

CABINET MEETING – 8 JUNE 2023

EXECUTIVE SUMMARY SHEET – PART I

Title of Report:

Capital Programme Outturn 2022/2023 (including Treasury Management)

Author(s):

Director of Finance

Purpose of Report:

This report details:

- the Capital Programme outturn for 2022/2023; and
- an update on the Treasury Management Borrowing and Investment Strategy outturn position for 2022/2023.

Description of Decision:

Cabinet is recommended to:

- note the inclusion of additional schemes or variations to existing schemes for 2022/2023 detailed at Appendix A, as a variation to the Capital Programme;
- note the overall Capital outturn position for 2022/2023; and
- note the Treasury Management Strategy and Prudential Indicators outturn position for 2022/2023.

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 approved by Cabinet since the last capital review and confirms the overall Capital outturn for 2022/2023. The report also notes the outturn position in respect of the Treasury Management Strategy and Prudential Indicators.

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

CABINET – 8 JUNE 2023

CAPITAL PROGRAMME OUTTURN 2022/2023 (INCLUDING TREASURY MANAGEMENT)

REPORT OF THE DIRECTOR OF FINANCE

1. Purpose of Report

1.1 This report details:

- the Capital Programme outturn for 2022/2023; and
- an update on the Treasury Management Borrowing and Investment Strategy outturn position for 2022/2023.

2. Description of Decision:

2.1 Cabinet is recommended to:

- approve the inclusion of additional schemes or variations to existing schemes for 2022/2023 detailed at Appendix A, as a variation to the Capital Programme;
- note the overall Capital outturn position for 2022/2023; and
- note the Treasury Management Strategy and Prudential Indicators outturn position for 2022/2023.

3. Introduction

3.1 The Capital Programme outturn position for 2022/2023 is shown in Section 4.

3.2 During the year changes are made to the Capital Programme to reflect updates that arise from the normal course of business. These changes include additional capital scheme approvals and funding announced by government and other agencies, as well as the on-going review of the phasing of schemes that span several financial years.

3.3 Performance in implementing the Treasury Management Strategy is detailed in Section 5 along with confirmation that the Council is operating within its agreed borrowing limits and Key Performance Indicators.

4. Capital Programme Outturn 2022/2023

4.1 Since the last capital review was reported to Cabinet in January 2023, and subsequent amendments to schemes approved by Cabinet, there have been changes to the 2022/2023 Capital Programme both in terms of expenditure and resourcing. The report sets out details of the net decrease in spending across all capital schemes of £69.896m, primarily due to reprofiling of expenditure, leading to a final outturn position of £152.285m in 2022/2023.

4.2 Scheme variations are categorised as follows:

- Reprofiled expenditure of £71.116m between 2022/2023 and future years. Reasons for this reprofiling relate to:
 - External influences outside of the Council's control, including as a consequence of wider economic and geopolitical factors including high inflation and global supply issues for raw materials; or
 - Internal influences within the Council's control including realignment of projects to ensure best value is achieved and/or a more realistic consideration to the expected project delivery timescales;
- Additional schemes and scheme variations approved since the Capital Programme was last reported leading to a net increase of £1.069m in 2022/2023; and
- Technical adjustments, which increase the Capital Programme in 2022/2023 by £0.151m.

4.3 Appendix A sets out the detail of the changes to expenditure and resources for 2022/2023.

4.4 Capital Programme delivery has been impacted by the Covid-19 pandemic since March 2020 and the Ukrainian war since Spring 2022. The Capital Programme Reviews reported to Cabinet since March 2020 had 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, in particular the price of steel, impacting on the cost and timescales of some projects. The capital programme impact continues to be closely monitored and will be reported to Cabinet as necessary, following receipt of future tender prices.

5. **Review of the Prudential Indicators and Treasury Management Strategy for 2022/2023**

5.1 The Prudential Indicators for 2022/2023 were approved by the Council on 2nd March 2022 and have been 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 existing 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. Throughout 2022/2023 the Council operated 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 originally approved.

Borrowing Strategy – 2022/2023

- 5.3 The Council's strategy for 2022/2023 was 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 interest rate of 3.00% for long-term borrowing was set in the Treasury Management Policy and Strategy Statement for 2022/2023 reflecting the views prevalent at the time.
- 5.4 There was considerable volatility in the financial markets during 2022/2023. 50-year PWLB interest rates started the financial year in April 2022 at 2.42% (inclusive of the 0.20% discount available to Local Authorities) and rose steadily until reaching a peak of 5.51% on 28th September 2022. From then rates fell to 3.58% at the end of November 2022 before gradually rising again to end the financial year at 4.41%.
- 5.5 Due to the overall financial position and the underlying need to borrow for capital purposes (the Capital Financing Requirement – CFR), £50m of new borrowing was taken out in August 2022 at 2.79% over a 48-year term.
- 5.6 The Borrowing Strategy for 2022/2023 made provision for debt rescheduling but due to the proactive approach taken by the Council in previous years, and because of the very low underlying rate of the Council's long-term debt, no opportunities arose to refinance long-term loans at favourable interest rates. The Treasury Management team will continue to monitor market conditions and secure early redemption if appropriate opportunities should arise in the future.

