

CABINET MEETING –12 OCTOBER 2023

EXECUTIVE SUMMARY SHEET – PART I

Title of Report:

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

Author(s):

Director of Finance

Purpose of Report:

This report details:

- the outcome of the Second 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 second 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 increase in borrowing interest rates, 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 13th July 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 – 12 OCTOBER 2023

CAPITAL PROGRAMME SECOND 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 Second 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 second 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 increase in borrowing interest rates, 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 First Review report to Cabinet on 13th July 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 Second Review 2023/2024

- 4.1 Since the Capital Programme was reported to Cabinet on 13th July 2023, there have been changes to the 2023/2024 Capital Programme both in terms of expenditure and resourcing. During the second quarter of 2023/2024 further reprofiling and other adjustments have been identified decreasing the Capital Programme by £49.090m from £273.723m to £224.633m. These are summarised below:
- Reprofiling expenditure of £55.415m from 2023/2024 into future years; and
 - Additional schemes and scheme variations approved since the Capital Programme update, leading to a net increase of £6.325m 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 22nd February 2023 and are regularly reviewed to ensure that:
- the Council remained 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 Monetary Policy Committee (MPC) announced on 3rd August 2023, for a fourteenth consecutive meeting, it had raised the Base Rate, with a 0.25% rise taking the rate to 5.25%. Notes from the meeting reconfirmed the committee's primary focus is to regain control of inflation and that monetary policy and the Bank Rate would remain "sufficiently restrictive for sufficiently long to return inflation to the 2% target". Following the publication of the inflation data relating to August 2023 and in consideration of the wider economic factors, the MPC voted (5 to 4) to hold the Base Rate at its current level of 5.25%.
- 5.7 Annual CPI inflation dropped to 6.7% in the year to August 2023. Underlying "core" inflation which was unchanged at 6.9% in July reduced to 6.2% in August. Markets will be waiting to assess the impact on CPI inflation of anticipated falls in household energy bills when the energy price cap announced in August comes into effect in October and is expected to bring inflation closer to 5%, although this remains far higher than the BoE target.
- 5.8 At 31st August 2023 the Council achieved a rate of return on its investments of 4.92% during 2023/2024, compared with the benchmark rate SONIA (Sterling Overnight Index Average) rate of 4.64%. Interest rates and hence returns remain volatile. Performance is above the benchmark rate, whilst still adhering to the prudent policy agreed by the Council, in what remains a very challenging market.

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 13th July 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 First 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
Deputy Leader and Clean Green City						
Sunderland Eye Infirmary	20,255	(12,338)	0	0	7,917	Following a programme of enabling works and design changes instructed by South Tyneside and Sunderland Foundation Trust to address inflationary cost pressures and to future proof the project, Cabinet approved on 7th September 2023 a revised project budget. The works to be delivered by Kier Construction will commence on site Q3 2023/2024 with the project due to complete in Q1 2025/2026. To reflect the revised programme of works, £12.338m is to be reprofiled from 2023/2024 into future years.
Vehicle Replacement Programme	5,892	(3,888)	0	0	2,004	Extended lead times for vehicle replacements continues to be an issue resulting from shortages of key components such as harnesses and semiconductors following Brexit and the war in Ukraine. This has resulted in £3.142m being re-profiled from 2023/2024 into 2024/2025 with vehicles expected to be delivered from November 2024. The timing of vehicle replacements is continuously reviewed to ensure vehicles are only replaced when needed i.e. seeking maximum economic life from the fleet whilst taking in to account maintenance costs. This has resulted in a further £0.746m of the budget to be reprofiled from 2023/2024 into 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
Flood and Extreme Weather Mitigation	500	0	4,178	0	4,678	On 13th September 2023 Cabinet approved the delivery of flood alleviation schemes at Caroline Street, Hetton and Pallion as well as culvert improvements at Deptford Terrace, fully funded by grants from the Environment Agency to the value of £3.625m. In addition, the Environment Agency have provided £1.132m funding for further flood alleviation and culvert improvements including at Barnes Burn and South Smith Street. These works are to be profiled with £4.178m estimated spend in 2023/2024 and £0.579m in 2024/2025.
Coastal Defence - Strategic Frontage 3	3,000	0	(900)	0	2,100	Environment Agency (EA) funding of £2.930m has been withdrawn from the project (£0.9m profiled in 2023/2024 and £2.030m in 2024/2025 and 2025/2026) due to the EA determining that this funding would constitute a subsidy to the Port of Sunderland and provision of such a subsidy would not be compliant with the Subsidy Act. The Council has delivered 3 phases of the 13 identified for the Strategic Frontage 3 project and are currently on site completing Hendon Foreshore Barrier, which is due for completion at the end of November 2023. Aecom have been commissioned to advise on prioritisation of future phases and cost estimates
Nobles Quay Replacement	1,500	(1,200)	0	0	300	£1.200m budget is to be reprofiled from 2023/2024 to 2024/2025 to reflect the revised design and works timescales.
Investment Corridors	2,267	(2,200)	0	0	67	A budget of £0.067m is required to complete current works to High Street West in 2023/24. The balance of budget of £2.2m will be reprofiled into 2024/2025 for other priorities in the City Centre.

