

CABINET MEETING –13 OCTOBER 2022

EXECUTIVE SUMMARY SHEET – PART I

Title of Report:

Capital Programme Second Review 2022/2023 (including Treasury Management)

Author(s):

Assistant Director of Finance

Purpose of Report:

This report details:

- the outcome of the Second Capital Review for 2022/2023; and
- progress in implementing the Treasury Management Borrowing and Investment Strategy for 2022/2023.

Description of Decision:

Cabinet is recommended to:

- In respect of the second capital review for 2022/2023 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; and
- In relation to the Treasury Management Strategy, Cabinet is asked to note the progress in implementing the 2022/2023 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 14th July 2022.

Cabinet is also requested to note the progress in implementing the Treasury Management Strategy for 2022/2023, 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 A estimated to cost above £500,000.

Is it included in the 28 Day Notice of Decisions?

Yes

CABINET – 13 OCTOBER 2022

CAPITAL PROGRAMME SECOND REVIEW 2022/2023 (INCLUDING TREASURY MANAGEMENT)

REPORT OF THE ASSISTANT DIRECTOR OF FINANCE

1. Purpose of Report

1.1 This report details:

- the outcome of the Second Capital Review for 2022/2023; and
- progress in implementing the Treasury Management Borrowing and Investment Strategy for 2022/2023.

2. Description of Decision:

2.1 Cabinet is recommended to:

- In respect of the Second Capital Review for 2022/2023 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; and
- In relation to the Treasury Management Strategy, Cabinet is asked to note the progress in implementing the 2022/2023 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 phasing of schemes is reviewed. Variations to the 2022/2023 capital programme, since the 2022/2023 Capital First Review report to Cabinet on 14th July 2022, 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 2022/2023

- 4.1 Since the Capital Programme was reported to Cabinet on 14th July 2022, there have been changes to the 2022/2023 Capital Programme both in terms of expenditure and resourcing. During the second quarter of 2022/2023 further reprofiling and other adjustments have been identified decreasing the Capital Programme in 2022/2023 by £103.807m from £343.596m to £239.789m. This is summarised below:
- Reprofiled expenditure of £104.394m from 2022/2023 into future years. Reasons for this reprofiling relate to:
 - External influences outside of the Council's control, including as a result of ongoing impacts from Covid-19 and the Ukrainian war, 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; and

- Additional schemes and scheme variations approved since the Capital Programme was last reported, leading to a net increase of £0.737m in 2022/2023.
- Technical adjustments, which decrease the Capital Programme in 2022/2023 by £0.150m.

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

4.3 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. These pressures to the capital programme remain, in particular the price of steel, impacting on the cost and timescales of some projects. As reported in the 2021/2022 outturn report to Cabinet in June 2022 and the 2022/2023 first review report to Cabinet in July 2022, there was confirmation that cost pressures are manifesting themselves in tender pricing. 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 the 3rd March 2022 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 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. At this stage, 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.

5.3 Treasury Management Borrowing Strategy – 2022/2023

5.3.1 The Council's strategy for 2022/2023 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 3.0% for long-term borrowing was set in the Treasury Management Policy and Strategy Statement for 2022/2023 reflecting the views prevalent at the time.

5.3.2 Due to the overall financial position and the underlying need to borrow for capital purposes (the Capital Financing Requirement), new borrowing of £50m was undertaken in August 2022 from the Public Works Loan Board (PWLB) at an interest rate of 2.79%. Since that time PWLB interest rates have risen and following the Chancellor's Fiscal Statement comparative rates are currently c. 4.8%. The Council's treasury advisors have indicated that they believe rates will start to reduce later this year.

5.4 Treasury Management Investment Strategy – 2022/2023

5.4.1 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.

5.4.2 The Bank of England's Monetary Policy Committee (MPC) increased the Bank Rate for a sixth consecutive meeting in August, increasing the Bank Rate by 50 basis points to 1.75% - the largest single rise since 1995. Subsequently, the MPC on 22nd September increased the bank rate by a further 50 basis points to 2.25%. The Bank of England expects the economy to contract, with Gross Domestic Product predicted to fall by 1.5% in 2023.

5.4.4 The increase in the Bank Rate is having a positive impact upon the interest rate that the Council can secure on its investments. As at 30th September 2022 the Council achieved a rate of return on its investments of 1.65% compared with the SONIA (Sterling Overnight Index Average) rate of 1.094%. It is anticipated that the average rate of return will continue to rise over the remainder of 2022, with further investments being made as appropriate in line with the Council's treasury management strategy.

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 14th July 2022.

6.2 Cabinet is also requested to note the progress in implementing the Treasury Management Strategy for 2022/2023, 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 2022/2023 Capital Programme.