Investment Strategy – 2022/2023

- 5.7 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.
- 5.8 Interest rate rises in 2022/2023 were originally expected to be small and gradual but by August 2022 it had become clear that inflation was moving rapidly towards 40-year highs and the Bank of England (BoE) would need to take action. The Base Rate started April 2022 at 0.75% and has risen by between 0.25% and 0.75% at each of the next eight meetings of the Monetary Policy Committee (MPC), reaching 4.25% on 23rd March 2023 in an attempt to combat ongoing inflationary pressures in the economy, even at the risk of hampering growth, without pushing the economy into recession. A further Base rate increase to 4.5% was confirmed on 11th May 2023.
- 5.9 During 2022/2023 the Council achieved a rate of return on its investments of 2.16% compared with the benchmark rate of 2.24%. Whilst slightly below the benchmark rate, this reflects volatility in financial markets and the continued rise in the BoE Base Rate throughout the year. The benchmark rate closely follows the Base Rate and therefore moves in line with any announcements on a daily basis. Fixed term deposits are locked in at the rate available when the investment was placed, which at the time offered a favourable return, but may not keep pace with upward movement in interest rates.

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 receives quarterly reports to support this. This report notes the inclusion of additional capital schemes approved by Cabinet since the last review and confirms the overall capital outturn for 2022/2023.

Cabinet is also requested to note the Treasury Management Strategy and Prudential Indicators outturn position for 2022/2023.

7. Alternative Options

- 7.1 No alternative options are proposed.

8. Impact Analysis

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

9. List of Appendices

Appendix A – Variations to the 2022/2023 Capital Programme to those previously reported

10. Background Papers

Sunderland City Council Capital Programme 2023/2024 to 2026/2027.
Third Capital Review 2022/2023.

Appendix A

Variations to the 2022/2023 Capital Programme to those previously reported

Portfolio / Project	Latest Revised 2022/2023 Budget (Budget Book) £'000	Reprofiling of 2022/2023 Expenditure £'000	Additional Schemes and Variations to Existing Projects 2022/2023 £'000	Technical Adjustments 2022/2023 £'000	Outturn 2022/2023 £'000	Comment
Deputy Leader & Clean Green City						
Scheme Feasibility & Design	2,000	(1,563)	384	0	821	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, £1.563m is to be reprofiled into 2022/2023 and 2023/2024 for future planned scheme development works. In addition, £0.416m of external funding has been secured with £0.384m utilised in the year from various sources including Levelling Up Funding from Department of Housing, Levelling Up and Communities to support design and development of several schemes primarily HICSA.
International Advanced Manufacturing Park (IAMP)	3,789	(1,552)	0	0	2,237	Delays with land acquisition and also securing planning permission for A1290 road widening scheme has resulted in the project budget to be reprofiled across the years, including £1.552m budget from 2022/2023.
Microgrid Backbone	3,121	(1,525)	0	0	1,596	The Council secured £14.951m grant from the Department for Business, Energy and Industrial Strategy (BEIS) to provide significant energy infrastructure enabling works at the International Advanced Manufacturing Park (IAMP). Significant enabling works managed by the Council have progressed to date and are due to complete in December 2023. A budget of £1.525m is therefore to be reprofiled to 2023/2024 to align to the programme timelines. The novation of the micro grid contract to a private investor has taken place to provide sufficient power capacity to enable the operation of up to 4m square feet of Gigafactory development as part of the UK's first EV Hub.

Portfolio / Project	Latest Revised 2022/2023 Budget (Budget Book) £'000	Reprofiling of 2022/2023 Expenditure £'000	Additional Schemes and Variations to Existing Projects 2022/2023 £'000	Technical Adjustments 2022/2023 £'000	Outturn 2022/2023 £'000	Comment
Parks and Open Spaces Landscaping & Grounds Improvements	2,879	(1,412)	245	(500)	1,212	A total £0.245m external funding has been secured to support various works to parks in 2022/2023. This included Section 106 developer funding, mainly for Thompson Park, as well as Levelling Up Funding for Barley Mow Park. A total of £1.212m was invested in park and ground improvements works in 2022/2023, key improvements being to Thompson Park, Usworth Park, Princess Anne Park and Roker Park. There is to be £1.412m budget to be reprofiled to 2023/2024 to continue this investment. Further to this, Cabinet approved on 14th July 2022, a delivery plan for tree management to be funded through the Capital Programme. However, since approval a fuller understanding of the works required in the Tree Management Programme has now been obtained and it is necessary to deliver this scheme as a revenue activity, therefore the scheme has been removed from the Capital Programme - £0.5m in 2022/2023 and £4.0m in future years.
Vehicle Replacement Programme	6,689	(871)	0	0	5,818	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. In addition, there are current supply chain challenges with vehicles taking longer to be supplied than previously. The actual spend this year is £5.818m which would result in £0.871m budget to be reprofiled from 2022/2023 into 2023/2024.
Energy Masterplan & Feasibility Assessment	771	(619)	0	0	152	Protracted discussions between the Department for Business, Energy, Industrial Strategy (BEIS) and the Coal Authority about the viability of the proposed test boreholes in old mineworkings have delayed progress of the project which is funded by BEIS grant. The process to procure a borehole contractor is underway with the contract expected to be awarded late May. Borehole drilling is scheduled to start July 2023, resulting in a budget of £0.619m to be reprofiled into 2023/2024 with completion due by April 2024.