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
Energy Masterplan & Feasibility Assessment	2,030	(1,600)	0	0	430	Utilising funding from Department for Energy Security & Net Zero (DESNZ), the Council were to undertake pilot borehole drilling for proof of concept of a heat source network. However, following a procurement for feasibility / design and delivery of this service it was ascertained that there would only be enough funding to progress with the feasibility / design stage until further funding from DESNZ could be secured. Following identification of a contractor for the delivery of these works that company has since confirmed that it is ceasing to undertake operations. As such, the borehole feasibility / design is now on hold pending further discussion with DESNZ about whether this borehole phase progresses, resulting in £1.6m budget to be reprofiled in to 2024/2025.
Port Warehousing Developments	1,641	(1,100)	0	0	541	The Port Warehouse Development project is dependent on Wastefront AS progressing with their end-of-life tyre investment at the Port. The final investment decision by Wastefront AS is now expected by the end of Quarter 3 2023/2024 and is subject to Port Board approval of an associated business case. Whilst the outcome anticipated is that the main investment will progress to project execution, a budget of £1.1m is to be reprofiled into the financial year 2024/2025.
Provision for Economic Development	1,881	(1,000)	0	0	881	Economic Development expenditure grant is paid upon beneficiaries meeting the specified grant conditions. The forecast spend in 2023/2024 for claims meeting grant conditions is £0.881m; the balance of £1.000m is therefore to be reprofiled into 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
UKSPF - External Grants	0	0	273	0	273	On 14th July 2022 Cabinet approved the Council's role as Lead Authority for the management and administration of Sunderland's UK Shared Prosperity Fund (UKSPF) programme. Since that date, proposals for use of the 3-year 2022/2023 to 2024/2025 £3.162m Capital and £11.774m Revenue grant allocations have been developed. A number of projects have been approved for delivery by external organisations including £0.332m Capital, with £0.273m profiled for drawdown in the current financial year and £0.059m in 2024/2025. .
Scheme Feasibility & Design	1,706	(556)	(150)	0	1,000	Funding has been provided to deliver feasibility and design works for strategically important projects which support the economic regeneration of across the city in line with the City Plan. Whilst these works are progressing, the timing of the delivery of these early-stage works has been reviewed and realigned to reflect the updated City Plan, latest delivery masterplans and also emerging funding opportunities. Therefore, £0.556m budget is to be reprofiled from 2023/2024 into 2025/2026 for future planned scheme development works. There is also a transfer of £0.150m budget to the Seaburn Public Realm budget approved by Cabinet on 13th July 2023.
Play and Urban Games	705	0	101	0	806	Cabinet approved on 13th July 2023 a grant to Gentoo to install a new play area at Pennywell, fully financed via S106 developer contributions.
Other Projects	17,559	0	(14)	0	17,545	Minor funded variations.
Total Deputy Leader and Clean Green City	58,936	(23,882)	3,488	0	38,542	

