

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

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Reporting Period

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1 Introduction

This highlight report summarises the performance against the Council's Capital Programme, and it 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.

2 Key issues

2.1 Market conditions and inflation

The current market conditions are causing significant delays and extensive cost increases leading to viability issues across several key schemes within the capital programme. Individual project teams are addressing respective cost and budget issues and, where appropriate, are providing enhanced options appraisals for initial consideration from the CGB. The regeneration partner, Willmott Dixon with Milligan, has also been brought in to support delivery on the critical town centre schemes in the Town Deal and Future High Street Fund.

2.2 Construction market instability

It has been reported to the CGB that the construction market continues to be very volatile and several suppliers within the market, including market leads such as Brady, have recently gone into administration. This could pose a significant risk to current and future projects. To mitigate this, we will be scrutinising contractors and their financial stability more rigorously through our procurement process and will be seeking to include relevant contractual provisions and insurances to mitigate against a supplier collapse during our project's delivery phase.

2.3 Project resource constraints

As part of the enhanced project rigour and control being applied to all capital projects, some projects which have previously been held under sponsor oversight are now being identified as requiring formal project boards, monthly highlight reporting and gateway business case development. This enhanced control will have a resource impact on the project and development management team. It is expected that we will have some clashes for resource across projects and may need to prioritise workloads.

The regeneration partner should ease this burden on several of our larger capital schemes such as Crossways, Union Square, Debenhams, and Victoria centre additionally TDA is actively recruiting into vacant PM/DM roles.

3 Capital programme overview.

3.1 Programme governance improvements.

The internal project governance for all Tier 1,2 and 3 projects has been agreed during this month CGB which sets out the process which the CGB will manage the projects within the capital programme. It is expected that a Project Initiation document (PID) will function as an initial gateway and until this is approved a project will not be added to the Capital Programme.

Following this, as part of the project budget setting and internal approval process, every project will need to submit business cases in order to progress to the next stage and unlock the required budget for that phase.

Initial approval for the whole project scope and funding will still have to go through Cabinet / Council at some point as it always has, but the internal gateways monitored at CGB have been added as an extra control measure for projects.

The process for the Tier 3 projects (as an example) is mapped out in Appendix A -

3.2 Capital programme re-baseline.

We have completed an exercise with individual project leads to identify at what stage each our active projects are at in line with the new internal governance and approvals process and a spending threshold has been set for each project for that stage.

The capital plan now captures the profiled forecast for spend in line with the approved in phase budget.

3.3 Capital RAG breakdown.

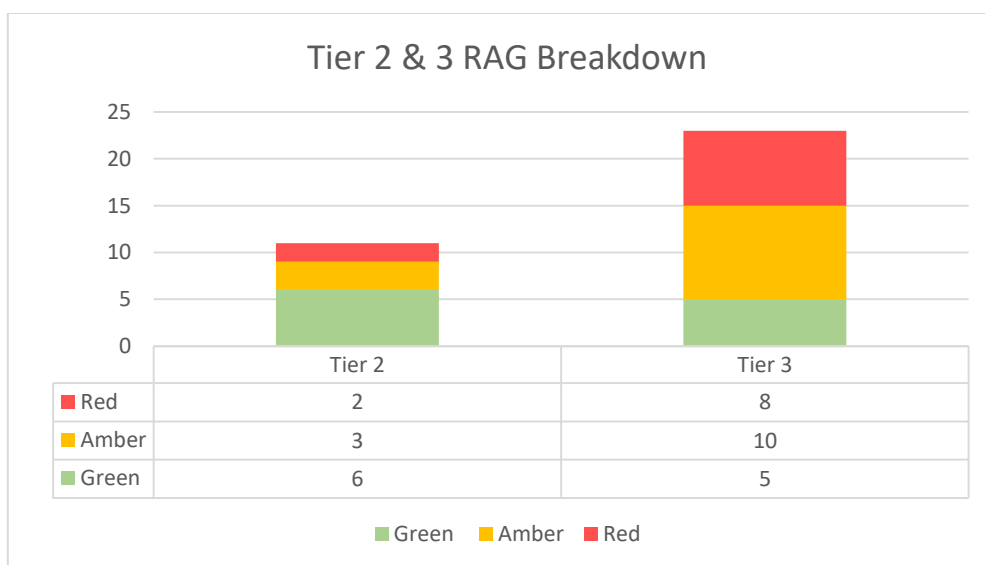
The table below show the trend in overall RAG rating for all Tier 1,2 and 3 projects over the last 6 months.