Portfolio / Project	Latest Revised 2022/2023 Budget (Budget Book) £'000	Reprofiling of 2022/2023 Expenditure £'000	Additional Schemes and Variations to Existing Projects 2022/2023 £'000	Technical Adjustments 2022/2023 £'000	Outturn 2022/2023 £'000	Comment
Play and Urban Games	937	(605)	54	0	386	The Council has been unable to secure a contractor to deliver across a number of play schemes. This has led to programmes that were scheduled for delivery in 2022/2023 requiring re-procurement resulting in activity now planned to commence in 2023/2024. There has also been a redesign of schemes due to increased cost of works that has also led to delays in commencement and completion of schemes with activity slipping. As a result, a budget of £0.605m has been reprofiled from 2022/2023 to 2023/2024.
Roker Park Lodge	649	(510)	0	0	139	The restoration of Roker Park Lodge to provide a café on the ground floor with associated external improvements was scheduled to commence on site in January 2023. However, due to delays in securing materials the main works did not commence until April 2023. It is expected that café will be handed over to an operator late June for them to complete a fit out. The café works are scheduled to complete July 2023 and the amphitheatre is scheduled to complete August 2023. A budget of £0.510m is to be reprofiled into 2023/2024 to meet works activity in that year.
Vaux Phase 1 – the Beam	781	(502)	0	0	279	The remaining budget for the Beam held in 2022/2023 was to fund further building fit out requirements. Over the last year, further fit-out works has progressed for the remaining tenant space and scheduled to complete by Summer 2023. The remaining budget of £0.502m is to be reprofiled from 2022/2023 into 2023/2024 to fund final costs in that year.
Hillthorn Business Park - Power Supply	1,229	0	(570)	0	659	The final estimated costs for the sub-station, plot connections etc at Hillthorn Business Park have been confirmed; this has resulted in a project saving of £0.570m against the total £3.192m approved scheme cost.

Portfolio / Project	Latest Revised 2022/2023 Budget (Budget Book) £'000	Reprofiling of 2022/2023 Expenditure £'000	Additional Schemes and Variations to Existing Projects 2022/2023 £'000	Technical Adjustments 2022/2023 £'000	Outturn 2022/2023 £'000	Comment
Port Enterprise Zone	3,161	(470)	0	0	2,691	A number of works packages in support of the Port's Enterprise Zone development have now been completed, namely the Port's rail infrastructure refurbishment; the Port perimeter road refurbishment and re-alignment and also the East Shore site enabling civil engineering works (including utility works). The enabling engineering works package for the 'Trinity Rail Road and Sea' Port Enterprise Zone site received planning permission in January 2022. Physical works commenced during September 2022 with all major substantive groundworks completed by the end of Quarter 4 2022/2023 with the remaining smaller associated works packages to be completed during early Quarter 1 2023/2024. The balance of the project budget of £0.470m to be reprofiled from 2022/2023 into that year to meet final costs.
Port Warehousing Developments	500	(292)	0	0	208	There have been delays to Wastefront AS's development proposal for a tyre parts recycling warehouse at the Port of Sunderland, which has resulted in £0.292m of the 2022/2023 project budget to be reprofiled into 2023/2024.
Provision for Economic Development Grants	800	(376)	0	0	424	Economic Development expenditure grant is paid upon beneficiaries meeting the specified grant conditions. Following spend of £0.424m in 2022/2023 for claims meeting grant conditions, the balance of £0.376m is to be reprofiled into 2023/2024.
Flood and Extreme Weather Mitigation	1,043	(114)	216	0	1,145	Further funding from the Environment Agency has been secured including for Jack Crawford House culvert works, from which £0.216m funding has financed works in 2022/2023. The full allocations will be brought into the Capital Programme upon final sign-off of these grant agreements, along with funding for other schemes.