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
Cabinet Secretary						
Smart Cities Project	3,963	(1,266)	1,985	0	4,682	On 2nd August 2023 Cabinet approved the Sunderland Open Network EcosysTem (SONET) research and development project. This will help promote a more sustainable future by leveraging Sunderland's advanced smart city infrastructure and high-speed 5G connectivity, through an innovative research and development project whereby tens of thousands of individuals attending football matches, concerts, and Esports competitions will benefit from an exceptional experience. The project will showcase innovative High Density Demand (HDD) next generation digital infrastructure solutions at the Stadium of Light and the new British Esports Arena in Sunderland. The project will significantly reduce power and space requirements, while facilitating more immersive interactions that enhance the future of live-streamed football and global Esports events. The project extends Sunderland's position as a leading UK Smart City and will be delivered through the Smart Cities project. The estimated profile of spend is £1.985m in 2023/2024 and £1.377m in 2024/2025 and is fully funded by external grant. In addition, there is reprofiling of some activities to better align with intended outcomes on the wider Smart Cities project. This being from delays to deployment associated with third party contractors and availability of key personnel, resulting in £1.266m budget to be reprofiled into 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
UKSPF - Unallocated Capital Grant	0	0	0	0	0	On 14th July 2022 Cabinet approved the Council's role as Lead Authority for the management and administration of Sunderland's UK Shared Prosperity Fund (UKSPF) programme. Since that date, proposals for use of the 3-year 2022/2023 to 2024/2025 £3.162m Capital and £11.774m Revenue grant allocations have been developed. There remains £2.145m Capital grants yet to be fully approved from the £3.162m. This balance of Capital grant available is expected to be fully allocated to projects/organisations by end 2023/2024, but for forecast drawdown in 2024/2025.
Community Digital Health Hub Project (UKSPF)	0	0	582	0	582	On 14th July 2022 Cabinet approved the Council's role as Lead Authority for the management and administration of Sunderland's UK Shared Prosperity Fund (UKSPF) programme. One project approved, led by the City Council, is the Community Digital Health Hub Project. UKSPF will fully finance the development of 22 Community Digital Health Hubs totalling £0.582m. Works include: <ul style="list-style-type: none"> • Upgrade and expand existing Wi-Fi systems within 22 buildings, and external space if required; • Purchase digital devices and furniture to support the delivery of the digital health hubs; • Establish esports community hubs and a community broadband scheme in Sunderland; and • Fund the associated design, management and expert fees.
Bishopwearmouth Cemetery - South Chapel Repair / Conservation Works	600	(555)	0	0	45	Architects are now appointed to design the repair / conservation works to the south chapel of Bishopwearmouth Cemetery. Further survey work is required including for ecology studies (e.g. bats) before repair works can progress. Start on site is expected next financial year requiring £0.555m budget to be reprofiled into that year 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
Jacky Whites Market Improvements	400	(400)	0	0	0	A full condition survey has recently been conducted to inform the prioritisation of improvements to the Jacky Whites Market. Engagement with tenants is to take place in order to prioritise the works to be undertaken therefore the £0.400m budget is to be reprofiled in to 2024/2025.
Replacement Coalfields Depot including provision of a Salt Barn	539	(389)	0	0	150	The feasibility stage of the replacement of the Houghton Depot has concluded with a preferred site location at the Rainton Bridge industrial estate. A delay in identifying the most appropriate site as well as consideration to costs and budget has delayed the design of this new facility. A budget of £0.389m will therefore be reprofiled from 2023/2024 to 2025/2026 with works expected to be complete by Summer 2026.
Hendon Health Centre	125	(125)	0	0	0	Alternative uses for the vacant Hendon Health Centre building have been sought, but despite an initial option, it has been deemed that this building is no longer fit for any operational purpose and is to be demolished. This will take place during 2024 requiring the £0.125m budget for this to be reprofiled into 2024/2025.
Other Projects	7,179	0	10	0	7,189	Minor funded variations.
Total Cabinet Secretary	12,806	(2,735)	2,577	0	12,648	
Children, Learning & Skills						
Fulwell Junior School Refurbishment	1,946	0	200	0	2,146	The cost estimate for the Fulwell Junior School refurbishment has increased by £0.200m. This is due to inflationary cost pressures as well as additional priority works identified during investigative works which have been incorporated into the programme to prevent potential higher remedial costs in the future. This extra cost is to be funded by additional S106 developer contributions received for this purpose.
Other Projects	13,847	0	0	0	13,847	No variations.
Total Children, Learning & Skills	15,793	0	200	0	15,993	

