

	<p>Financial Performance and Contracts Committee</p> <p>23 November 2021</p>
<p>Title</p>	<p>Capital Projects</p>
<p>Report of</p>	<p>Assistant Director, Capital Delivery</p>
<p>Wards</p>	<p>All</p>
<p>Status</p>	<p>Public</p>
<p>Urgent</p>	<p>No</p>
<p>Key</p>	<p>No</p>
<p>Enclosures</p>	<p>None</p>
<p>Officer Contact Details</p>	<p>Matthew Waters, Assistant Director Capital Delivery Matthew.waters@barnet.gov.uk</p>

Summary

The Council has a broad Capital Programme which ranges across relatively small-scale initiatives to significant infrastructure projects and programmes.

The council is working to improve its approach to the tracking of change to project cost and benefits profiles from business case stage. This report is to provide transparency into some of the changes to progress and identifies opportunities to feedback on lessons learned and new approaches to keep benefits more aligned to the original plan.

Overall the Capital Delivery Programme remains on track to deliver live schemes within the defined time, cost and quality envelopes. However, it should be noted that new risks are materialising for both current and prospective projects within the programme.

Officers Recommendations

The Committee is asked to note the content of this report updating on the current status of the Council's Capital Projects

1 PURPOSE OF REPORT

- 1.1 The Council has a broad Capital Programme which ranges across relatively small-scale initiatives to large and complex infrastructure projects and programmes.
- 1.2 The Council's approach to delivery of Capital projects aims to be proportionate to the scale and complexity of the individual schemes.
- 1.3 Generally, smaller schemes that typically do not involve a form of construction are reviewed by officers separately directly within services. Those projects of a more significant value or higher degree of complexity follow the Councils Project and Programme Management Methodology and are grouped by portfolio. Highways and Housing and the Brent Cross Programme are the exception to this approach as they are governed and reported separately.
- 1.4 This report outlines the status of project delivery across the Capital Portfolios.
- 1.5 The value of the Capital Programme approved by Full Council on 02 November 2021 is £956,480,000. This figure represents projected future spend within the programme and comprises a mixture of capital budgets, some covered by this paper and some covered by the separate papers for programmes such as Housing, Highways, and the Brent Cross Programme. A large proportion relates to Housing, Highways and the Brent Cross programmes.
- 1.6 Many projects within the programme started in previous years. Therefore, the total value of individual schemes may be higher than the values contained within the approved 2021-2026 budget as this money was spent in previous years. Total spend for FY21/22 is projected to be £327,545,000,
- 1.7 Policy and Resources Committee on 20 July 2021 approved the allocation of £80,000,000+ over the next 5 years for future projects currently within the Infrastructure Delivery Plan. The projects contained within this value are now being added to the Capital Programme with all projects expected to be added to the published programme by 2022.
- 1.8 The table below sets out the breakdown of the published capital programme to show the proportion of the budget that relates to Capital Project Delivery. The total value has reduced from the last report as £22,846,000 is now captured as previous year's spend and no longer recorded as a future cost to complete the project.

Budget Type	Total
Asset Management	11,287,000

Brent Cross	214,160,000
Capital Delivery	86,397,000
Highways	53,979,000
Housing	522,803,000
ICT	1,362,000
Other - Funds, Loans, Opportunities	66,490,000
Grand Total	956,480,000

1.9 The table below sets out the breakdown of the published capital programme to show the proportion of the budget per Theme Committee.

Theme Committee	Total
Adults & Safeguarding	23,768,000
Children, Education & Safeguarding	41,778,000
Environment	49,718,000
Housing and Growth Committee	525,117,000
Housing Revenue	288,429,000
Policy and Resources	26,560,000
Community Leadership & Libraries	1,108,000
Grand Total	956,478,000

1.10 The Council splits the delivery of the Capital Programme into 7 Portfolios each internally reviewed by a Portfolio officer or Programme Board. There are 3 large infrastructure programmes that are run separately.

