.
Bridge Maintenance Programme	2,691	(835)	0	0	1,856	Contract preparation for the A182 Bridge Maintenance Phase 3 works has been delayed due to the prioritisation of resource aligned to grant funding deadlines towards the Harbour View and Pallion New Road bridges works linked to the A183 Dame Dorothy and European Way active travel projects. The Phase 3 A182 bridge works are now scheduled to be undertaken in the 2024/2025 financial year resulting in £0.835m budget to be reprofiled from 2023/2024.

Portfolio / Project	Latest Revised Budget 2023/2024 £'000	Reprofiling of Expenditure 2023/2024 £'000	Additional Schemes and Cost Variations to Existing Projects 2023/2024 £'000	Technical Adjustments 2023/2024 £'000	Revised Budget 2023/2024 £'000	Comment
Highways Maintenance Programme	5,613	0	548	0	6,161	The Network North announcement on 4 October 2023 included a commitment to an additional £8.3 billion nationwide for local highway maintenance from 2023/2024 to 2033/2034. The first £150million of this will be distributed in the current financial year. The Department for Transport confirmed Sunderland's additional allocation of £0.525m for both 2023/2024 and 2024/2025. This is to be used on resurfacing of carriageways, cycleways, and footways to prevent potholes and other road defects from occurring, as well as tackling other asset management priorities, such as keeping local bridges and other highway structures open and safe. There is also £0.023m funding approved via Area Committee's from the Council's Community Chest budget to deliver highways maintenance works in 2023/2024.
Warm Homes Fund (WHF) project - Lot 1	506	0	(475)	0	31	The Warm Homes Fund (WHF) project aim was to install 135 air source heat pumps at both privately owned and privately rented properties using funding from Affordable Warmth Solutions. However, due to lack of take-up from private landlords and owner occupiers, the project funding has been withdrawn. Alternative referral solutions are being explored for those eligible properties where households / landlords still wish to pursue an air source heat pump installation.
Other Projects	64,679	(121)	49	0	64,607	Minor funded variances.
<b>Total Dynamic City</b>	<b>133,333</b>	<b>(15,489)</b>	<b>3,257</b>	<b>0</b>	<b>121,101</b>	
<b>Healthy City</b>	<b>6,762</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6,762</b>	<b>No Variations.</b>

Portfolio / Project	Latest Revised Budget 2023/2024 £'000	Reprofiling of Expenditure 2023/2024 £'000	Additional Schemes and Cost Variations to Existing Projects 2023/2024 £'000	Technical Adjustments 2023/2024 £'000	Revised Budget 2023/2024 £'000	Comment
<b>Vibrant City</b>						
Culture House	12,800	(6,717)	0	0	6,083	Following the approval by Cabinet on 8th June 2023, the main works contractor for Culture House has been appointed and been on site since September 2023. However main construction works has been delayed due to statutory authority delays relating to the diversion of unrecorded assets. Dialogue is ongoing with the statutory providers and works are due to commence imminently. The contractor is rephasing works to limit the impact on the programme, with an expected completion in quarter 2 of 2025/2026. The project budget has been reprofiled including £6.717m from 2023/2024 to 2025/2026.
Modernising Libraries (Washington and Houghton Libraries)	1,039	(397)	0	0	642	The revised delivery timescales for the works to the Washington and Houghton Libraries have necessitated £0.397m to be reprofiled into 2024/2025 when the project will subsequently be complete.
Neighbourhood Capital Investment Programme (NCIP)	1,318	(388)	0	0	930	Neighbourhood Capital Investment Plan schemes across the 5 geographical areas are determined and approved by Area Committees. Many schemes have been delivered or are ongoing with around £1.5m spend to date. However, due to ongoing delays to works on site, as well as current issues accessing supplies and contractors to complete works to some schemes, it is therefore necessary to reprofile £0.388m budget from 2023/2024 into the 2024/2025 financial year.
Sunderland Museum, Winter Gardens and Redevelopment	665	(314)	0	0	351	The MEND (Museum Estate and Development Fund) architectural team was appointed August 2023, with the works programme revised. It is expected that the construction tender will be issued in January 2024 with works on site from March to July 2024. This has resulted in £0.314m budget to be reprofiled from 2023/2024 to 2024/2025.

Portfolio / Project	Latest Revised Budget 2023/2024 £'000	Reprofiling of Expenditure 2023/2024 £'000	Additional Schemes and Cost Variations to Existing Projects 2023/2024 £'000	Technical Adjustments 2023/2024 £'000	Revised Budget 2023/2024 £'000	Comment
Digitisation of Local History & Library Collections	431	(296)	0	0	135	A review of the online programmes and functions currently used to support service delivery highlighted customer experience challenges. An alternative solution was procured and will be launched spring 2024 which subsequently led to delays to the project resulting in £0.216m being reprofiled into 2024/2025. Access to the local history library stock was restricted during the redevelopment of Elephant Tea Rooms (ETR) where the stock is currently located. As the ETR redevelopment project neared completion, access to the local history collection was reinstated and progressing this element of the project has begun. Work will commence on the final phase of the Digitisation of Collections in 2024/2025 where the project will be complete ahead of Culture House opening in Summer 2025. The Radio Frequency Identification infrastructure which includes tags for the book stock, RFID enabled shelving units and updated self-serve kiosks was due to be purchased in 2023/2024, however in order to strengthen a successful bid with the Arts Council England for funding available via Libraries Improvement Fund it was necessary to reprofile a further £0.080m to 2024/2025.
Arts Centre Washington Refurbishment	183	0	122	0	305	The cost of the refurbishment works at the Arts Centre Washington has increased by £0.122m due to the requirement for additional repairs to heating, lighting and mechanical equipment with some improvements also being made to a number of areas to maximise the benefit of the overall scheme. The additional costs will be fully met from the Planned Property Capital Maintenance project budget.
Other Projects	919	0	0	0	919	Minor funded variances.
<b>Total Vibrant City</b>	<b>17,355</b>	<b>(8,112)</b>	<b>122</b>	<b>0</b>	<b>9,365</b>	
<b>TOTAL CAPITAL PROGRAMME</b>	<b>224,633</b>	<b>(35,315)</b>	<b>4,062</b>	<b>0</b>	<b>193,380</b>	