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
Dynamic City						
Crowtree Redevelopment (former City of Sunderland Arena)	10,850	(10,350)	0	0	500	Work is underway to consider the options for the redevelopment of the former Crowtree Leisure Centre site considering the prolonged economic environment of increasing borrowing rates, construction inflation costs and energy crisis. These issues continue to affect viability of projects therefore further optioneering is required to consider development opportunities including consideration for a meanwhile use for the site. The project budget profile has therefore been revised to expected timeframes of investment including £10.350m budget from 2023/2024 to future years.
Vaux Housing	19,801	(5,717)	0	0	14,084	Following the administration of the previous contractor, Wates Construction have been appointed as the preferred contractor for the completion of the Vaux Housing scheme. A Pre-Contract Service Agreement has been executed and construction works are expected to recommence in November with the first units completed in early 2025. A revised scheme timeframe results in expenditure and budget of £5.717m to be reprofiled from 2023/2024 to 2024/2025.
Housing Other Sites	3,957	(3,003)	0	0	954	Design and technical proposals have been prepared for the proposed self-build sites at James Steel Park and Upper Fulwell. Subject to Cabinet approval, planning applications will be submitted in Autumn 2023 to facilitate a start on site in Spring 2024 to allow the BLRF (Brownfield Land Release Fund) grant to be defrayed by late Summer 2024, this has resulted in a reprofile of £3.003m budget 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
Housing Delivery Investment Plan	10,608	(7,020)	0	0	3,588	<p>There has been over £20m invested into the Housing Delivery Investment Plan to date including:</p> <ul style="list-style-type: none"> • 4 new build bungalows completed at Albert Place, 5 at Boulton Terrace, 5 at Elmwood Avenue and 2 at Redmond Road, all completed 2020 to 2022. • development of 17 bungalows at the Cork Street (Valiant Close) which was completed in October 2022, • development of 11 two-bedroom bungalows and 5 three-bedroom houses at Old Mill Road, Southwick, which was completed in February 2023, • conversion of Washington Old School into 15 supported units plus 1 for staff which was completed August 2023, • 66 Purchase and Repair properties in ownership, • 6 Homeless Support properties, and • a new build at Hylton Road of 18 Supported Housing bungalows plus 1 for staff due for completion April 2024. <p>However, due to ongoing viability issues arising from higher construction costs (driven by inflation and supply chain costs) and significant increases in associated borrowing costs it is necessary to reprofile £7.020m into future years.</p>
Hetton Downs Development Phase 2	1,748	(1,648)	0	0	100	<p>This project is to support housing and community regeneration in Edward & Fairy Street, Hetton Downs, and is under review with a further feasibility study to be carried out by consultants in 2023/2024 as well as seeking a further appraisal of the stock as the properties continue to decline. A budget of £1.648m is to be reprofiled from 2023/2024 to 2024/2025 to align to current expected timescales.</p>

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
Sunderland Central Station Redevelopment & Car Park	13,164	6,361	(3,484)	0	16,041	Works to the Station concourse redevelopment and a new car park at Holmeside are primarily funded by Transforming Cities Fund (TCF) grant. The Station redevelopment is progressing well and is expected to complete October 2023. The Holmeside car park is now planned to progress as a surface level car park with 201 spaces, rather than a multi storey car park. This follows a review of costs that were in excess of the available funding. A revised TCF Business Case has been submitted for approval for this revision, with the same level of TCF grant but a lower Council funding commitment. This, along with consideration to current cost estimates for the Station and clearance of the old civic centre will result in a net cost reduction of £3.484m. In addition, the 2024/2025 budget of £6.361m will be accelerated into 2023/2024 as all works within this project are scheduled to complete by the end of this financial year.
Strategic Acquisitions and Developments	18,487	(2,984)	0	0	15,503	Funding is provided to acquire real estate to support strategic economic regeneration and the City Plan. Some of the proposed acquisitions are complex and have required extended due diligence and negotiation, and reprioritisation in line with strategic development and regeneration plans. As a result, £2.984m is to be reprofiled from 2023/2024 into 2024/2025.
HICSA (Housing Innovation Construction & Skills Academy)	9,364	0	2,681	0	12,045	Following Tolent's administration, Brimms Construction have been appointed as the replacement contractor. In August 2023 Cabinet approved the revised scheme cost. Enabling works commenced under a Letter of Intent on 11th September 2023. The agreement for lease is due to be exchanged with Sunderland College within the next few weeks this will allow the build contract to be executed and construction works to commence by the end of September 2023. Construction is due to complete in Spring 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
A183 Dame Dorothy St. Two-Way Cycle Lane	2,551	(1,551)	0	0	1,000	The works to the 2-way segregated on-road cycle lane on A183 Dame Dorothy St are scheduled to start Autumn 2023 in advance of completion of Phase 2 of the A183 Whitburn Road Two-Way Cycle Lane works in Winter 2023/24. Completion is expected Autumn 2024, requiring a budget of £1.551m to be reprofiled into 2024/2025, funded by the external Active Travel Fund grant.
Sustainability Mobility Hub	391	(291)	0	0	100	The Car Club operator is to be procured. It is expected there'll be a Capital requirement to secure a Car Club operator e.g. for lining, signage and EV charges at various car parks – an allowance of £0.100m has been made for this. The balance of budget of £0.291m is to be reprofiled into 2024/2025 to potentially support mobility hubs at other locations in the City.
Onstreet Residential Chargepoint Scheme	326	(150)	0	0	176	The original onstreet chargepoint works funded by the Office of Zero Emission Vehicles are complete. The further 49 locations of installation of chargepoints funded by the LEVI (Local Electric Vehicle Infrastructure) grant have been prioritised and these will be subject to public consultation before installation works commence starting with Northern Power Grid connections early 2024. A budget of £0.150m will therefore be required to be reprofiled into 2024/2025 to align to completion of these works.
Seaburn Public Realm	536	0	150	0	686	Cabinet on 13th July 2023 agreed to enter a Development Funding Agreement with Siglion for the funding and delivery of children's play area on land off Lowry Rd, Seaburn. This to be funded partly by the Council with £0.5m from the Seaburn Public Realm project budget and £0.150m from Scheme Feasibility and Design project budget.
Other Projects	68,659	(50)	(53)	0	68,556	Minor funded variances.
Total Dynamic City	160,442	(26,403)	(706)	0	133,333	

