

Highlight Report from the Capital and Growth Board on Capital Programme Monitoring

1 Introduction

This highlight report summarises the performance against the Council's Capital Programme and is intended to provide the Council's Cabinet and Senior Leadership Team (SLT) with an overview of the capital projects with a focus on those which have been identified as priorities and where there are higher risks.

The Capital and Growth Board (CGB) meet monthly to provide oversight and strategic management of the council's corporate capital programme. Many capital projects have a specific project board, which is responsible for the more detailed delivery of the scheme. This report highlights those schemes that are of concern or particular interest, as well as those given a particular priority by the administration.

2 Key issues

2.1 Market conditions and inflation

The current market conditions are causing significant delays and extensive cost increases leading to significant viability issues across much of the capital programme which is reflected within a majority of the projects listed below within section 4. Individual project teams are addressing respective cost and budget issues and where appropriate are providing enhanced options appraisals for initial consideration from the CGB.

2.2 Resourcing

Torbay Council project delivery teams are facing internal resourcing constraints which is affecting the speed in which we are able to deliver projects and react to issues. The issue is principally brought about by the size of the capital programme and the complexity of the schemes which are included in the programme. To address this there has been a prioritisation of schemes to ensure schedules are maintained on key projects. The organisational capacity to deliver is also being reviewed alongside the processes and systems we are using for programme governance which is covered below.

2.3 Programme governance improvements

There has been a focus this quarter on refining the process of how and when new business cases are generated and new templates are about to be brought into use which will inform project options going forward.

We are proposing a 3 tiered approach to projects in line with the government commercial Green Book methodology which breaks projects down into three tiers. Tier 1 projects will be defined as low risk and value (<£250k), Tier 2 being medium risk and value (£250k-£2M) and Tier 3 being more complex, high risk and higher value (£2M+).

Low and medium tier projects will have a single stage business case which will be refreshed and reviewed at key project approval stages and for more complex or high value projects we will have a 3 stage business case which will follow the development of:

- Strategic Outline Case (SoC) – Approval to start a project and develop a preferred option (design, planning etc).
- Outline Business Case (OBC) – Approval to proceed through a formal procurement based on a preferred option.
- Full Business Case (FBC) - Approval to contract and deliver the preferred option.

The new project and business case templates have been reviewed by legal, finance and also procurement as part of their transforming procurement workflow, to align projects with the procurement process in a more effective way.

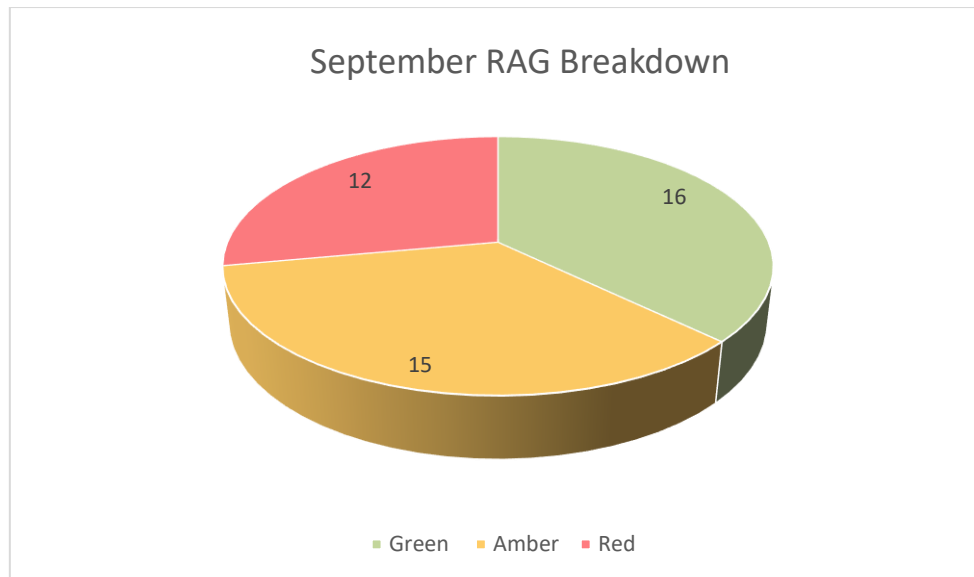
The next steps will be to formalise the approvals process in which the business cases will be used as well as the wider project approach and governance.

Content for a new projects process guide has been drafted and is now with the web team to produce a draft guide which can be tested before being presented as a final approach to CGB/SLT and members. Aiming to complete by late November / early December but begin working to the principles that are proposed from this point forward. The CGB will be the custodians of the process and will be responsible for a consistent application of this methodology.

2.4 Capital programme RAG breakdown

The Capital Programme monitoring through the Capital & Growth Board has now been reduced to omit the business-as-usual projects (approved programme of works for schools, highways, generic budgets etc) as well as the small projects which fall in line with what we will consider to be Tier 1 projects (Low cost £0-250K and low risk). These smaller projects will be on a report by exception basis and will not be captured monthly unless the respective Project Manager wishes it to be reviewed by CGB that month.

Applying the above reductions has enabled us to consolidate our scope of oversight from 82 projects down to a more manageable 43 active projects. The breakdown of the overall RAG of these projects are detailed in the graph below.



The red assessed projects include some of the projects within the Towns Fund programme (Torquay Town Deal and Paignton Future High Streets) such as Torquay Strand/Debenhams, Pavilion and Crossways. In the case of Debenhams and Crossways there are planning consents however costs have escalated to a degree which presents viability challenges. Other red assessed projects include the Harbour View hotel scheme owing to the challenges created by the financial failure of the initial contractor (Midas) and also Torre Marine where again cost escalation means that funding and delivery options are being retested.

3 Emerging issues

3.1 Reports reviewed this month

Torquay Harbour Public realm

The options paper for this scheme was reviewed again this month focusing on 2 new options which focused on mitigating the issues which were of concern in the previous C&G Board review.

Option 8 included a full scheme of works across 5 phases, culminating in a 46wks overall programme. There were concerns over highway and cost implications of this option.

Option 9 presented a slightly reduced scope of works with an improved programme but closer to the anticipated available funding.

Following the review it was provisionally agreed to proceed with option 9 but to seek improvements to address outstanding concerns on programme and phasing.

3.2 Timetable of reports

The below table outlines the reports expected into Capital Growth Board in the upcoming months.

Project	Description	Expected date
Crossways	Strategic Outline Case – options review	October CGB
St Kilda	Full Business Case	November CGB
Electronics, Photonics production park	Options paper for land acquisition	October CGB
Debenhams	Strategic Outline Case – options review	November CGB
Solar Farm – Nightingale	Outline Business Case	December CGB