	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24
Green	17	18	15	15	15	14
Amber	15	10	15	15	15	16
Red	12	12	10	10	10	10
Total	44	40	40	40	40	40

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 £25-250K and low risk).

The smaller Tier 1 projects will be on a report by exception basis and will not be captured monthly unless the respective PM wishes it to be reviewed by CGB that month.

The below graph outlines the RAG rating for the Tier 2 and 3 projects which are revied at CGB.



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

Project	Description	Expected date
Acorn Centre	Strategic Outline Case	March CGB
Torre Abbey Phase 3 regen	Strategic Outline Case	March CGB
Temporary Accommodation	Lessons Learned	April CGB
Paignton Coastal Defence Scheme	Outline Business Case	April CGB
FHSF Station Square	Full Business Case	April CGB
FHSF Torbay Road	Outline Business Case	April CGB
Debenhams	Strategic Outline Case	April CGB
Lymington Road	Lessons Learned	April CGB
Paignton Academy STEPS	Full Business Case	May CGB
Torre Marine ECH	Full Business Case	May CGB
Torquay Flood Alleviation	Strategic Outline Case	May CGB
Paignton Flood Alleviation	Strategic Outline Case	May CGB
Brixham Flood Alleviation	Strategic Outline Case	May CGB
Pavilion	Strategic Outline Case	May CGB
Union Square (phase 1)	Strategic Outline Case	May CGB

4 Capital programme RAG summary.

Below are the projects reviewed within the capital growth board, rated as medium risk (amber) or high risk (red) or nominated as cabinet priority projects. Low risk or "Green" projects are not captured within the list as they are considered on track for delivery and within budget.

Project name	Project Schedule	Project Budget	Project Risk / Issues	Current Status / Comments
Crossways, Paignton - Regen and Extra Care Hsg	R	R	R	<p>Demolition works expected completion late February / early March 2024. there will be post demolition works to complete, these are party wall works to adjacent properties and the NGED substation. Demolition budget set at £1.6m. Cost to date roughly £1.5m with more works to come. Potential risk of overspend on the demolition.</p> <p>The project is expected to be reset. Awaiting regen partner to be established to begin working up a viable solution.</p>
Extra Care Housing (Torre Marine)	R	R	R	<p>Stage 1 procurement concluded end of August, a preferred contractor has been identified and is currently going through due diligence to enable us to move into a stage 2 design agreement with them. The procurement methods are to be reviewed to test if the results yield best value for money and whether the works need to be reprocured.</p> <p>Indicative costs are £20.5m build contract.</p> <p>Expected to come to CGB in May for either an OBC to re-procure or FBC approve the current identified supplier.</p> <p>The transfer of land from TVH to TC is also still under review as to the best way to approach. Specialist legal advice has been sought on the most cost efficient and compliant way to proceed.</p>
Tor Vista Homes Preston Down Road	R	G	G	<p>A draft S106 is in circulation for signing. Once signed the planning application will be granted. This is with Legal.</p> <p>The transfer of land from TVH to TC is also still under review as to the best way to approach. Specialist legal advice has been sought on the most cost efficient and compliant way to proceed.</p>