1.11 The following Programmes and Portfolios are within the scope of this report

- Greenspaces, Parks and Leisure Capital
- Education and Families Capital
- Depot Programme
- Hendon Hub Programme
- Town Centres Capital
- Property and Operations Portfolio
- Care Homes

- 1.12 The following Programmes and Portfolios are out of scope of this report as they are reported separately.
- Brent Cross
 - Highways Programme
 - Housing
- 1.13 The portfolio typically consists of buildings (excluding housing) such as schools, leisure centres, community centres parks and open spaces as well as corporate projects such as office accommodation and operations bases.
- 1.14 The remaining allocated budget for capital delivery projects is £92,845,000. There are projects within the programme that are well underway. Therefore, this figure only represents a proportion of the total value of the Capital Delivery programme. This is because a large volume of schemes are now approaching project closure with the majority of costs already incurred. The value is expected to grow in future periods as projects delayed due to the pandemic reach business case stage and particularly through the identification of new schemes required through the development of the Council's Infrastructure Delivery Plan.
- 1.15 The table below provides a breakdown of the total value by portfolio and captures variance. The table covers projects that are post Full Business Case and/or have started on site works and remain live. There is a -7% total variance between current estimates and estimates made at Full Business Case stage. These are discussed later in this report.

	Estimated Total Project Cost	Estimated Project Cost at Full Business Case Stage	% Variance (Current Estimate vs FBC Estimate)
Greenspaces & Leisure Capital Portfolio	53,460,000	47,945,252	12%
Hendon Hub Programme	23,085,000	23,085,000	0%
Property & Operations Capital Portfolio	3,546,000	4,674,000	-24%
Education & Families Capital Programme	75,911,869	72,075,743	5%
Grand Total	156,002,869	147,779,995	-7%

- 1.16 The table below sets out the overall status and direction of travel of the in-scope projects from a time, cost quality perspective.

Category	Direction of Travel	Comment	RAG
Time	→	Timeline for some projects have been impacted by third parties	Amber
Cost	→	Report on future Capital Programme and CIL allocations has been approved at P&R – work underway to manage any cashflow risk should project spend accelerate Whilst costs have been relatively well maintained within projects that have entered contract pre Jan 2021, affordability of future schemes is expected to be impacted due to availability of resources, material cost and contractor's appetite for risk	Amber

Quality	→	Defects for Leisure Centres and Blessed Dominic St James schemes are practically all resolved	Amber
H&S	→	There are no project H&S issues to report	Green
Benefits	→	Discovery of an ecology issue at Milesplit Cemetery means that there is now a risk that the benefits for that project may not be realised. All other projects in contract are on track to deliver expected benefits, future projects are expected to see challenges as a result of rising construction costs and labour shortages. The situation is being monitored and considered as part of Business Case reviews	Amber

1.17 The table below outlines the status of individual projects that are post Business Case Stage (Live)

Project	Commentary	Time	Cost	Quality	Overall RAG
Hendon Hub The Boroughs	The project is awaiting a decision on the submitted planning applications. The current programme (time) is under review.	A	G	G	G
Children's Homes: Meadow Close (no. 68) & Woodhouse Road (Families)	Works progressing at both sites to improve the provision, extent of works required at Meadow Close has been more involved than originally planned	G→	G→	G→	G→
Enforcement CCTV Programme	Activities underway to define the requirements of the service following a review	G→	G→	G→	G→
Libraries Capital Programme	New project now underway	G→	G→	G→	G→
Care Homes Programme (Adults)	Works to improve the provision at Dellfield and Meadowside are continuing	G→	G→	G→	G→
Milesplit Cemetery	Design work is ongoing pending a planning application. The project has emerging risks to overcome relating to ecology	A	A	A	A
Gaelic Football Pitch	The Gaelic Football Club has relocated to King George V PF and a new pitch has been constructed. Next phase is the planning and construction of a sports pavilion/club house	G→	G→	G→	G→