10. Background Papers

Capital Programme 2022/2023 to 2025/2026 and Treasury Management Policy and Strategy 2022/2023.

Capital Programme First Review 2022/2023 (including Treasury Management).

Variations to the 2022/2023 Capital Programme

Portfolio / Project	Latest Budget 2022/2023 £'000	Reprofiling of Expenditure 2022/2023 £'000	Additional Schemes and Cost Variations to Existing Projects 2022/2023 £'000	Technical Adjustments 2022/2023 £'000	Revised Budget 2022/2023 £'000	Comment
Deputy Leader and Clean Green City						
IAMP – International Advanced Manufacturing Park	13,704	(9,915)	0	0	3,789	The delivery timescales for land assembly and site infrastructure works at the International Advanced Manufacturing Park in Washington have been revised to reflect the updated Project Delivery Strategy. Significant changes to the project have been required to secure major private sector investment at the site which required an accelerated land and planning strategy, substantial changes to infrastructure requirements, particularly the electricity supply for companies operating in the advanced manufacturing sector. The revised workflow which has led to a significant Giga factory private sector investment onto IAMP, has also meant that £9.915m that would have been spent is to be reprofiled from 2022/2023 into future years to align with current investor and project delivery demand timescales.
Sunderland Eye Infirmary	12,163	(9,718)	0	0	2,445	The proposed construction of a new eye hospital. The Council, working with South Tyneside and Sunderland Foundation Trust, has been requested to explore options to provide increased cataract treatment capacity to address the backlog in elective surgeries. This has resulted in the requirement for extra accommodation to the previously approved planning application and as a result a new planning application has now been submitted. The requirement for a revised planning application means construction works are now programmed to commence in 2023/2024, and a budget of £9.718m to be reprofiled from 2022/2023 into future years.

Portfolio / Project	Latest Budget 2022/2023 £'000	Reprofiling of Expenditure 2022/2023 £'000	Additional Schemes and Cost Variations to Existing Projects 2022/2023 £'000	Technical Adjustments 2022/2023 £'000	Revised Budget 2022/2023 £'000	Comment
Scheme Feasibility & Design	3,671	(1,671)	0	0	2,000	Funding has been provided to deliver feasibility and design works for strategically important projects which support the economic regeneration 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, £1.671m is to be reprofiled into 2023/2024 and 2024/2025 for future planned scheme development works.
Energy Masterplan – Heat Network Feasibility	2,182	(1,411)	0	0	771	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, funded by BEIS. The process to procure a borehole contractor is underway and invitations to tender should be issued October 2022. Borehole drilling is not expected to start until March 2023, therefore £1.411m is to be reprofiled into 2023/2024.
Energy and Carbon 2030 Development	1,000	(1,000)	0	0	0	A Strategic Energy Advisor is being procured and commissioned to undertake a study to establish an Energy Action plan to complement the Low Carbon Action plan which is built upon Council baselining work. The advisor will address areas of work related to land (how can we use our land to generate energy from renewables); property (how can we reduce Council's energy bills with a targeted approach); Port of Sunderland (creation of an Energy Hub); and build programmes (setting consistent appropriate standards across all buildings). The outcome of the study will advise on priority considerations with £1m reprofiled into future years to align to revised timescales.
Improvement to Parks and Open Spaces	1,500	(1,000)	0	0	500	On 14th July 2022 Cabinet approved the Tree Management Policy and Delivery Plan to be funded from the Improvement to Parks and Open Spaces scheme. This has been reprofiled to align to the current tree works schedule requiring £1.000m to be reprofiled into future years.

Portfolio / Project	Latest Budget 2022/2023 £'000	Reprofiling of Expenditure 2022/2023 £'000	Additional Schemes and Cost Variations to Existing Projects 2022/2023 £'000	Technical Adjustments 2022/2023 £'000	Revised Budget 2022/2023 £'000	Comment
Port Warehousing Developments	1,849	(1,349)	0	0	500	Two schemes are currently being developed to a full business case for Port warehousing. One would potentially develop a parts warehouse on behalf of an inward investment opportunity who have chosen the Port as a preferred location for a prospective development. The second would potentially develop a bulk materials warehouse for energy related products, and this would potentially provide a substantive materials handling income to the Port. Given the delays in the development of the substantive inward investment opportunity, the associated timeline for the development of the associated parts warehouse has moved accordingly with completion of this now anticipated during 2023/2024 resulting in £0.700m to be reprofiled from 2022/2023 into that year.
Provision for Economic Development	1,305	(505)	0	0	800	Economic Development expenditure grant is paid upon beneficiaries meeting the specified grant conditions. There is a forecast of £0.800m of funding to be drawn down in 2022/2023 for claims meeting grant conditions. The balance of £0.505m is to be reprofiled into 2023/2024 for grants allocated but expected to be claimed in that year.
Investment Corridors	1,189	(284)	0	0	905	Works to High Street West that are expected to complete within the current financial year include the narrowing of the carriageway to increase space for pedestrians with new paving, lighting, seats, bins and bollards, including anti-terrorism bollards in front of the Empire and Auditorium. However, the provision of a new sub-station for planned developments on the Crowtree site won't proceed this year, resulting in £0.284m budget to be reprofiled into 2023/2024.

