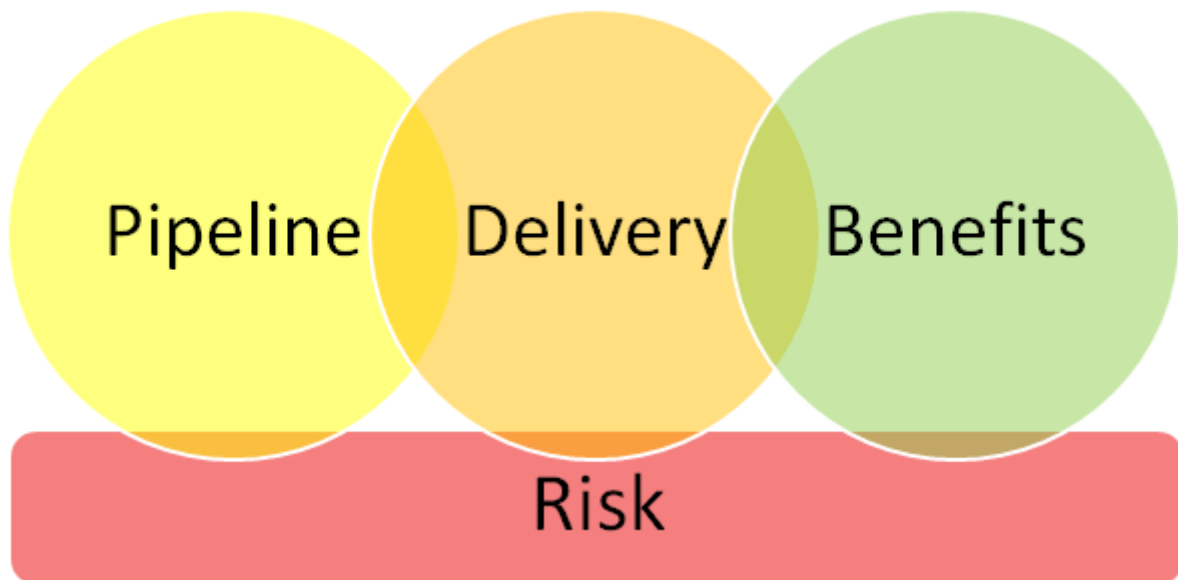


Capital Programme 2018/19 – 2022/23
Quarter 1
Performance Report

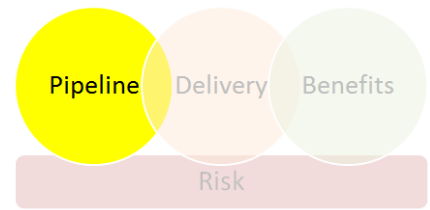


Performance and Finance Select Committee
5 October 2018

Capital Programme 2018/19 – 2022/23

1. Pipeline

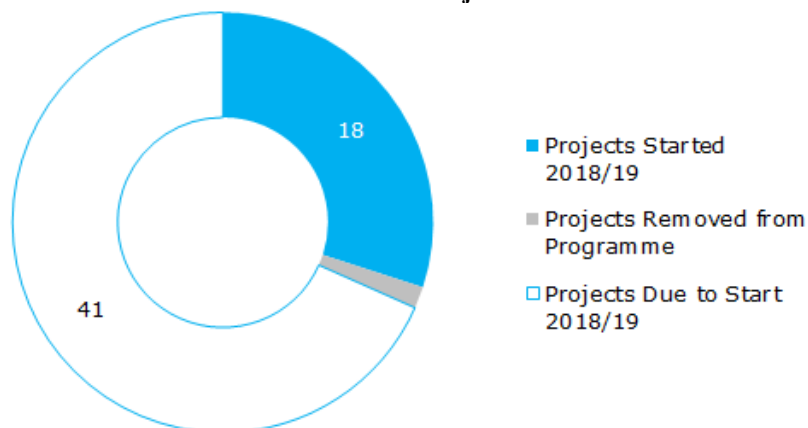
1.1 Projects that have had a Strategic Outline Case (SOC) approved and are included in the approved 5-year capital programme are considered to be in the pipeline. The preferred option/s will be developed into a Full Business Case (FBC) for a decision to proceed, in accordance with the approved capital programme governance, before the project can enter into delivery stage.