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Household Waste Recycling Centre	401	(48)	104	0	457	The new Household Waste and Recycling Centre opened on 1st February 2022 as scheduled. Since opening, there have been further minor landscaping works and planting, as well as the construction of the re-use shop which completed Summer 2022. However, there have been additional costs to ensure site security with further costs for fencing and cctv as well following design changes to the canopies and walkways. The outturn cost for the project is therefore now projected to be £0.104m more than the current budget, with £0.056m being for costs incurred in 2022/2023 and forecast costs of £0.048m in 2023/2024. It is proposed that this is funded from available capital resources.
Other Projects	7,378	(232)	51	0	7,197	Minor Variations (<£0.130m) to several projects.
Total Deputy Leader & Clean Green City	36,128	(10,691)	484	(500)	25,421	
Cabinet Secretary						
Software Licenses	0	0	0	937	937	Intangible Assets fully funded from Directorate resources – spend and funding of £0.937m transferred from Revenue to the Capital Programme.
Smart Cities Project	1,221	(487)	0	0	734	Sunderland is fast becoming the UK's smartest city with next generation networks now in situ including free, superfast wi-fi and 5G networks. A whole range of digital solutions are for example supporting air quality and flood management, monitoring traffic and pedestrian flow and ensuring our buildings are more energy efficient and our smart city data platform is helping us manage the city in real time. There has been a reprofiling of some activities to deliver the Smart City agenda to better align with intended outcomes. A such, £0.487m of the 2022/2023 budget will be reprofiled into 2023/2024.

Portfolio / Project	Latest Revised 2022/2023 Budget (Budget Book) £'000	Reprofiling of 2022/2023 Expenditure £'000	Additional Schemes and Variations to Existing Projects 2022/2023 £'000	Technical Adjustments 2022/2023 £'000	Outturn 2022/2023 £'000	Comment
ICT Infrastructure	724	(166)	0	0	558	The ICT Infrastructure project includes five strands of investment into ICT services to help deliver Council-wide efficiencies. £2.0m has been invested to date from this project, primarily on replacement end user devices and the replacement of our server and storage infrastructure, helping to keep our systems fit for purpose and our data safe. However, £0.166m budget is to be reprofiled into 2023/2024 due to an opportunity to take part in a national aggregate procurement exercise which would reduce unit costs allowing the Council to deliver more end user devices for the same funding.
Assistive Technology General	172	(166)	0	0	6	The Assistive Technology project has supported a number of new technologies to support waste, recycling and tree management. A budget of £0.166m is to be reprofiled from 2022/2023 to 2023/2024 to align with the smart city project and utilise the lessons from some of the early trials.
Refresh of Essential Core ICT Infrastructure	225	(147)	0	0	78	The rationalisation and refresh of the Council's ICT estate has progressed during 2022/2023, however, due to capacity to deploy and adopt the new suite of technologies which is now entering the final phase of deployment, the remaining budget of £0.147m is to be reprofiled in to 2022/2023 to 2023/2024.
City Hall - Furniture and Equipment	1,885	(67)	417	0	2,235	The third-party funding of £0.417m that had been secured from Gentoo Group to support the fit-out of its facility within City Hall has been aligned with spend in the City Hall Furniture & Equipment project.
Solar PV Battery Storage	2,244	(591)	0	0	1,653	There have been some delays due to supply chain issues and contractor availability - although these issues have eased significantly over the past few months. As a result, there is £0.591m budget is to reprofiled from 2022/20023 to 2023/20/24. This primarily relates to the final two schemes being Bunnyhill and St Marys car park.

Portfolio / Project	Latest Revised 2022/2023 Budget (Budget Book) £'000	Reprofiling of 2022/2023 Expenditure £'000	Additional Schemes and Variations to Existing Projects 2022/2023 £'000	Technical Adjustments 2022/2023 £'000	Outturn 2022/2023 £'000	Comment
Redevelopment of Parsons Depot including Electrical Vehicle Infrastructure	5,225	(414)	0	0	4,811	All building construction and demolition of old building works are complete. However, external works, such as extension to the Highways materials storage area, are yet to be finalised, as such a £0.414m budget is to be reprofiled from 2022/2023 to 2023/2024.
Planned Property Capital Maintenance	2,500	479	(137)	0	2,842	The schedule of Planned Property Capital Maintenance works continues to be reviewed in line with Council needs and priorities. There has been positive progress during 2022/2023 including on Galley's Gill Bridge and the Derwent Hill Boiler replacement, resulting in £0.479m acceleration of budget from 2023/2024 into 2022/2023. In addition, this budget has been used to support wider works on other capital projects including the Elemore redevelopment with £0.137m funding transferred to support those projects.
Other Projects	3,989	(471)	52	0	3,570	Minor variations (<£0.100m) to several projects.
Total Cabinet Secretary	18,185	(2,030)	332	937	17,424	
Children, Learning & Skills						
Farringdon Academy	4,000	(4,114)	114	0	0	The Council has agreed a contribution towards the rebuild of Farringdon Community Academy. The Department for Education has procured and will be managing all works as part of its own School Rebuilding Programme with the Council's financial contribution required at contract award. The Council's contribution was estimated at £4.0m. The Department for Education did not meet their expected target contract date in 2022/2023 but has recently contracted BAM as their chosen main contractor. The revised Council's contribution of £4.114m will therefore be provided this financial year, with the £4m 2022/2023 budget to be reprofiled into that year; the increase of £0.114m will be met from Housing Infrastructure Fund grant within the current approved Capital Programme. Works are scheduled to be complete for the start of the September 2025 academic year.