Portfolio / Project	Latest Budget 2022/2023 £'000	Reprofiling of Expenditure 2022/2023 £'000	Additional Schemes and Cost Variations to Existing Projects 2022/2023 £'000	Technical Adjustments 2022/2023 £'000	Revised Budget 2022/2023 £'000	Comment
Play and Urban Games	583	0	354	0	937	S106 developer funding of £0.354m has been secured to deliver the following play upgrades: - Rectory Park Play Area: upgrade of current play area including introduction of new and inclusive play equipment. - Houghton Wheeled Sports Park: replacement of steel ramps to concrete ramps that will reduce future maintenance work and costs. - Refurbish and upgrade current play areas including at Glebe Park, Princess Anne Park, Fairhaven, Blackfell and Allendale Road with new pieces of play equipment and replace current safety surfacing where necessary.
Herrington Country Park	560	0	(120)	0	440	The reconfiguration of the Café and Events space within the site office at Herrington Country Park completed July 2022 with a saving of £0.120m against the project budget.
Roker Park Lodge	649	(120)	120	0	649	The restoration of Roker Park Lodge to provide a café on the ground floor with associated external improvements is scheduled to commence on site in January 2023 and complete by July 2023 prior to the 2023 Triathlon. However, the latest cost estimate indicates that the total costs will be more than approved budget. This follows a series of measures implemented to reduce costs including utilising offsite construction for the café, utilising surplus materials from other council schemes, and seeking to maximise in house delivery. It is proposed to allocate the savings from the Herrington Country Park project of £0.120m to this project in 2023/2024 to meet these additional costs.
Other Projects	23,369	0	9	0	23,378	Minor fully funded variations.
Total Deputy Leader and Clean Green City	63,724	(26,973)	363	0	37,114	

Portfolio / Project	Latest Budget 2022/2023 £'000	Reprofiling of Expenditure 2022/2023 £'000	Additional Schemes and Cost Variations to Existing Projects 2022/2023 £'000	Technical Adjustments 2022/2023 £'000	Revised Budget 2022/2023 £'000	Comment
Cabinet Secretary						
Smart Cities Project	4,121	(2,900)	0	0	1,221	There is a delay to the delivery of some of the essential underpinning digital infrastructure due to supply chain/delivery issues for the Smart Cities project and therefore a delay to the delivery of the innovation use cases which require the prerequisite infrastructure. £2.900m of the 2022/2023 budget is therefore to be reprofiled into future years to align to expected timescales of delivery.
ICT Infrastructure	1,246	(522)	0	0	724	The ICT Infrastructure project includes five strands of investment into ICT services to provide efficiencies Council-wide. Over £1.4m has been invested to date from this project, primarily on replacement end user devices and the Civica Revenues & Benefits System. However, there is £0.522m budget to be reprofiled from 2022/2023 into 2023/2024 primarily due to a review of core business applications which precede decisions on server/storage design and implementation, and less end user devices required than previously estimated.
Internet Filtering, Firewall and Monitoring Solution and Upgrade to Gigabit Capable Fibre Connectivity	452	(251)	0	0	201	Delays to fibre installation and supply chain delays relating to purchase of hardware have resulted in £0.251m budget to be reprofiled from 2022/2023 to 2023/2024.
Smart Cities - Network Monitoring	158	(100)	0	0	58	A services review is to be undertaken to inform of network monitoring solution required for City Hall, delaying planned spend on this, resulting in £0.100m budget to be reprofiled from 2022/2023 into 2023/2024.
Backup Solution	89	0	(89)	0	0	The replacement of ageing data backup infrastructure is now complete, providing a saving of £0.089m against the allocated budget.