Project name	Project Schedule	Project Budget	Project Risk / Issues	Current Status / Comments
St Kilda's - 23 affordable homes	A	A	A	<p>Scheme presented to CGB and now to be presented to Cabinet and Full Council</p> <p>Key risk relates to insurance requirements to make the building secure. To address this demolition is due to take place ahead of the main work however this is subject to securing a bat licence from Natural England. If this is not obtained, then demo will be delayed until June.</p> <p>Mitigation around the liability is to review the reinstatement element of the insurance and remove it. There is also additional works needed to ensure the building is secure to prevent any access.</p> <p>The transfer of land from TVH to TC is also still under review as to the best way to approach. Specialist legal advice has been sought on the most cost efficient and compliant way to proceed.</p>
Edginswell Station	R	R	R	<p>The change paper)to request funding additional to the current NSF3 award, to cover the funding gap:</p> <ul style="list-style-type: none"> - was submitted November 29th 2023 - Dec '23 DfT decision that additional funding request was unsuccessful - Client team reviewing feasibility of options and way forward including reducing NR costs and increasing TC funding <p>However, as of w/ c 22-Jan-24 following dialogue with the Rail Minister there is now a strong political sense of direction and drive to achieve a May-24 start.</p> <p>There are key workstreams that will need to be 'driven' to achieve this date including:</p> <ul style="list-style-type: none"> - Ecology risks to programme (and costs) - Submission & granting of dormice and badger licences -Sainsburys allow access and transfer the land as required to meet the programme
Flood Alleviation - Cockington	R	G	A	<p>All works have now been agreed and the listed building planning application was submitted in December 2023. Once approval has been received the contractor will provide a date for the installation works. As we cannot carry out the works until planning approval the installation works may not be completed until June 2024.</p>
Flood Alleviation - Monksbridge	R	G	A	<p>Property surveys are continuing, and discussions are commencing with the residents. As the original EA Framework has been closed down, we will have to use the new EA PFR Framework to carry out the installation works.</p> <p>This Framework does not commence until next calendar year. As a result, works will continue into 2024/25.</p> <p>Some residents have declined the surveys and do not want PFR measures installed. 9 properties have received the surveys, and we are awaiting their approval before appointing a contractor off the new EA PFR Framework. Scheme will not be completed until later in 2024/25 financial year.</p>

Project name	Project Schedule	Project Budget	Project Risk / Issues	Current Status / Comments
Paignton Coastal Defence Scheme	A	R	A	<p>Draft update to outline business case submitted to EA before Christmas. Meeting arranged with EA on 5th Feb to discuss this and agree everything they need to be submitted with the application for additional grant in aid funding. Works progressing on securing partnership funding through Levelling Up Partnership.</p> <p>Draft update to business case submitted to EA in support of additional grant in aid funding (total EA funding would be in region of £10m if approved).</p> <p>In addition, discussions are continuing on additional partnership funding through the Levelling Up Partnership (total funding from levelling up partnership approximately £7m).</p> <p>CGB to review the budget required to progress the designs.</p>
Haldon & Princess Pier	A	G	A	<p>Underwater surveys have been carried out and some intrusive investigation to take place. Once all surveys have been completed, business case will be produced and submitted to the EA in November 2023.</p> <p>Delay in procuring the site investigation works. These will not be carried out until next calendar year. EA have confirmed that funding for this scheme has been delayed within the capital programme refresh with no grant in aid funding being available until 2025/26.</p> <p>Delay in producing the business case will not therefore cause any issues with securing the grant in aid funding for these works. Procurement of site investigation works still taking place. Outline business case will not be produced until later next financial year.</p>
Torquay Town Deal - Union Square Ph.1	A	G	R	<p>Torbay Council is in receipt of £11,042,500 Town Deal grant from DLUHC to facilitate the redevelopment of Union Square. To date £4.820m has been paid.</p> <p>The acquisition of Nos. 67 & 69 is now progressing with terms close to being agreed on 71 Union Street. Feasibility report received Sept 23.</p> <p>Project handover from TDA to WDM has now occurred including transfer of the significant risk register and CPO workstreams.</p>