Hendon Cem and Crem	Refurbishment project for gatehouse complete. Project now commencing procurement for provision of new maintenance facilities	G→	G→	G→	G→
Sports & Physical Activity (SPA)	Main contract is complete. Feasibility activities now commencing for playing pitch enhancements in order to discharge planning conditions	G→	G→	G→	G→
Victoria Park Infrastructure	Project now progressing procurement activities for new café building	G→	G→	G→	G→
Blessed Dominic St James's	IN DEFECTS				
Claremont SEN Unit	COMPLETE				
Grammar School's Project (St. Michael's)	DofE have confirmed that funding has been paused temporarily (at the school's request).	A→	A→	G→	A→
Modernisation Programme	Programme (21/22) to be prioritised and proposed in June	G→	G→	G→	G→
PRU Pavilion Study Centre (Alternative provision)	Project continuing to progress well	G→	G→	G→	G→
Saracen's Primary	Letter signed for the LBB Capital contribution to DfE relating to works at Saracens Primary School	G	G	G	G
St. Agnes Primary	COMPLETE				
Whitefields School ASD Unit	IN DEFECTS				
Woodside Avenue	IN DEFECTS				
Barnet House Exit Works	Complete				

1.18 The section below outlines the highlights of each in scope portfolio or programme

1.19 Depot Programme

1.20 The Depot Programme aims to reduce the property related costs associated with running the Streetscene services. The programme is reviewing the various

leasehold arrangements currently in place and is investigating opportunities to make improvements to the current use of the sites.

- 1.21 The future project is in the assessment phase and the business case is yet to be taken through the formal approval process. A number of acquisitions have been made in part to provide accommodation for the Streetscene service while site remediation activities were in progress on the existing depot site and also in part to capitalise on strategic opportunities that were presented with Network Rail on adjacent sites.
- 1.22 The Council has negotiated taking the head lease for some sites adjacent to the Oakleigh Road Depot that are owned by Network Rail. At the time of taking the headlease, the sites were leased to private organisations (Brogans and Beil Brothers).
- 1.23 In April 2021 Brogans surrendered their lease of the site, allowing the Streetscene service continued use of the location.
- 1.24 Notice has now been served to Beil Brothers to break the lease.

1.25 Education and Families Capital Programme

- 1.26 The Education and Families Capital Programme delivers projects relating to Children, Schools and Education. Initiatives include;
- Modernisation programme which will oversee improvements to school infrastructure;
 - Additional Places programme for Primary & Secondary Schools which has been able to re-provide 60 places at a primary school level and to create an additional 60 new places at a secondary school and facilitated the building of the new 6 form entry Saracens High School
 - Special Educational Need (SEN) Schemes has enabled an additional 34 SEN places to be created at 3 schools and 1 Pupil Referral Unit,
 - The creation of new nursery places and a new children's home.
- 1.27 The table below sets out the projects that are post Full Business Case stage or that have started on site that remain live. The Woodside Avenue Children's home project has experienced a number of delays at project handover and has is projected to spend more than the original business case assumption. This additional spend of £70k is due to some Covid related costs not being containable within existing contingency budgets.

	Estimated Total Project Cost	Estimated Project Cost at Full Business Case Stage	% Variance (Current Estimate vs FBC Estimate)
Education & Families Capital Programme	75,911,869	72,075,743	5%
Blessed Dominic St James Grammar Schools Project	29,720,916	25,999,136	14%
- St. Michaels (Grammar schools) (WATCHING BRIEF)	5,523,000	5,524,000	0%
Libraries Capital Programme	378,000	378,000	0%