Portfolio / Project	Latest Budget 2022/2023 £'000	Reprofiling of Expenditure 2022/2023 £'000	Additional Schemes and Cost Variations to Existing Projects 2022/2023 £'000	Technical Adjustments 2022/2023 £'000	Revised Budget 2022/2023 £'000	Comment
Redevelopment of Parsons Depot including Electrical Vehicle Infrastructure	4,675	0	550	0	5,225	The main works to the new Parsons Depot is now complete, with demolition of the old depot and further minor external works to follow, as well as the EV infrastructure at Jack Crawford House. There has however, been an increased cost to the project totalling an estimated £0.550m following additional works to utility supply and infrastructure (namely water and gas supplies), additional agreed costs linked to market volatility and changes required to accommodate additional service requirements on the site. It is proposed to fund these further costs from within the approved Capital Programme by utilising the former Neighbourhood Services Scheme Feasibility and Design project budget - £0.100m profiled in 2022/2023 and £0.450m currently profiled in future years.
Scheme Feasibility & Design - Neighbourhood Services	100	450	(550)	0	0	To fund the above cost pressures.
Public Sector Decarbonisation Scheme	1,619	0	(533)	0	1,086	The Public Sector Decarbonisation Scheme is fully funded by Salix to deliver air source heat pumps to Council properties. All works are now complete, but the planned works to one building were not able to proceed due to technical and financial constraints. Alternate additional work was undertaken to support the planned installation of air source heat pumps at Houghton Library. No further alternate uses were approved by the funder for the balance of grant of £0.533m.
Salix Decarbonisation Fund	400	(400)	0	0	0	The £1m fund for decarbonisation for energy conservation and renewable energy technology measures includes £0.5m of external funding that was initially expected to be secured from a round of funding from Salix Finance. However, that identified funding source is no longer available, but the Council will seek to secure funding from further rounds of Salix funding. The 2022/2023 budget of £0.400m is therefore to be reprofiled into future years.

Portfolio / Project	Latest Budget 2022/2023 £'000	Reprofiling of Expenditure 2022/2023 £'000	Additional Schemes and Cost Variations to Existing Projects 2022/2023 £'000	Technical Adjustments 2022/2023 £'000	Revised Budget 2022/2023 £'000	Comment
Replacement Crematorium	483	(428)	0	0	55	The Council has engaged a consultant to support the development of a feasibility study to develop crematorium facilities in the city. This includes assessment of the current site and resources and assessment as to whether those resources can be adapted to meet the city's long-term requirements. This feasibility work is projected to be complete in March 2023. Planning surveys of the current crematorium site are also planned for 2022/2023. There is £0.428m to be reprofiled from 2022/2023 to future years. The high-level design is expected to commence in 2023/2024, and subject to site suitability and planning it is currently projected that construction works will commence in 2024 with a projected completion date during 2026/2027. It should be noted that the Council's current preferred option is to continue to deliver a cremation service to the city while works are carried out so, subject to the Bishopwearmouth site being appropriate for the enhancement of the city's cremation facilities, construction works will be prolonged to accommodate ongoing service delivery.
Jackie Whites Market Improvements	400	(380)	0	0	20	The planned improvements to Jackie Whites Market were previously on hold following Covid-19 restrictions. External advice is to be sought this year to assess feasibility, with expectation of works to be delivered in 2023/2024 with £0.380m budget to be reprofiled from 2022/2023 to that year.
Planned Property Capital Maintenance	3,731	0	168	0	3,899	The Planned Property Capital Maintenance works continue to be reviewed in line with Council needs and priorities. In total in the current financial year, there is £0.162m transferred to other projects, as well as £0.505m to support the Washington and Houghton libraries in 2023/2024. In addition, £0.330m grant has been awarded from the Changing Places Fund to improve / provide disabled toilet facilities at 7 locations across the city during 2022/2023.
Other Projects	8,385	(40)	(12)	0	8,333	Minor fully funded variations.
Total Cabinet Secretary	25,859	(4,571)	(466)	0	20,822	

Portfolio / Project	Latest Budget 2022/2023 £'000	Reprofiling of Expenditure 2022/2023 £'000	Additional Schemes and Cost Variations to Existing Projects 2022/2023 £'000	Technical Adjustments 2022/2023 £'000	Revised Budget 2022/2023 £'000	Comment
Children, Learning & Skills						
Children's Residential Homes	1,063	(761)	0	0	302	Due to delays in the purchasing of Maple Cottage and securing the rental agreement for Claremont terrace (the Edge of Care Accommodation being delivered through the rental market), both are not expected to be open until late 2022, and the time required to secure these properties, it is not feasible to purchase a further property in the current financial year. Focus has therefore been on the delivery and opening of the two properties resulting in £0.761m of the 2022/2023 budget to be reprofiled into 2023/2024. There are considerable challenges in accommodating children and young people, and it is anticipated that this capital funding in 2023/2024 will provide us with the opportunity to look to develop further accommodation that would benefit children and young people.
Harry Watts Academy – Harraton	414	0	327	0	741	Following a condition survey there is a need for additional remedial works to the roof to the Harry Watts Academy satellite site at Harraton. In addition, there is to be alterations to one of the ancillary blocks to create additional teaching space and enable community use. Whilst this won't provide additional class space it will enable a previously unusable block on the site to be developed and incorporated into the curriculum and provide a breakout space and additional specialist resource that hadn't previously been able to be accommodated in the other two blocks. The total cost of £0.327m is to be funded from S106 developer funding.
Other Projects	26,267	0	(3)	0	26,264	Minor fully funded variations.
Total Children, Learning & Skills	27,744	(761)	324	0	27,307	