Portfolio / Project	Latest Revised 2022/2023 Budget (Budget Book) £'000	Reprofiling of 2022/2023 Expenditure £'000	Additional Schemes and Variations to Existing Projects 2022/2023 £'000	Technical Adjustments 2022/2023 £'000	Outturn 2022/2023 £'000	Comment
Sunderland's Pupil Referral Unit (PRU)	600	(598)	31	0	33	The programme of works for the PRU has been reviewed following site investigations. The requirement for immediate asbestos containment works on site has resulted in the planned main programme being delayed with commencement now anticipated mid-2023 with a planned Easter 2024 opening, requiring £0.598m budget to be reprofiled into 2023/2024.
Barnes Junior School Refurbishment	4,428	(522)	0	0	3,906	The extended period required to deliver phase one of the works (completion of dining block) has led to a delay to the commencement of phase 2 (refurbishment of main school) works and these will now complete in 2023/2024 with full occupation of all areas for September 2023. A budget of £0.522m will be reprofiled from 2022/2023 to support those works in that year.
Thorney Close Primary School New Build	559	(494)	0	0	65	The programme of works for Thorney Close Primary has been revised to reflect a completion date of September 2025. This has led to the design work and site investigation work due to commence in 2022/2023 being reprogrammed to 2023/2024, with £0.494m to be reprofiled from 2022/2023 to align to this programme
ASD (Autism Spectrum Disorder) Provision	300	(289)	0	0	11	Works for ASD provision in the South Sunderland Growth Area has been delayed pending further consultation with potential host schools in the area. The project is now not anticipated to be delivered before March 2024, requiring £0.289m budget to be reprofiled from 2022/2023.
Hetton Primary School - New Build	4,421	0	225	0	4,646	The new Hetton Primary School buildings became operational in November 2022. However, unexpected additional costs associated with asbestos removal as part of the demolition of the old school resulted in an increased cost of £0.225m. This will be funded initially from borrowing in advance of S106 developer contribution receipts provided for this purpose.

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Schools Asset Management Unallocated Grants	1,163	(934)	(229)	0	0	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 schools conditions projects. £0.229m of this funding has been allocated towards various school works schemes in 2022/2023. The balance of 2022/2023 budget of £0.934m will be reprofiled for priorities in 2023/2024.
School Capital Maintenance Works	755	(461)	0	0	294	Capital maintenance works at several schools progressed during the latest financial year. However, a budget of £0.461m is to be reprofiled into 2023/2024 primarily in relation to Albany Village Primary whereby programmed activity relating to asbestos removal and roof replacement works was deferred due to wider discussions with the DFE around potential external funding of these works.
Schools' Devolved Capital	538	(242)	0	0	296	Funding and the delivery of the associated Capital schemes is devolved to maintained schools. Following spend of £0.296m in 2022/2023, £0.242m is to be reprofiled into 2023/2024.
Children's Residential Homes	302	352	0	0	654	On 19th January 2023, Cabinet approved the purchase of a property at Nookside to accommodate children and young people and thus reduce the reliance upon private sector external homes. This investment, along with other works for adaptations to carers homes, has resulted in £0.352m budget to be accelerated from 2023/2024 into 2022/2023.
Other Projects	6,883	(101)	150	0	6,932	Minor variations (=<£0.101m) to several projects – including budget re-allocated from School's Asset Management Unallocated.
Total Children, Learning & Skills	23,949	(7,403)	291	0	16,837	

Portfolio / Project	Latest Revised 2022/2023 Budget (Budget Book) £'000	Reprofiling of 2022/2023 Expenditure £'000	Additional Schemes and Variations to Existing Projects 2022/2023 £'000	Technical Adjustments 2022/2023 £'000	Outturn 2022/2023 £'000	Comment
Dynamic City						
Riverside Sunderland Infrastructure	14,477	(8,029)	0	0	6,448	On 16th March 2023 Cabinet approved the reallocation of funding from the Northern Spire Park project to the Riverside Sunderland Infrastructure budget to support the delivery of the New Wear Footbridge and associated Infrastructure and Public Realm. Construction of the New Wear Footbridge commenced on site in April 2023 and the transformation of Riverside Park and delivery of a new 5G network and public realm enhancements across Riverside Sunderland continue to progress at pace. As a result of the extended procurement process undertaken to de-risk the delivery of the New Wear Footbridge, there is a requirement to reprofile £8.029m of the Riverside Sunderland Infrastructure budget from 2022/23 into future years.
Northern Spire Park / Studios Development	2,500	(235)	0	0	2,265	On 23rd February 2023 Cabinet approved the proposals for the acquisition, preparation, and disposal of development land adjacent to the Northern Spire Bridge, fully funded by a grant from the Department of Levelling Up, Housing and Communities (DLUHC) via the North of Tyne Combined Authority. The land assembly completed in March 2023 and works to support the planning application are scheduled to complete in summer 2023'. Given this development will supersede the planned enabling works for a housing site on Northern Spire Park, the project budget will reduce in the Capital Programme to the value of the DLUHC grant of £5.5m and costs expended to date. The Council funding released by this change was approved by Cabinet on 16th March 2023 to support the Riverside Sunderland Infrastructure works.