Modernisation Programme FY20/21	9,404,000	9,404,000	0%
PRU Pavilion Study Centre ('Alternative Provision')	21,867,811	21,867,996	0%
Saracens Primary (WATCHING BRIEF)	2,240,000	2,230,243	0%
St Agnes Primary School Classroom Extension	901,628	879,000	3%
Whitefield's School ASD Unit (autistic Disorder)	1,937,537	1,930,000	0%
Woodside Avenue (Meadow Close)	3,812,977	3,737,368	2%
Placement Demand Transformation Meadow close & Woodhouse Road	126,000	126,000	0%
Grand Total	75,911,869	72,075,743	5%

1.28 As previously reported within this portfolio the Blessed Dominic St James' scheme required a significant budget increase due to the discovery of underground contamination. At full business case stage the risk was identified and an allowance was made within the overall programme risk register. Once the full extent to the contamination was known, the appropriate budget was moved from programme risk into the project budget. When assessing below ground risk, the project teams calculate a figure for assumed worst case and a weighted figure which makes an assumption to the likelihood and extent of a risk occurring. In most cases sites that carry significant risk will be reconsidered through project gateways and alternative sites investigated where possible. In this case, the funding and opportunity was targeted to a specific set of schools and locations. The project enabled the future needs for pupil places within the Colindale area to be met through the expansion of two schools and also vacated a site to enable the development of a new school in the area funded by third parties rather than use of Council resources.

1.29 **Town Centres Capital**

1.30 There are no significantly sized projects within the programme that are past Full Business Case Stage. Workstream now progressing to define whole Town Centre Capital work including opportunities for acceleration as well as establishing the plan and spend profile for the longer-term initiatives. Projects at Golders Green, Finchley Central and Burnt Oak have recently been approved to take forward to Full Business Case Stage. Finchley Central is furthest advanced and expected to commence procurement activities in the next reporting period.

1.31 **Greenspaces, Parks and Leisure**

1.32 The programme covers the capital projects that cover the investment in the Borough's Greenspaces, Leisure Facilities and Cemeteries. Key elements of the programme include

- The delivery of the Council's Parks and Open Spaces Strategy, which has been developed to guide future investment in parks, ensuring that they are practical and are part of the well-used fabric of the local community.
- Provision of modern facilities and enhanced outdoor space, contribution to council's strategic commitments to provide additional sports and playing pitches with increased usage by residents and users.
- The creation of two new leisure centres at Barnet Copthall and Victoria Park in New Barnet.
- The investment in the Council's Cemetery and Crematory infrastructure

1.33 The programme is currently reported as amber overall because at the Milesplit Cemetery the project has identified ecology issues that will require further investigation and may cause a significant impact to the realisation of intended benefits. The programme has recently completed the delivery of new play facilities at Colindale Park. The programme for the proposed project at Haybourne Park is also undertaking a review to ensure that works align with potential activities from utility providers. Most major projects are in concept phase and have been added to the Infrastructure Delivery Plan.

1.34 The table below sets out the projects that are post Full Business Case stage or that have started on site that remain live. There are no new variances to report in this period.

	Estimated Total Project Cost	Estimated Project Cost at Full Business Case Stage	% Variance (Current Estimate vs FBC Estimate)
Greenspaces & Leisure Capital Portfolio	53,460,000	47,945,252	12%
Gaelic Football Pitch	700,000	700,000	0%
Hendon Cem and Crem (Refurbish and Regenerate)	1,622,000	1,622,000	0%
Milesplit Cemetery	1,800,000	1,800,000	0%
SPA Sports & Physical Activity	41,468,000	35,953,252	15%
Victoria Park Infrastructure	623,000	623,000	0%
Montrose Playing Fields / Silkstream Valley	5,747,000	5,747,000	0%
Colindale Park	1,500,000	1,500,000	0%
Grand Total	53,460,000	47,945,252	12%

1.35 The expected benefits for Milesplit Cemetery are currently at risk of not being achieved while a potential ecology issue is investigated. Most projects are reporting delivery in line with the original budget. The Delivery of the Leisure Centres has been reported separately to FPC Committee in October 2020. Both leisure Centre projects remain live while remaining defects are resolved.