Portfolio / Project	Latest Budget 2022/2023 £'000	Reprofiling of Expenditure 2022/2023 £'000	Additional Schemes and Cost Variations to Existing Projects 2022/2023 £'000	Technical Adjustments 2022/2023 £'000	Revised Budget 2022/2023 £'000	Comment
Dynamic City						
Willowfield Supported Housing Village	12,954	(12,500)	0	0	454	The planned Supported Housing Village at Willowfield is currently on hold pending further consideration to the required outcomes to meet the service needs since approved, resulting in £12.5m of the 2022/2023 budget to be reprofiled into next year.
Housing Delivery Investment Plan	11,500	(1,600)	0	0	9,900	<p>The delivery to meet the planned outcomes of the Housing Delivery Investment Plan continues with over £12m invested to August 2022 into new bungalows and bringing empty properties into use.</p> <p>Developments continue including an additional 9 Bungalows at the Cork Street development due for completion by end of October 2022; the Old Mill Road development which has 11 two-bedroom bungalows, and 5 three-bedroom houses is due to complete by January 2023; and James William Street Supported Accommodation for complex needs (12 one bed flats) which has started on site and due for completion July 2023.</p> <p>However, £1.6m is required to be reprofiled from 2022/2023 into 2023/2024. In the main this relates to:-</p> <ul style="list-style-type: none"> - Washington Old School conversion which will deliver 15 supported units. The original completion was due March 2023 but has been delayed due to a major gas line on the site boundary not being identified on the utilities searches which has then required a diversion. The completion is now expected to be May 2023. - Purchase and Repair project. Funding bids from Department for Levelling Up, Homes and Communities have been successful to support 65 properties. However, there will be less activity than anticipated in current year due to properties not being available to purchase. To date, 53 properties have been purchased to August 2022 with a further 3 acquisitions in progress.

Portfolio / Project	Latest Budget 2022/2023 £'000	Reprofiling of Expenditure 2022/2023 £'000	Additional Schemes and Cost Variations to Existing Projects 2022/2023 £'000	Technical Adjustments 2022/2023 £'000	Revised Budget 2022/2023 £'000	Comment
Hetton Downs Development Phase 2	1,081	(1,000)	0	0	81	This project is to support housing and community regeneration in Edward & Fairy Street, Hetton Downs, and is under review with a steering group set up following recent informal resident liaison. A further feasibility study is to be carried out by consultants and project initiation scheduled for 2023/2024 as well as seeking a further appraisal of the stock as the properties continue to decline. A budget of £1.000m is to be reprofiled from 2022/2023 to 2023/2024 to align to current expected timescales.
Inspiring Futures Programme - Homelessness Services and Accommodation	1,574	(883)	0	0	691	The Inspiring Futures Programme will provide accommodation and support for those who are homeless, have complex needs and require support to move forward with their lives towards independent living. There has been one property acquired for homelessness and a further four identified where funding has been confirmed to support the developments under the Rough Sleeping Accommodation Programme from Department for Levelling Up, Homes and Communities (DLUHC). There continues to be difficulty sourcing suitable locations resulting in £0.883m budget to be reprofiled from 2022/2023 into 2023/2024. Suitable locations continue to be explored, with one site currently identified but is within its early stages of the project for viability. Once secured, funding from DLUHC will be requested to support the developments.
Northern Spire Park	9,422	(9,172)	0	0	250	Given the scale and complexity of this strategic development site, and the requirement for significant third-party grant support, the Council is working with partners to carefully consider the most appropriate delivery model. This extended feasibility work is due to be concluded in Q3 2022/2023 and has resulted in £9.172m being reprofiled into future years.