Project name	Project Schedule	Project Budget	Project Risk / Issues	Current Status / Comments
Torquay Town Deal - Strand Land Assembly & Demo (Debenhams)	A	R	R	<p>The asbestos works were completed as planned. The demolition tender process took longer than anticipated but is now complete and Wrings Demolition were successful. Preliminary planning and desktop activities are in progress, work on site is due to commence April 2024.</p> <p>Significant risk - Party wall agreements/awards may impact upon the commencement of demolition. Carrying out the Harbour Public Realm works, and Debenhams demolition carries risk of disruption to /both schemes. This is being managed with close communication between both contractors.</p> <p>The demolition and Asbestos contract is expected to cost circa £1m. There are additional TDA fees, party wall award and miscellaneous items to consider. Overall budget in the realms of £1.3m (to be reviewed and confirmed). This is supported purely by borrowing.</p> <p>Full Scheme options to follow once the Regeneration Partner is established.</p>
Torquay Town Deal - Harbour Public Realm	A	R	A	<p>Torbay Council has entered into a Letter of Intent with Montel Civil Engineering for Phase 1 and early-stage Phase 2 works. The current programme for the main works is scheduled to begin 5 February 2024. Delays occurred due to the lead-in period, discovery of tram lines on Victoria Parade and assessment of the services by the utility providers (5 weeks delay) however works are currently on track.</p> <p>Additional construction design information has been issued which will allow Montel to firm up the price and programme prior to entering into Contract. In this interim period, an extension to the Lol has been issued.</p> <p>Confirmed budget for the scheme is currently £2.506 million. There is an estimated funding shortfall of £1.95m. A Project Adjustment Request is being submitted to DLUHC so that £2 million can be vired from within the TD Programme (Edginswell, pending approvals form DLUHC).</p>
Torquay Town Deal - Pavilion	R	R	R	<p>Further condition/ opening up works are under consideration. A request for permission / licence from MDL to allow us to do the works is being progressed prior to conclusions of negotiations.</p> <p>Should the results of the opening up works reveal a greater extent of remedial works which exceed the current cost forecast, the council may wish to revisit the current draft surrender lease.</p> <p>Opening up works package for a value of up to £300k (agreed at project board level) to be scoped and procured. Contractor procurement strategy is being discussed with the procurement team.</p> <p>In the period, we have met with national lottery heritage who has confirmed that an application for funding to support the opening up works could amount to a grant in the amount of £100k. On receipt of application 9 weeks to determine.</p>