1.2 For some programmes of work, further updated Strategic Outline Cases are required before individual projects start dates are identified. Once projects are approved in accordance with capital governance, they will be considered “in delivery” and produce highlight reports that will be reported in the delivery section of this report. The Capital Programme Office (CPO) is currently monitoring the development of 95 programmes and projects in the 5-year pipeline.

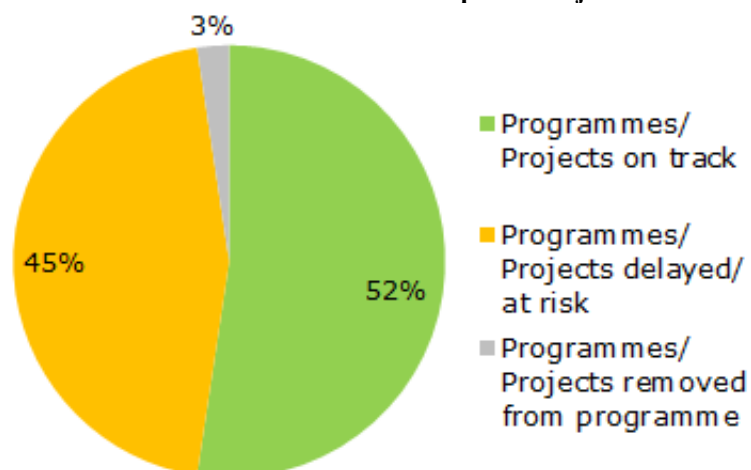
1.3 So far in 2018/19, 18 projects had been approved to go into delivery, including the asset management block programmes. 41 projects remain due to go into delivery in 2018/19, subject to the approval of a Full Business Case in accordance with capital governance rules.

2018/19 Planned Projects Started



1.4 Each of the proposed projects in the Pipeline is subject to monthly review at one of the officer Hubs to ensure that progress remains on track. At the end of June, 22 projects due to start in 2018/19 were reported to be on track. 19 projects due to start in 2018/19 reported an issue affecting the originally planned progress to reaching delivery stage:

2018/19 Starts - Status of Pipeline Projects



1.5 1 project has been removed from the pipeline:

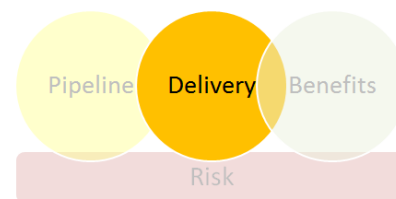
| Project | Location | Reason |
|--|------------|---|
| PropCo – Wallis Centre, East Grinstead | Mid Sussex | Review of the Strategic Outline Case leading to revised estimated value for money indicating the project should not be progressed |