Portfolio / Project	Latest Revised 2022/2023 Budget (Budget Book) £'000	Reprofiling of 2022/2023 Expenditure £'000	Additional Schemes and Variations to Existing Projects 2022/2023 £'000	Technical Adjustments 2022/2023 £'000	Outturn 2022/2023 £'000	Comment
Sunderland Central Station Redevelopment & Car Park	21,547	(6,361)	0	0	15,186	Works to the Station concourse redevelopment and a new car park at Holmeside are primarily funded by Transforming Cities Fund grant. The Station redevelopment is progressing well and expected to complete September 2023. The Holmeside car park main construction works were due to commence in 2022/2023, however, tendered costs have resulted in a review of cost and design options to deliver a scheme within approved budget. This review is ongoing with a start to main construction works now expected Autumn 2023, with completion now forecast Summer 2024, requiring a reprofiling of £6.361m 2022/2023 budget into 2023/2024 and 2024/2025.
Vaux Housing	14,621	(10,761)	0	0	3,860	Tolent Living Limited were appointed as main contractor and work commenced on site July 2022. In February 2023 Siglion Development Company received notification that the Tolent Group was placed into administration and liquidators had been appointed. Work has therefore paused on the development, Siglion Development Company has secured the site and put in place holding measures. Siglion Development Company is currently working with the appointed administrators, the critical supply chain, and Igloo as development management partner, to determine the most efficient strategy for procurement of a new principal contractor, continuation of the works and mitigation of any programme delays and financial impact. During Spring 2023 the focus for Siglion Development Company has been protecting the works on site, procuring a new contractor, and remobilising the construction works. The re-tender of the contract commenced in May 2023, and some interim works to protect and advance the structural frames commenced in May 2023. It is likely that the replacement main contractor will be identified in June 2023 with further interim works to commence in August 2023 and the full site activity to reconvene in Autumn 2023. This will result in an overall delay of approximately 6 months with the Vaux Housing development forecast to complete January 2025. As a result, the project budget is to be reprofiled across the years, including £10.761m budget from 2022/2023.

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Keel Square Hotel	3,083	(3,073)	0	0	10	The tenants' capital fit out works, part funded by FHSF were delayed pending completion of works to segregate the units and enhance the acoustic performance to reflect the proposed use, now scheduled to be complete October 2023, resulting in a £3.073m budget to be reprofiled into 2023/2024.
HICSA (Housing Innovation Construction & Skills Academy)	3,042	(2,915)	0	0	127	Prior to the completion of the pre-construction service agreement (PCSA) process in February 2023 and the planned commencement of the main works on site, the Council received notification that Tolent Construction Ltd had entered administration with administrators being appointed. The Council are currently procuring a replacement contractor with invitations to tender issued in May 2023. It is expected that there will be around a 6-month delay on this scheme resulting in the project budget to be reprofiled across the years, including £2.915m budget from 2022/2023, and with a further review of cost estimates upon appointment of a replacement contractor. It is anticipated that this scheme will complete and be ready for occupation by Sunderland College late 2024.
Strategic Acquisitions and Developments	12,695	(2,848)	(417)	0	9,430	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, £2.848m is to be reprofiled from 2022/2023 into 2023/2024 and 2024/2025. In addition, the third-party funding of £0.417m that had been secured from Gentoo Group to support the fit-out of its facility within City Hall has been aligned with spend in the City Hall Furniture & Equipment project.
Seaton Lane Junction Improvements – Durham CC	2,679	(2,679)	0	0	0	Junction improvement construction works to Seaton Lane are to be delivered by Durham County Council (DCC). Following delays in DCC acquiring the land required for the scheme, the main contractor did not start on site until March 2023, with £2.679m budget to be reprofiled from 2022/2023 to 2023/2024 to align to revised timescales.