Portfolio / Project	Latest Budget 2022/2023 £'000	Reprofiling of Expenditure 2022/2023 £'000	Additional Schemes and Cost Variations to Existing Projects 2022/2023 £'000	Technical Adjustments 2022/2023 £'000	Revised Budget 2022/2023 £'000	Comment
Housing Other Sites	2,477	(2,060)	0	0	417	Following a detailed option appraisal, the Council is progressing the disposal and development of a small number of residential development sites that will deliver a mix of affordable, market sale and self-build residential units across the city. Given the buoyancy of the housing development market and constraints identified on some of the target sites capital costs have increased from £3.999m to £6.591m. This variation is funded by a Brownfield Land Release Fund grant of £0.7m and an additional £1.892m of capital receipts. To reflect the revised delivery strategy £2.060m of the 2022/2023 budget will be reprofiled into 2023/2024 alongside the new funding.
Vaux Housing	15,896	(1,275)	0	0	14,621	The development of high quality, energy efficient, low carbon homes on the former Vaux Brewery site. Following a programme of enabling works and design rationalisation to address inflationary cost pressures and incorporate the Home of 2030 design competition winning entries, the construction contract was executed with Tolent Living Limited in Q2 2022/2023. Construction work is progressing on site and the first units are due to be complete in Q3 2022/2023 with the whole development due to be complete in Q1 2024/2025. To reflect the revised programme of works, £1.275m is to be re-profiled from 2022/2023 into future years.
City of Sunderland Arena	10,548	(8,798)	0	0	1,750	The proposed development of an Arena on the former Crowtree Leisure site. Work continues to consider the options for the redevelopment of the former Crowtree Leisure Centre site considering the latest economic environment of increasing borrowing rates, construction inflation costs and energy cost increases. These issues continue to affect viability of projects therefore further optioneering is required to consider development opportunities. Land assembly negotiations are advancing however the complexity of the negotiations means acquisitions are delayed resulting in enabling works to be reprofiled to 2023/2024 and a budget of £8.798m to be reprofiled to future years.

Portfolio / Project	Latest Budget 2022/2023 £'000	Reprofiling of Expenditure 2022/2023 £'000	Additional Schemes and Cost Variations to Existing Projects 2022/2023 £'000	Technical Adjustments 2022/2023 £'000	Revised Budget 2022/2023 £'000	Comment
Strategic Acquisitions and Developments	20,278	(8,000)	417	0	12,695	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, £8.000m is to be reprofiled from 2022/2023 into 2023/2024 and 2024/2025. Additional third-party funding of £0.417m has been secured from Gentoo Group to support the fit-out of its facility within City Hall.
HICSA (Housing Innovation Construction & Skills Academy)	10,160	(7,118)	0	0	3,042	The HICSA project received planning approval on 28th March 2022. Following a competitive tender exercise Tolent Construction Limited has recently been appointed as preferred contractor for the development via a Pre-Construction Services Agreement. Construction works are due to commence in Q4 2022/2023 following conclusion of the technical design and determination of the contract sum, and the building is due to be practically complete in Q4 2023/2024. £7.118m 2022/2023 budget is to be reprofiled into 2023/2024 to align to revised timescales.
Sunniside Regeneration (Nile & Villiers Street)	5,997	(4,997)	0	0	1,000	The planned development of a Living Arts Hub in Nile & Villiers Street. £4.7m of grant support was secured from the Levelling Up Fund and work has commenced to refurbish the heritage building in the north-east corner of the development area and existing Council owned properties on Nile Street. There has been limited third-party investor interest in the new-build element of the scheme and the Council has been assessing a range of delivery options to secure project delivery. As a result, £4.997m of the 2022/2023 budget is to be reprofiled into future years to align with the expected development timetable.

Portfolio / Project	Latest Budget 2022/2023 £'000	Reprofiling of Expenditure 2022/2023 £'000	Additional Schemes and Cost Variations to Existing Projects 2022/2023 £'000	Technical Adjustments 2022/2023 £'000	Revised Budget 2022/2023 £'000	Comment
Seaton Lane Junction Imps – Durham CC	4,812	(2,133)	0	0	2,679	Junction improvement construction works to Seaton Lane are to be delivered by Durham County Council. The main works were scheduled to commence August 2022 however, delays in acquiring land required for these works has delayed start to these works to Q1 2023. As a result, £2.133m budget is to be reprofiled from 2022/2023 to 2023/2024, and due for completion end of that financial year.
A183 Whitburn Road Two-Way Cycle Lane	1,182	0	550	0	1,732	The development of the 2-way segregated on-road cycle lane on A183 Whitburn Road started construction in September 2022. This is funded by £1.125m from the Government's Active Travel Fund with £0.125m Council match funding. However, the latest cost estimates have risen since the bid for funding was submitted and are currently £1.8m. The difference of £0.550m is initially all proposed to be met from the current Local Transport Plan (LTP) grant allocation currently in the Integrated Transport project budget, however, further external funding is to be sought from the Department of Transport to seek to minimise the commitment against the LTP.
Integrated Transport	1,690	0	(550)	0	1,140	Following the reallocation of £0.550m to support the A183 Whitburn Road Two-Way Cycle Lane project the revised budget in 2022/2023 for Integrated Transport is £2.233m.
Seaburn Public Realm	1,799	(585)	0	0	1,214	Work to Ocean Park frontage at Seaburn is due to complete by end of October 2022. The installation of replacement equipment for the play park in Cut-Throat Dene is expected to start in 2023/2024 following planning and procurement, resulting in £0.585m to be reprofiled from 2022/2023 into that year.