1.6 A summary of projects rated “delayed” or “at risk” is set out in the table below:

| Profiled start | Project | Status | Reason | Outcome Status as at 25 Sept 2018 |
|----------------|--|----------------|--|-----------------------------------|
| May 2018 | Crawley Growth Programme – Grade A Commercial in Crawley Town Centre | DELAYED | Original proposal to be delivered by external partner. Additional Grade A Commercial opportunities being scoped for proposal to come through in the Autumn | GREEN |
| July 2018 | One Public Estate - Combined Horsham Blue Light Centres | DELAYED | Valuations of disposable land require consideration in line with wider Asset Strategy | GREEN |
| July 2018 | One Public Estate – East Street, Littlehampton | DELAYED | Issues with consultant capacity and resource planning | GREEN |
| July 2018 | One Public Estate – Drayton Depot Blue Light Maintenance Facility | DELAYED | Increased specification requirements from services being considered in revised feasibility | GREEN |
| March 2018 | Capital Asset Delivery Plan | DELAYED | Prioritisation of Asset Strategy options required. Asset Strategy/ Policy decision in July. Asset Delivery Plan expected in the new year following member consultation | GREEN |
| March 2018 | 2018/19 Schools Access Initiative | DELAYED | Funding issues and governance of block allocations to be resolved | IN DELIVERY |
| July 2018 | PropCo – Angel’s Nursery, Barnham | DELAYED | Proposed project to be removed from the programme | GREY |
| March 2018 | Investment Portfolio | DELAYED | Approach agreed, purchases to be brought forward via Full Business Cases as opportunities emerge | IN DELIVERY |
| TBC | Crawley Street Lighting LED Replacement | DELAYED | Project removed from programme following strategic review of countywide requirements | GREY |
| June 2018 | Solar Farms/Battery Storage – St Joseph’s, Hunston | DELAYED | Decision currently profiled for 2019/20 | GREEN |
| June 2018 | Solar Farms/Battery Storage – Watery Lane, Hunston | DELAYED | Decision currently profiled for 2019/20 | GREEN |
| April 2018 | Solar Farms/Battery Storage – Oathall Community College | DELAYED | Decision currently profiled for 2019/20 | GREEN |
| August 2018 | Solar Farms/Battery Storage – Halewick Lane, Sompting | DELAYED | Decision currently profiled for 2019/20 | GREEN |
| June 2018 | Maidenbower Junior SEND Development | DELAYED | | IN DELIVERY |
| May 2018 | School Basic Need – Angmering Secondary School | DELAYED | | IN DELIVERY |
| July 2018 | School Basic Need – Bourne Community College | DELAYED | Decision currently profiled for November 2018 | GREEN |
| June 2018 | School Basic Need - Crawley Down Primary | DELAYED | Decision currently profiled for September 2018 | GREEN |
| June 2018 | School Basic Need – Felpham Community College | DELAYED | | IN DELIVERY |
| June 2018 | School Basic Need - St Mary’s RC Primary School | DELAYED | Decision currently profiled for September 2018 | GREEN |

2. 2018/19 Delivery

2.1 Each of the projects in delivery are subject to monthly highlight reports by the Project Manager. The highlight reports are scrutinised by a service-specific officer "Hub" and reported to the Strategic Capital Investment Board.

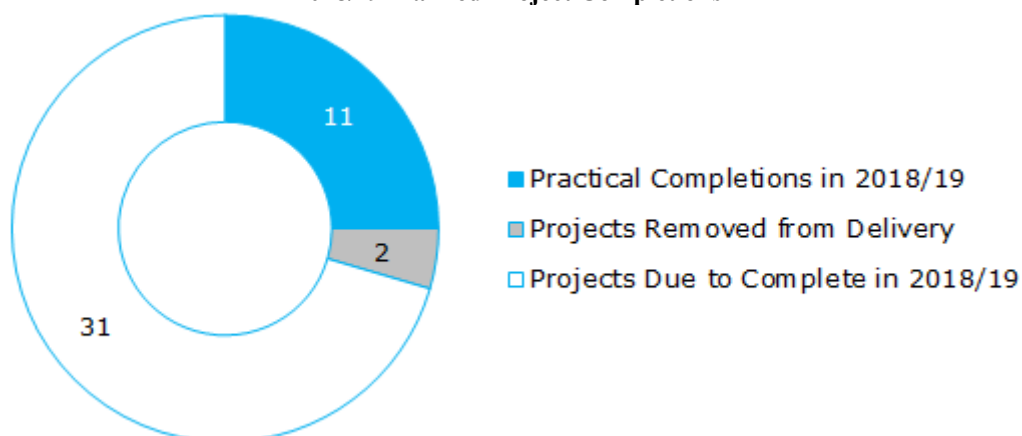


2.2 The highlight reports provide a colour-coded rating for each of the projects.

- **GREEN** - the project is reporting to plan
- **AMBER** - there is an issue having an effect on the project, but that it can be dealt with by the project manager or project delivery team
- **RED** - there are significant issues with the project, requiring corrective action
- **WHITE** - no highlight report was submitted
- **BLUE** - a project had reached practical completion
- **GREY** - a project has been withdrawn from the programme