1.36 Property and Operations Portfolio

2.1 The programme is overall green with-in flight projects are delivering to plan.

	Estimated Total Project Cost	Sum of Estimated Project Cost at Full Business Case Stage	Sum of % Variance (Current Estimate vs FBC Estimate)
Property & Operations Capital Portfolio	4,854,000	4,891,316	-1%
Barnet House Exit Works	372,000	1,500,000	-75%

Colindale Future of Work Modifications	2,444,000	2,444,000	0%
Enforcement CCTV Project	730,000	730,000	0%

Challenges

- 2.2 Since the impact of Covid-19 a key focus on delivery has been to insulate the Council as far as possible from financial pressure in relation to live projects. This means that projects currently in delivery stages remain viable and deliverable within the currently allocated budgets. In this respect the impact from the initial wave of Covid-19 has been largely mitigated although the sensitivity within project contingency allowances has increased.
- 2.3 The most significant impact from Covid-19 on the Delivery of the Capital Programme has related to projects that are currently sitting in early stages and are therefore not yet established. This has delayed the initiation of future projects due to the need to reprioritise resource during the lockdown period, the need to focus on mitigating impact on live projects and the need to reassess assumptions within business cases. New projects are now emerging and the programme is expected to grow to ensure there is an appropriate delivery of infrastructure to support growth.
- 2.4 The largest emerging threat to the programme relates to shortages and rising costs of materials, labour and energy. This could impact the viability of future projects. The impact is also reflected in contractors current appetite for risk, this may mean that existing procurement strategies need to be revisited to ensure competitive tenders are received. The situation is being monitored and timing of new procurements being considered to reflect the current market conditions. Cost plans for high value projects are now being revisited at a higher frequency.
- 2.5 The projects that are expected to progress to Business Case during this year subject to relevant Theme Committee Approval are listed below.
- West Hendon Playing Fields
The Family Friendly hub
Barnet Playing Fields
Finchley Central Town Centre
Burnt Oak Town Centre
Golders Green Town Centre
Heybourne Park
- 2.6 With the exception of Milesplit Cemetery, overall the Capital Delivery Programme remains on track to deliver live schemes within the defined time, cost quality envelopes. However, it should be noted that there are new risks materialising risk within both current and prospective projects within the programme.

2 REASONS FOR RECOMMENDATIONS

- 2.7 This report provides an overview of the current position in the delivery of projects within the Council's Capital Programme.

2.8 The Committee is asked to note the contents of the report.

3 ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

3.1 N/A

4 POST DECISION IMPLEMENTATION

4.1 N/A

5 IMPLICATIONS OF DECISION

5.1 Corporate Priorities and Performance

5.1.1 Robust budget, performance and risk monitoring are essential to ensure that there are adequate and appropriately directed resources to support delivery and achievement of corporate and committee priorities as set out in the Corporate Plan (Barnet 2024) and Annual Delivery Plans.

5.1.2 Relevant council strategies and policies include the following:

- Medium Term Financial Strategy
- Corporate Plan (Barnet 2021-2026)
- Performance and Risk Management Frameworks.

5.2 Resources (Finance and Value for Money, Procurement, Staffing, IT, Property, Sustainability)

5.2.1 None

5.3 Social Value

5.3.1 The Public Services (Social Value) Act 2012 requires people who commission public services to think about how they can also secure wider social, economic and environmental benefits. Before commencing a procurement process, commissioners should think about whether the services they are going to buy, or the way they are going to buy them, could secure these benefits for their area or stakeholders. As set out in the council's Contract Procedure Rules, commissioners should use the Procurement Toolkit, which includes Social Value guidance. The Contract Management Toolkit should also be used to help ensure that contracts deliver the expected services to the expected quality for the agreed cost. Requirements for a contractor to deliver activities in line with Social Value will be monitored through the contract management process.