Portfolio / Project	Latest Budget 2022/2023 £'000	Reprofiling of Expenditure 2022/2023 £'000	Additional Schemes and Cost Variations to Existing Projects 2022/2023 £'000	Technical Adjustments 2022/2023 £'000	Revised Budget 2022/2023 £'000	Comment
Heritage Action Zone (HAZ) Partnership Grant Scheme	419	0	200	0	619	The HAZ project includes planned repair, restoration and enhancement of the Elephant Tea Rooms, primarily funded from grants. Upon completion of the tender exercise to deliver these works it became clear that the cost was above the funding allocated, due to industry-wide construction inflation. Options to "value engineer" have been considered to reduce this cost but would be detrimental to the expected outcomes of the restoration scheme. It is therefore proposed to utilise £0.200m within the current approved capital programme allocated for the Planned Property Capital Maintenance budget to support these works
Dilapidations of Unit 6, IAMP	2,200	0	(233)	0	1,967	In March 2022 Cabinet approved a programme of dilapidation works at Unit 6, IAMP, to reinstate the facility to its original design following termination of the NHS's tenancy. Following a competitive tender process Tolent Construction Limited was appointed to complete the dilapidation works. Works are progressing on site and are due to be complete in Q3 2022/2023. The agreed contract sum is £1.967m which generates a £0.233m saving against the budget estimate of £2.2m. These costs are fully funded by the NHS so any saving is also to their benefit.
Sunderland Seafront Trust - CCF Round 5	378	0	80	0	458	Part of the works to be delivered by the Sunderland Seafront Trust project is to transform the listed Tram Shelter at Seaburn into a new delicatessen. However, due to the building's listed status – which was listed by Historic England since funding was secured - and construction inflation, there is a funding gap to deliver the planned works that will be undertaken by the tenant. It is proposed that this is met with £0.025m from the current Planned Property Capital Maintenance budget for roof repairs, £0.055m from additional available Council resources and £0.070m from the tenant.

Portfolio / Project	Latest Budget 2022/2023 £'000	Reprofiling of Expenditure 2022/2023 £'000	Additional Schemes and Cost Variations to Existing Projects 2022/2023 £'000	Technical Adjustments 2022/2023 £'000	Revised Budget 2022/2023 £'000	Comment
New Dykelands Road Car Park	89	0	(87)	0	2	The new 93 space car park at Dykelands Road to service the seafront area has completed with a saving of £0.087m against the allocated budget.
Sheepfolds Car Park	0	0	87	0	87	It is proposed to deliver a new car park on a long-term empty derelict site in the Sheepfolds Area. The £0.087m saved from the Dykeland Car Park project will be allocated to fund tarmacking and bay marking. The creation of the 50-space car park in the area will assist with match day parking and deliver revenue income to the Council. Works are expected to start October 2022 and complete before this Christmas.
Other Projects	86,359	0	13	0	86,372	Minor fully funded variations.
Total Dynamic City	200,815	(60,121)	477	0	141,171	
Healthy City						
Day Centre Transformation & Improvement	1,970	(1,470)	0	0	500	Following design works for the Day Centre Transformation Programme, indicative cost estimates make the current proposal prohibitive. Options are therefore under consideration and to be consulted upon. The timelines for the project have therefore slipped and £1.470m of the 2022/2023 budget is to be reprofiled into future years.