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Cowies Way - SSTC Phase 3 Road	2,173	(1,415)	0	0	758	The road opened November 2021, however, £1.415m budget remained unspent at end of 2022/2023 but is held for committed / expected further costs mainly in relation to land acquisitions. As such, this £1.415m budget is to be reprofiled into 2023/2024.
City of Sunderland Arena	1,750	(1,367)	0	0	383	All options for the Crowtree site are being examined in the current challenging economic climate which includes the feasibility of the arena development and its associated opportunities. As a result, £1.367m budget is to be reprofiled from 2022/2023 to future years.
Riverside Sunderland Multi- Storey Car Park	11,754	(978)	0	0	10,776	The construction of the new MSCP on the Riverside site was delayed slightly but reached practical completion on 22nd May 2023, resulting in the balance of budget of £0.978m to be reprofiled into 2023/2024 to meet final costs in that year.
Lorry Parking Facility	750	(750)	0	0	0	Suitable locations are still being considered for a lorry park in Washington to accommodate 48 to 54 articulated HGVs, resulting in the £0.750m budget to be re-profiled from 2022/2023 into future years.
Sunniside Regeneration (Nile & Villiers Street)	1,000	(721)	0	0	279	Following Cabinet approval in February 2023 this scheme will now be delivered by Siglion Developments with an estimated completion date of Autumn 2025. The Council will deliver the refurbishment of 15 and 16 Nile Street, along with the refurbishment of 177 High Street West which will be delivered by the Tyne and Wear Building Preservation Trust at an estimated total cost of £0.791m funded primarily by LUF grant (£0.701m). The Council will enter into a Grant Funding Agreement with Siglion Developments passporting the remaining allocated LUF grant of £4m plus £0.437m of other external funding to Siglion Developments. Siglion Developments will develop the 80-unit scheme and once complete will dispose of 80% to a PRS provider ('PlaceFirst') and the remaining 20% for open market sale. The overall scheme costs will reduce from £24m to £5.228m funded by £4.701m LUF grant, £0.090m PfPP grant and £0.437m S106/HIF grant, and there is £0.721m budget to be reprofiled into 2023/2024.

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SSGA SCC Transport Projects	7,731	(407)	166	0	7,490	All transport improvement projects to support the SSGA (South Sunderland Growth Area) reached practical completion during the latter part of 2022/2023. There is £0.407m budget to be reprofiled into 2023/2024 until the projects reach financial completion. In addition, £0.166m further funding was secured for the Ryhope Doxford Link Road.
Sustainability Mobility Hub	399	(391)	0	0	8	The potential planned purchase of electric bikes is to be actioned alongside the appointment of a Car Club Operator in 2023/2024. The balance of £0.391m budget is to be reprofiled from 2022/2023 to align to this activity.
Bishopwearmouth Townscape Initiative Phase 2	724	(391)	0	0	333	This project, supported by the Heritage Lottery Fund, provides grants to owners / tenants to repair and restore historic properties in the Bishopwearmouth area. The deadline for spend against the external funding was previously August 2023 but agreement with the funder has been reached to extend this to March 2024. As a result, a £0.391m budget is to be reprofiled from 2022/2023 into 2023/2024.
Heritage Action Zone (HAZ) Partnership Grant Scheme	619	(327)	0	0	292	Extended lead in times for materials and revisions to the design of the foundations at the Elephant Tea Rooms have contributed to a six-week delay in construction works on site. Work is ongoing and it is expected that significant progress will be made on the shop front in the first two quarters of 2023/2024 resulting in £0.327m budget to be reprofiled from 2022/2023 to that year.
Sunderland Seafront Trust - CCF Round 5	458	(357)	0	0	101	Works to convert the Tram Shelter at Whitburn Road Seaburn to a food and beverage outlet are underway. The proposed site for the beach huts though would require extensive groundworks, therefore other sites are being considered. A budget of £0.357m is to be reprofiled from 2022/2023 to 2023/2024 to align to revised timescales.

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Highways Maintenance Asset Investment Programme	5,691	(332)	16	0	5,375	Some works scheduled to be delivered in 2022/2023 were postponed due to a projected overspend on kerb/footway repairs, resulting in £0.332m budget to be reprofiled into 2023/2024 from 2022/2023 to support prioritisation of works in that year. Since the decision to delay these works, an additional £0.734m of Pothole funding from DfT was awarded on 15th March 2023 for 2023/2024.
A1290 Road Safety Improvement Scheme Ph2	128	0	145	0	273	Safety improvements to junctions and existing cycling infrastructure on A1290 between A19 and A184 were complete Summer 2022. However, traffic management to minimise traffic issues during busy periods extended the construction period resulting in a higher cost of £0.145m – this was funded Local Transport Plan grant with budget transferred from the Integrated Transport project.
Integrated Transport	1,543	(344)	(112)	0	1,087	Funding of £0.145m was transferred to above A1290 Road Safety Scheme. There is also £0.344m 2022/2023 budget to be reprofiled to 2023/2024 due to the need to ensure consultation with residents and consideration to the prioritisation of some schemes.
Pallion New Road / European Way Cycle Lane	0	0	222	0	222	In March 2023, the Council was awarded further funding from Active Travel England on behalf of the Department for Transport via the North East Joint Transport Committee. £3.7m has been secured and will fully fund a cycle lane at Pallion New Road / European Way. Design works commenced in 2022/2023 with spend of £0.222m in that year, and the balance of £3.478m to be spent in 2023/2024 and 2024/2025 with works scheduled to be complete by the end of 2024/2025.
Housing Other Sites	417	(320)	0	0	97	The majority of the budget relates to the delivery of self-build residential developments at James Steel Park and Upper Fulwell. Whilst government funding has been secured to support the delivery of these schemes, the submission of planning applications has been delayed pending the mitigation of development constraints. As a result, £0.320m will need to be reprofiled from 2022/2023 to 2023/2024