2.3 The CPO is monitoring the 57 projects that are in delivery, of which 31 remain due to complete during 2018/19.

2018/19 Planned Project Completions



2.4 11 projects reached practical completion during Quarter 1:

| April | | |
|---|---------------------|--|
| Project | Location | Description |
| Even Better Pavements | Various | Programme of footway improvements targeted in places to support those most vulnerable to slips, trips and falls to remain active and independent |
| Steyning Grammar School and Thakeham Primary School | Horsham District | Final element of the STARS programme of schools reorganisation |
| The Meads Primary School | Mid Sussex District | Provision of 30 additional school places on a temporary basis to accommodate a bulge in pupil numbers |
| The Weald Community School | Horsham District | Basic Need expansion to add 150 11-16 new school places |
| Wisborough Green Primary School | Horsham District | Increase from 25 to 30 places per year group |

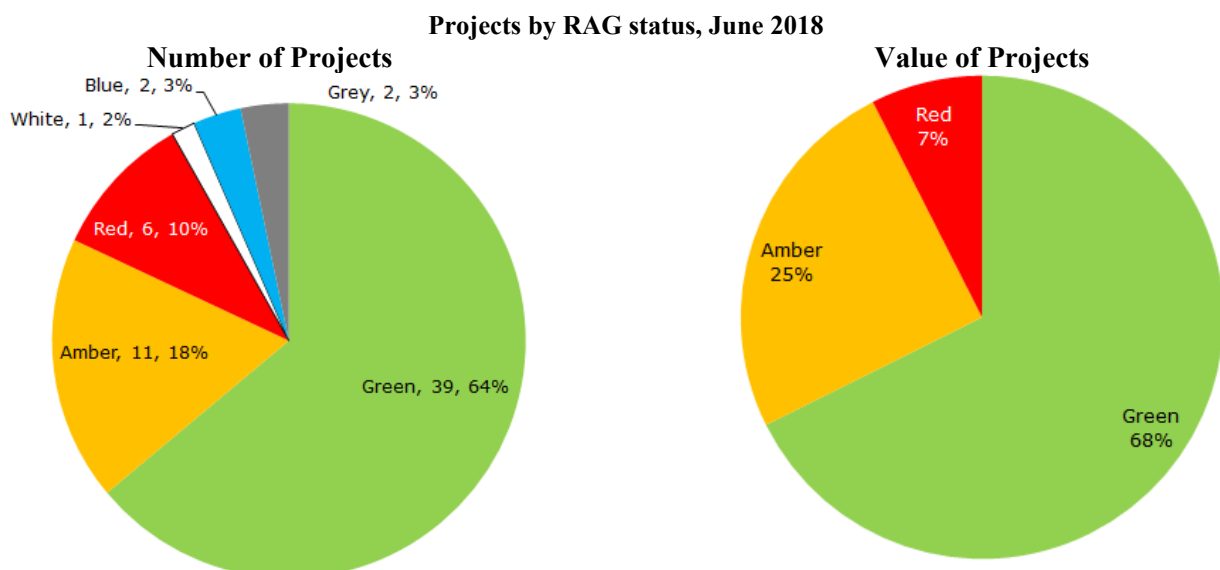
| May | | |
|---|---------------------|--|
| Project | Location | Description |
| Fire Energy Efficiency | Crawley Borough | Upgrade to windows in Horley Fire Station Lecture Room |
| Three Bridges Primary School | Crawley Borough | Basic Need – increase from 60 to 90 pupils per year group |
| Lancing Library | Adur District | Internal remodelling works to improve services for partners and customers |
| Electric Vehicle Chargers | Chichester District | Installation of 3 electric vehicle chargers at County Hall, Chichester |
| June | | |
| Project | Location | Description |
| NCN2 – A259 Felpham to Littlehampton Cycle Path | Arun | Construction of a new cycle path on the A259 between Felpham and Littlehampton |
| Crawley Growth Programme – Worth Park Avenue | Crawley | Off-carriageway shared-used cycle path connecting Station Hill and Worth Park Avenue |

2.5 2 projects have been removed from the delivery section of the programme:

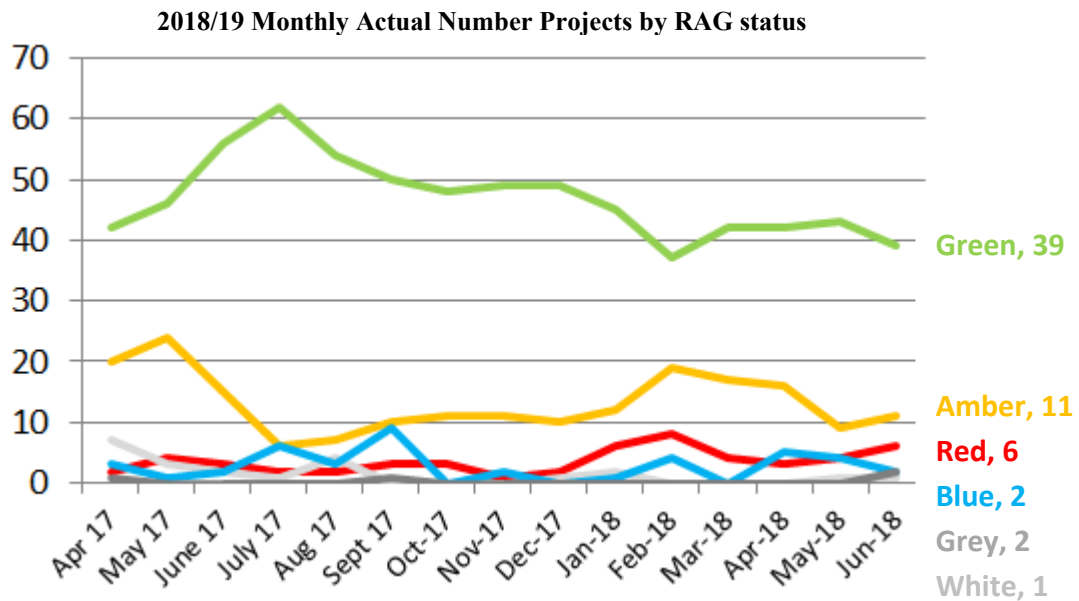
| Project | Location | Reason |
|--|----------|--|
| Crawley Streetlighting LED Replacement | Crawley | Strategic review of project outcomes leading to the project being returned to pipeline |
| Waste RDF Handling Facility | Horsham | Strategic review of project outcomes leading to the project being returned to pipeline |

2.6 Each project is subject to monthly highlight reporting. The highlight reports provide a RAG rating assessment of whether projects are on track for delivery according to TIME, COST and QUALITY measures. All highlight reports are subject to scrutiny and assurance at one of 2 functional-area hubs – Assets & Investments Hub and Highways Hub.

2.7 At the end of June, 39 projects in delivery were rated **GREEN**. 11 were rated at **AMBER**. 6 were rated as **RED**. 1 project – On Street Parking - did not submit a highlight report and is rated **WHITE**.



2.8 The graph below sets out monthly RAG statuses over the last year.



2.9 1 project did not submit a highlight report and is reported as **WHITE**:

| Scheme | RAG at 30 June | Reason | Current RAG | Latest Update |
|-------------------|----------------|---|--------------|---|
| On Street Parking | WHITE | Project funding changed from capital to revenue on advice of finance. This led to confusion over reporting requirements | GREEN | Report requirements clarified and project being delivered as approved |

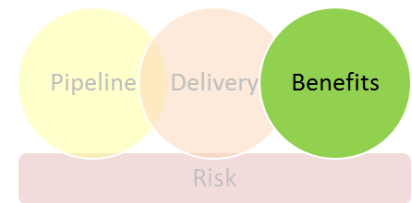
2.10 A summary of the projects rated **AMBER** and **RED** at the end of June is set out by portfolio in Appendix A. The table below sets out the projects rated **RED** at the end of June, the action being taken to address the issues and a CPO assessment of the impact on the project outcomes:

| Portfolio | Scheme | Issue | Project RAG at 30 June | Mitigations | Impact RAG |
|--|----------------------------|---|------------------------|--|--------------|
| Education and Skills/ Children Start of Life | Littlegreen School | Costs to exceed budget due to condition issues with foundations and drainage | RED | Children accommodated safely on site. Agreement reached with contractor to settle final account | AMBER |
| Education and Skills/ Children Start of Life | Parklands Primary School | Persistent and significant defects requiring additional scrutiny on a completed project. Highlight report requested until issues resolved | RED | Project completed and building being used – potential additional costs required to rectify significant defects | AMBER |
| Education and Skills/ Children Start of Life | Sackville School | Asbestos incident reported requiring further investigation. | RED | Asbestos issues resolved within contingency budget. Project expected to complete during August | GREEN |
| Highways and Infrastructure | A284 Lyminster Bypass | Environment Agency requirements for flood mitigation causing changes in design leading to delay and additional cost | RED | Planning approval for revised design to be considered in July. Additional funding to be considered as part of 2019/20 – 2023/24 Capital Programme in December 2018 | AMBER |
| Highways and Infrastructure | Better Connected Broadband | Contractor behind schedule for delivery | RED | Remedial delivery plan agreed with contractor | AMBER |

| | | | | | |
|-----------------------------|-------------------------------|---|------------|--|--------------|
| Highways and Infrastructure | A285 Road Safety Improvements | Tenders returned in excess of DfT grant funding | RED | Tenders being evaluated, consideration to be given to alternative specification and delivery options to limit costs. Delivery to be delayed. | GREEN |
|-----------------------------|-------------------------------|---|------------|--|--------------|

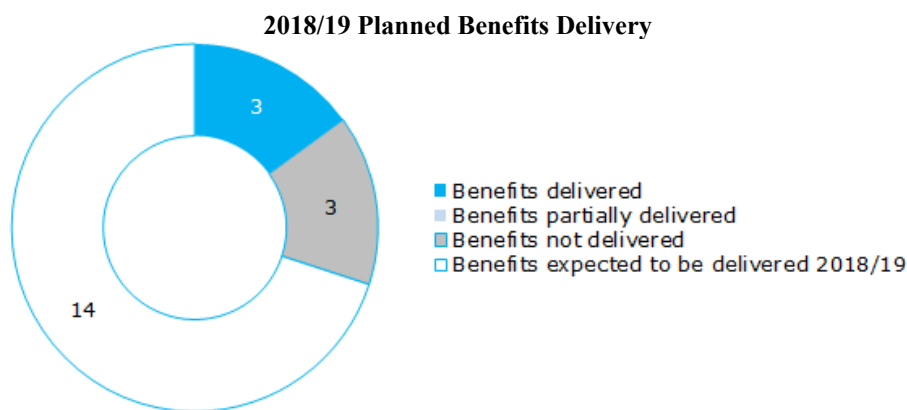
3. Benefits

3.1 Benefits are the positive outcomes that a project/ programme delivers, which justify the investment and contributes towards one or more organisational objectives.



3.2 A benefits realisation framework was put in place in September 2016. Projects approved since then are required to identify at least one benefit to be tracked throughout the lifecycle of the investment and beyond project closure. Project benefits and measures are identified in each project’s Full Business Case, along with review dates for monitoring their delivery and the benefit owners. The delivery of benefits is scrutinised by the service-specific officer “Hub” and progress is reported to the Strategic Capital Investment Board.

3.3 The Benefits Tracker is currently monitoring 54 benefits across 33 projects to be delivered between now and March 2043. 14 benefits remain profiled to be delivered during 2018/19. 3 have been delivered in full.



3.4 3 have been delivered in full:

| Project | Location | Benefit Description |
|--------------------------------|----------|---|
| Even Better Pavements | Various | Additional works amounting to 36,883sqm reconstructed pavements and 204,581sqm micro-asphalt pavement repairs above and beyond programmed repairs |
| Kamelia Hall, Marlborough Road | Worthing | Revenue savings delivered as at March 2018 |
| East Preston Junior School | Arun | New block handed over in April – benefit delivered early |