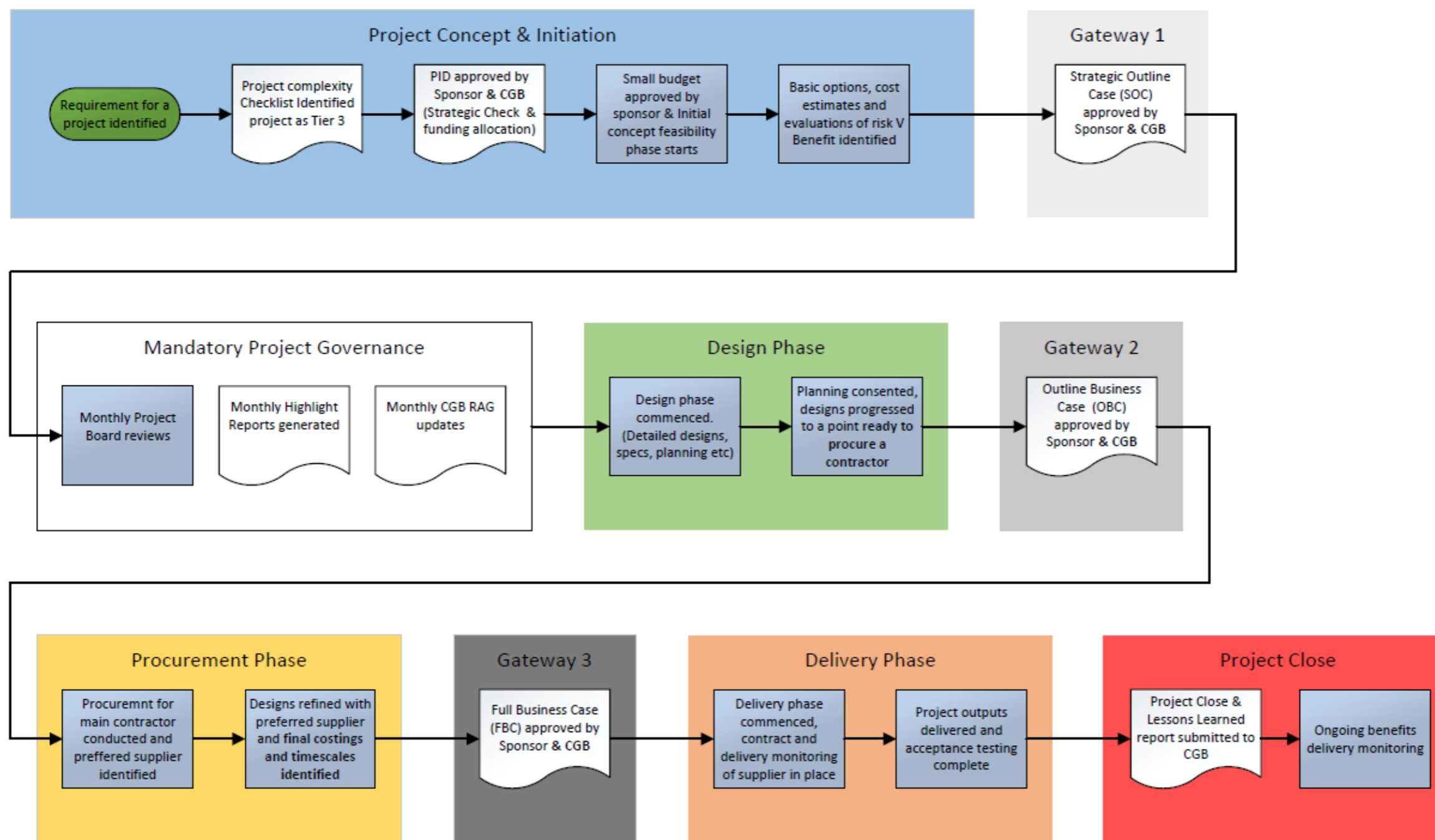
Project name	Project Schedule	Project Budget	Project Risk / Issues	Current Status / Comments
Torquay Town Deal - Core Area Public Realm	R	R	R	<p>The tender has been produced in order to meet the existing budget (£600k), however the latest estimate of the final bill of quantities is higher than expected at £800 - £850k. The first stage of the market engagement will allow us to confirm if the budget estimates are accurate. Formal tenders can be sent out if there is funding available to construct the scheme.</p> <p>Waiver in progress to continue with the procurement, expecting to go out to market in Feb and 1st stage this is likely to take 3 -4 weeks.</p> <p>Risk that the cost for the construction will make the project unviable within its current budget. This will either require additional funding, significant descoping or if we cancel the project, will incur abortive costs.</p>
Paignton Future High Streets Fund - Torbay Road	R	R	R	<p>The bedding in period for the consultation of the new scheme concludes on 23rd Feb. Following this the designs need to be worked up to produce a bill of Quantities which can be passed onto the preferred supplier from the station square procurement.</p> <p>Around 6 months is likely to be needed to progress the permanent scheme design, construction and tender information which will allow us sufficient time to get into Contract before the end September deadline in accordance with the FHSF funding condition (the extension of time is awaiting approval).</p> <p>This means design work needs to commence from end February / early March. If it is not, then there is a significant risk that the funding conditions will not be met.</p>
Paignton Future High Streets Fund - Station Square	A	A	R	<p>The tender (for the fully pedestrianised scheme) is due out 9 February.</p> <p>Revised Stage 3 design (reflecting the Torbay Road / level crossing layout) is complete, awaiting approval in principle from Network Rail prior to committing Stage 4 design (pending Council approval).</p> <p>An extension of time relating to the grant condition to spend by March 2024 has been requested and is pending approval from DLUHC. Contractual arrangements must be in place by 30 September 2024, with delivery (spend of the FHSF Grant) within financial year 23/24), i.e. by 31 March 2025.</p> <p>Construction could potentially start from early June. A target date of 8 July 2024 has been set however it is subject to change pending the outcome of the tender and advancement/finalisation of the final scheme design.</p>
Paignton Future High Streets Fund - Victoria Centre Phase 1	A	R	R	<p>Demolition enabling activities complete allowing for demolition of the structure to commence from 29 January (with completion target 3 April. This has slipped by 1 to 2 weeks).</p> <p>Lidl is closing the store 4 February. The Council has paused its decision to purchase the Lidl Headlease until development options and future uses of the site are received from the Regeneration Partner (mid-March). The Council has however committed to preparing full preparation of the lease surrender documents.</p> <p>The final design completion date reported (for tendering) by the Regeneration Partner is Apr/May 25.</p>