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
Healthy City						
Day Centre Refurbishment	2,470	(2,000)	0	0	470	The design, procurement and delivery of works to be undertaken at both day centres has been delayed. The works are now expected to commence early 2024/25. A budget of £2m has therefore been reprofiled from 2023/2024 into that year to reflect these revised timescales.
Learning Disabilities Out of Hospital Community Provision	655	(362)	0	0	293	Due to the delays on developing Doric View into 3 units from a 6 bed, the construction work will now slip into 2024/2025. In addition, further properties have been identified with RSLs that could be modified further for the purpose of providing "out of hospital community provision". The delay in confirming which properties will be developed is due to work still ongoing within Adult Social Care around each individual's identified bespoke accommodation requirement which will include adaptations, fixtures and fittings which needs to be matched against the properties included within the scope, resulting in £0.362m budget being reprofiled into 2024/2025 from 2023/2024.
Disabled Facilities Grants	4,705	0	0	0	4,705	The original Disabled Facilities Grants (DFG) grant allocation approved for 2023/2024 was £4.055m with a further £0.650m carried forward from 2022/2023. There is an additional £102 million over 2 years (£50 million in 2023/24 and £52 million in 2024/25) nationally to support further delivery of adaptations for people's homes and enable local authorities to provide additional services that are agile and support speedier hospital discharge. Sunderland's allocation from this further funding is £0.354m but given the expected progression against the current DFG funding due to length of time from making assessments to completion of works, this grant has been profiled for use in 2024/2025.
Other Projects	1,294	0	0	0	1,294	No variances.
Total Healthy City	9,124	(2,362)	0	0	6,762	

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
Vibrant City						
LTA Parks Tennis Court Refurbishment	0	0	403	0	403	The Lawn Tennis Association (LTA) have provided a grant of £0.332m, matched with £0.071m from the Council for refurbishment of tennis courts in Sunderland. The newly refurbished courts now open have been fantastically well received, being at Barnes Park, Ryhope, Usworth Park, Hetton, Barley Mow, Roker and Thompson Park.
Sunderland Museum, Winter Gardens and Redevelopment	436	(33)	262	0	665	The Council secured £0.349m from the Arts Council via the Museum Estate and Development (MEND) Fund Round 2 towards estimated total project costs of £0.465m. This will deliver necessary roof repairs to the Sunderland Museum Winter Gardens, with £0.262m of the grant profiled for use in 2023/2024 and £0.087m in 2024/2025.
Sunderland Museum and Park Community Garden (UKSPF)	0	0	87	0	87	On 14th July 2022 Cabinet approved the Council's role as Lead Authority for the management and administration of Sunderland's UK Shared Prosperity Fund (UKSPF) programme. One project approved, led by the Council, is the Sunderland Museum and Park Community Garden. UKSPF of £0.103m will fully finance the development of a community garden next to the Museum and Winter Gardens to help create a greater sense of place, pride and ownership, working with the Friends of Mowbray Park. The grant profiled for use is £0.087m in 2023/2024 and £0.016m in 2024/2025.
Other Projects	16,186	0	14	0	16,200	Minor funded variances.
Total Vibrant City	16,622	(33)	766	0	17,355	
TOTAL CAPITAL PROGRAMME	273,723	(55,415)	6,325	0	224,633	