Portfolio / Project	Latest Budget 2022/2023 £'000	Reprofiling of Expenditure 2022/2023 £'000	Additional Schemes and Cost Variations to Existing Projects 2022/2023 £'000	Technical Adjustments 2022/2023 £'000	Revised Budget 2022/2023 £'000	Comment
Learning Disabilities Out of Hospital Community Provision	724	(553)	0	0	171	<p>This project is to support accommodation tailored solutions to ensure that people with a learning disability and/or autism in hospital who could be supported in the community are discharged into a community setting as soon as possible and to prevent inappropriate admissions, and longer-term work to reshape the provision of care and support services.</p> <p>A total of £0.553m budget is to be reprofiled from 2022/2023 into 2023/2024 due to:</p> <ul style="list-style-type: none"> - The Department for Levelling Up, Homes and Communities are undertaking a consultation under the heading "Social housing rents". This consultation seeks views on a new Direction from the Secretary of State to the Regulator of Social Housing in relation to social housing rent policy. It focuses on the introduction of a rent ceiling from 1 April 2023 to 31 March 2024, which would act as an upper limit on the maximum amount by which Registered Providers of social housing can increase rents in that year. This has delayed a feasibility study at Doric View on developing this into 3 units from a 6-bed unit. - Further properties have been identified 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 that is still ongoing around each individual's identified specific accommodation requirement which will include bespoke adaptations, fixtures and fittings which needs to be matched against the properties included within the scope.
Other Projects	6,445	0	12	0	6,457	Minor fully funded variations.
Total Healthy City	9,139	(2,023)	12	0	7,128	No Variances.

Portfolio / Project	Latest Budget 2022/2023 £'000	Reprofiling of Expenditure 2022/2023 £'000	Additional Schemes and Cost Variations to Existing Projects 2022/2023 £'000	Technical Adjustments 2022/2023 £'000	Revised Budget 2022/2023 £'000	Comment
Vibrant City						
Culture House	11,953	(8,693)	0	0	3,260	The Culture House project continues at pace with site enabling works progressing and due to complete in 2022/2023. However, increasing construction inflation costs, statutory utility constraints and changes to design guidance on fire safety has resulted in the requirement to redesign the building. As a consequence, a new planning application is required which will delay construction commencement to next year, necessitating £8.693m to be reprofiled into future years
Digitisation of Local History & Library Collections	450	(300)	0	0	150	The digitisation of local history & library collections has been delayed due to resourcing issues. Following the award of the contract in Summer 2022 this is now progressing, although £0.300m is to be reprofiled into 2023/2024 aligned to delivery timelines.
Modernising Libraries (Washington and Houghton Libraries)	300	(300)	0	0	0	Following the outcome of surveys at the libraries at Washington and Houghton, it has been confirmed that the extent of the work required is greater than originally anticipated, with a cost estimate of £1.050m against the approved £0.500m budget. It is proposed to fund these further works from the approved Planned Property Capital Maintenance budget in 2023/2024. Further to this, a funding bid to the Arts Council is due to be submitted to seek funding for Tech Labs at both these libraries – outcome expected February 2023. The 2022/2023 budget of £0.300m is therefore to be reprofiled into 2023/2024 to align to revised programme timescales, with works expected to be delivered in that year.

Portfolio / Project	Latest Budget 2022/2023 £'000	Reprofiling of Expenditure 2022/2023 £'000	Additional Schemes and Cost Variations to Existing Projects 2022/2023 £'000	Technical Adjustments 2022/2023 £'000	Revised Budget 2022/2023 £'000	Comment
Washington F Pit Heritage Visitor Centre and Albany Park Improvements	323	(283)	0	0	40	The feasibility study of the improvements to the F-Pit Heritage Visitor Centre at Washington is complete. It is expected that the design of the new centre will commence later in 2022/2023 and complete a year later, with construction to commence thereafter and scheduled to complete mid-2025. The budget will therefore be reprofiled to align to this revised programme, including £0.283m to be reprofiled from 2022/2023.
Sunderland Museum, Winter Gardens and Redevelopment	577	(269)	0	0	308	A phase one National Lottery Heritage Fund bid to contribute to the redevelopment of the Sunderland Museum, Winter Gardens was submitted August 2022, with a decision expected in December 2022. Further investigatory and development work will continue in 2022/2023 in preparation for approval to start the development phase in March 2023, with £0.269m budget to be reprofiled from into 2023/2024 to align to latest expected project timescales.
Arts Centre Washington Refurbishment	200	(100)	0	0	100	The planned investment to the Arts Centre Washington is progressing with contract award expected by end of 2022, and capital works to commence January 2023. However, £0.1m budget is to be reprofiled into 2023/2024 to align to current project timescales.
Festival of Light	150	0	0	(150)	0	The refresh of the lighting offer for the Festival of Light in 2022/2023 has been provided by hiring rather than purchasing lights and equipment. The £0.150m funding provided for this in the Capital Programme will therefore be used to support those revenue costs.
Other Projects	2,362	0	27	0	2,389	Minor fully funded variations.
Total Vibrant City	16,315	(9,945)	27	(150)	6,247	
TOTAL CAPITAL PROGRAMME	343,596	(104,394)	737	(150)	239,789	