Project name	Project Schedule	Project Budget	Project Risk / Issues	Current Status / Comments
				The date for the appointment of a preferred Contractor reported by the Regeneration Partner is Oct/Nov 25.
Paignton Future High Streets Fund - Picture House	G	R	A	<p>Enabling works to have commenced.</p> <p>Tender process has begun, with tender returns due 2 February 24. Current design and cost appraisal work shows a funding gap for the main works of circa £950k.</p> <p>A PAR request to DLUHC has been submitted to Vire £600,000 (from Diversification).</p> <p>The Council is committed to underwriting the remaining £300,000 in the event that additional sources of funding doesn't come forward. The Picture House Trust is leading on alternative funding applications which are in development.</p> <p>Delivery of the project within the funding envelope will be confirmed post tender exercise. Cost escalation and time/programme impacts will only be known once the tender exercise is complete.</p>
Lymington Rd Business Centre (LEP GBF/EGF)	A	G	A	<p>Practical Completion remains steady for 01-Mar-24.</p> <p>The noted delay has created a risk in relation to the LEP funding provision. TDA are liaising with LEP (GBF) to agree a revised completion - this is considered low likelihood, but the severity is high.</p> <p>There is an anticipated increase in contractor cost owing to the overrun of the programme. However, this is contained within the project contingency.</p>
Edginswell Enabling Works (LEP GBF)	G	R	A	<p>Project has achieved practical completion on the 24th of August 2023.</p> <p>The current estimated spend on the enabling project is £4.719m. From the budget of £4.210m (reported on RAG updates) there is a deficit of circa £509k. The May 2023 Project Board approved to combine the project with Edginswell Retail (Wickes) where there is a current estimated surplus of approximately £209k therefore leaving an over deficit of approximately £300k.</p> <p>Lessons Learned report reviewed in Feb CGB</p>

Project name	Project Schedule	Project Budget	Project Risk / Issues	Current Status / Comments
Solar Farm, Nightingale Park (EGF)	R	A	R	<p>£3.1m for overall budget. Now estimated at £4.151m Project will still be viable if £120 per MWh can be achieved (£125 requested) but progress with NHS has been slow.</p> <p>The NHS procurement process has incurred several delays (we have achieved all the deadlines required) resulting in at least 6 month slip to date. The NHS has now responded to the detailed solution by way of a letter dated 23.01.24 which confirmed that Torbay Council is its preferred bidder. The Council must now sign and return the letter which attaches certain requirements of the Council.</p> <p>The returned letter accepting our procurement bid has been returned however there is a provision in the wording which looks like it caps the unit rate we offer. This needs to be revised and pushed back on as it could pose significant viability risk to the project delivery and is contrary to the Cabinet / Council papers due to be reviewed this month.</p>
Torre Abbey Renovation - Phase 3 (TC contrib)	G	A	A	<p>An application for these works is likely to go to the National Lottery towards the end of 2023 calendar year with a view to works happening in 25/26 with a small spend in 24/25 to enable the full application and project development process.</p>

Appendix A - Project process map

Tier 3 (£2m+ & Medium -High Risk) Project Process



Whilst this process MUST be adopted for Capital Programme projects, it is recommended that the same process be adopted for all projects. only change for non capital projects is that Capital Growth Board input will not be required and can be substituted with another governing body or simply the Project Sponsor approval.