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Housing Delivery Investment Plan	8,927	(628)	0	0	8,299	<p>The delivery to meet the planned outcomes of the Housing Delivery Investment Plan continues with over £19m invested to date into new bungalows, supported accommodation and bringing empty properties into use including: an additional development of 9 Bungalows at the Cork Street (Valiant Close) which was completed in October 2022 and the development comprising 11 two-bedroom bungalows and 5 three-bedroom houses at Old Mill Road, Southwick, which was completed in February 2023.</p> <p>Developments not yet completed but continuing include the conversion of Washington Old School into 15 supported units plus 1 for staff due for completion in July 2023 and a new build at Hylton Road of 18 Supported Housing Bungalows plus 1 for staff. There are now 66 Purchase and Repair properties in ownership and 6 Homeless Support properties.</p> <p>However, £0.628m needs to be reprofiled from 2022/2023 into 2023/2024. In the main this relates to:-</p> <ul style="list-style-type: none"> • St Cuthberts Church - acquisition of the church was slightly delayed but is now due to complete in June 2023. • Hylton Road Supported Development. The land purchase which was originally expected in 2021/2022 was delayed until the relevant planning conditions were approved, with the acquisition taking place at the end of December 2022. The developer has started on site with an expected completion of Summer 2024. • Pallion Old School conversion - conversion of an existing asset into supported accommodation of two apartments and one staff unit. There has been a start on site delay due to the agreement of the properties design to meet future client's needs.
Other Projects	11,836	(964)	(124)	(286)	10,462	Minor fully funded variations (<£0.290m) to several projects.
Total Dynamic City	130,544	(46,593)	(104)	(286)	83,561	

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Healthy City						
Disabled Facilities Grants	5,049	(550)	0	0	4,499	Provision of disabled facilities grants progressed in 2022/2023 with spend of £4.499m. However, due to the overhanging impact of Covid-19 and localised restrictions for vulnerable customers, the occupational therapist team were not always able to carry out home visits and complete assessments in the best manner possible whilst ensuring all government guidance was adhered to with consideration to the safety of all people involved. The balance of unspent funding in 2022/2023 of £0.550m will therefore be reprofiled into 2023/2024 to provide grants in that year.
Day Centre Refurbishment	500	(397)	0	0	103	Costed options for the day centre refurbishment at Washington Day Centre and Fulwell Day Centre, to meet the needs of people with complex disabilities and behaviours, have been developed and designed, with the aim of identifying a preferred operational model by late 2024. £0.397m is to be reprofiled from 2022/2023 into 2024/2025 to align with current project timescales.
ICT/Assistive Technology – Adult Social Care	620	(349)	0	0	271	Due to global shortage of silicon chips from the demand for integrated circuits caused by Covid-19 (chip production facilities were shut down or reduced capacity leading to the depletion of inventories) and the ongoing Ukraine war this has delayed the purchase of various assistive technology equipment. Spend profile has been adjusted to reflect timescales for implementation of the LoRaWAN (Low Power, Wide Area Network) across the City and purchasing appropriate technology which will run on the Network such as home sensors, telecare etc. This will result in a re-profiling of £0.349m budget from 2022/2023 into 2023/2024.

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Community Equipment Service - New Storage Facilities at Leechmere	500	(348)	0	0	152	A proposal to create/extend community equipment facilities to enable the service to increase its offering to support aspects of services provided to children has been delayed due to design requirements. In addition, works to enable the service to implement its plans in respect of adopting a fleet of electronic vehicles, which is dependent on information gathering, needs to be undertaken in partnership with a third party. This will result in a reprofiling of £0.348m budget from 2022/2023 into 2023/2024.
Other Projects	459	(149)	0	0	310	Minor variations (<£0.110m) to several projects.
Total Healthy City	7,128	(1,793)	0	0	5,335	
Vibrant City						
Culture House	3,260	(1,168)	0	0	2,092	This project is subject to a separate report to Cabinet elsewhere on today's agenda. The main contractor is now expected to be on in Summer 2023. As a result, the project budget is to be reprofiled across the years to align to this revised programme timeline, including £1.168m budget from 2022/2023.
Neighbourhood Capital Investment Programme (NCIP)	1,842	(1,221)	63	0	684	Neighbourhood Capital Investment Plan schemes across the 5 geographical areas are determined and approved by Area Committee with £2.5m approved to date and are further supported from other funding sources such as S106 developer contributions. The spend in 2022/2023 is £0.684m resulting in £1.158m budget to be reprofiled from this year into 2023/2024. The schemes delivered to-date include significant park and green space refurbishments such as at Thompson Park, as well as development of community assets and creation for hubs to support communities and partners to deliver services locally, supporting resident resilience.
Other Projects	1,145	(217)	3	0	931	Minor variations (<£0.110m) to several projects.
Total Vibrant City	6,247	(2,606)	66	0	3,707	

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TOTAL CAPITAL PROGRAMME	222,181	(71,116)	1,069	151	152,285	
Reprofiling to 2023/2024		(9,223)				
Reprofiling to 2024/2025 and Beyond		(61,893)				