5.4 Legal and Constitutional References

5.4.1 Section 151 of the Local Government Act 1972 states that: "without prejudice to section 111, every local authority shall make arrangements for the proper administration of their financial affairs and shall secure that one of their officers has responsibility for the administration of those affairs". Section 111 of the Local Government Act 1972 relates to the subsidiary powers of local authorities to take actions which are calculated to facilitate, or are conducive or incidental to, the

discharge of any of their functions.

5.4.2 The council's Constitution, Article 7 Committees, Forums, Working Groups and Partnerships, sets out the functions of the Financial Performance and Contracts Committee as being Responsible for the oversight and scrutiny of:

- The overall financial performance of the council
- The performance of services other than those which are the responsibility of the: Adults and Safeguarding Committee; Children, Education and Safeguarding Committee; Community Leadership and Libraries Committee; Environment Committee; and Housing and Growth Committee.
- The council's major strategic contracts including (but not limited to):
 - Analysis of performance
 - Contract variations
 - Undertaking deep dives to review specific issues
 - Monitoring the trading position and financial stability of external providers
 - Making recommendations to the Policy and Resources Committee and/or theme committees on issues arising from the scrutiny of external providers
- At the request of the Policy and Resources Committee and/or theme committees consider matters relating to contract or supplier performance and other issues and making recommendations to the referring committee
- To consider any decisions of the West London Economic Prosperity Board which have been called in, in accordance with this Article.

5.4.3 The council's Financial Regulations can be found at:

<https://barnet.moderngov.co.uk/documents/s47388/17FinancialRegulations.doc.pdf>

5.5 Risk Management

5.5.1 Throughout the life of each project, emerging risks are recorded and managed in line with the Council's risk management methodology and project management methodology.

5.6 Equalities and Diversity

5.6.1 The Equality Act 2010 requires organisations exercising public functions to demonstrate that due regard has been paid to equalities in:

- Elimination of unlawful discrimination, harassment and victimisation and other conduct prohibited by the Equality Act 2010.
- Advancement of equality of opportunity between people from different groups.
- Fostering of good relations between people from different groups.

5.6.2 The Equality Act 2010 identifies the following protected characteristics: age; disability; gender reassignment; marriage and civil partnership, pregnancy and maternity; race; religion or belief; sex and sexual orientation; marriage and civil partnership.

5.6.3 In order to assist in meeting the duty the council will:

- Try to understand the diversity of our customers to improve our services.
- Consider the impact of our decisions on different groups to ensure they are fair.
- Mainstream equalities into business and financial planning and integrating equalities into everything we do.

- Learn more about Barnet's diverse communities by engaging with them.

This is also what we expect of our partners.

5.6.4 This is set out in the council's Equalities Policy, which can be found on the website at: <https://www.barnet.gov.uk/your-council/policies-plans-and-performance/equality-and-diversity>

5.6.5 The Council has had regard to the Equalities Act 2010 and has taken account of any relevant matters in the making of its decisions in respect of the relocation and options presented for the Depot.

5.7 Corporate Parenting

5.7.1 In line with Children and Social Work Act 2017, the council has a duty to consider Corporate Parenting Principles in decision-making across the council. There are no implications for Corporate Parenting in relation to this report.

5.8 Consultation and Engagement

5.8.1 Obtaining customer feedback is part of the contract management process to inform service delivery, service development and service improvement.

5.8.2 The nature of Capital delivery projects mean that the large majority of projects require consultation and engagement as part of the design process. Consultation and engagement forms part of the project planning process for capital delivery schemes. Projects hold gateway reviews at key points of the project's lifecycle to ensure that the planned process has been followed and to check the plan for future phases. Consultation and Engagement is a core component of the Gateway Review process.

5.9 Insight

5.9.1 The recommendation of future schemes within the Capital Programme will be informed through insight.

6 BACKGROUND PAPERS

6.1 None