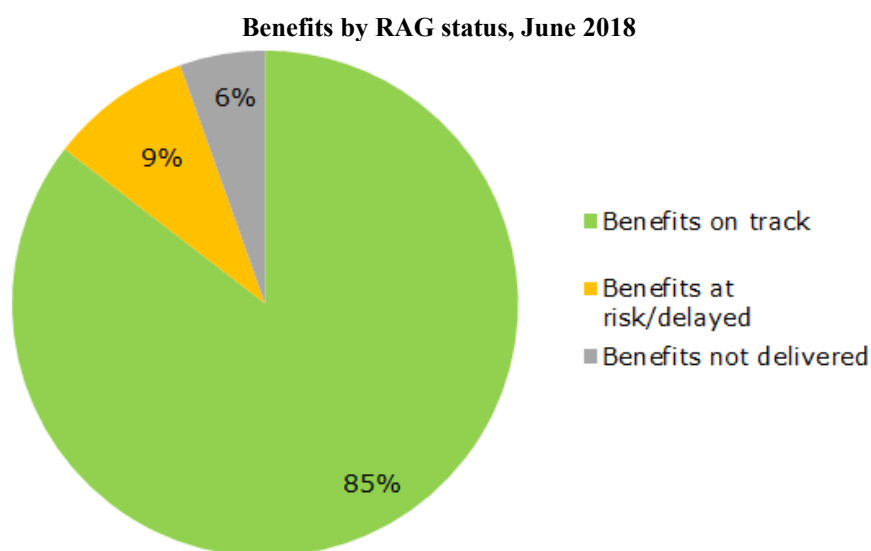
3.5 3 benefits have been removed from delivery and returned to the Pipeline:

| Project | Location | Benefit Type | Mitigation |
|-------------------------------------|----------|---------------------------------|--|
| Crawley Streetlight LED Replacement | Crawley | Revenue saving | Project returned to pipeline, revised project/benefits to be developed |
| Waste RDF Handling Facility | Horsham | Reduced Tonnage RDF to landfill | Project returned to pipeline, revised project/benefits to be developed |
| | | Revenue saving | Project returned to pipeline, revised project/benefits to be developed |

3.6 A RAG rating is provided for each of the benefits:

- **GREEN** - benefits remain on track to be delivered
- **AMBER** - benefits will still be delivered but may be delayed, reduced or there may be unexpected disbenefits
- **RED** - benefits will not be delivered

3.7 At the end of June, 41 benefits were reported to be on track, 5 benefits were reported as being delayed or "at risk" and the benefit for Crawley Streetlight LED Replacement will not be delivered in its current form:

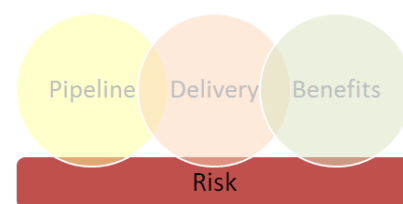


3.8 A summary of the projects where the benefit is reported reduced or at risk is set out below:

| Project | Location | Status | Issue | Benefit Outcome Status |
|--|------------|----------------|--|------------------------|
| Compton Primary School | Chichester | AT RISK | Additional places delivered – current year take-up lower than expected. Future years admissions numbers to be reported at review | AMBER |
| Boundary Close | Worthing | DELAYED | Changed specification for client leading to delay in delivery and reduced project benefits | AMBER |
| Findon Valley Library and Children and Families Centre | Worthing | DELAYED | Building vacant but financial clawback clause restricting options for use. Options for future use of the building being reviewed | AMBER |
| Northgate Primary School | Crawley | DELAYED | Project delivery delayed leading to delay in benefit reporting against benefit. Project to complete in September | GREEN |
| Westhampnett Gas Works | Chichester | DELAYED | Project delivery delayed leading to delay in benefit reporting. | GREEN |

4. Risk

4.1 The capital programme risk register sets out the key risks to the delivery of the programme and significant risks to individual projects.



4.2 The CPO is managing 5 programme risks and reporting 7 project risks managed by services. 1 new risk was added to the register at Hub meetings on June's performance:

| Risk | Impact | Status | Owner | Mitigations |
|---|--|--|-----------|--|
| High level contract changes leading to delay of programmes and underspend against published capital investment in the 2018/19 programme | Appointment of MDC and associated changes delays the delivery of Asset Strategy projects/ programmes Appointment of Highways Term Contractor and associated changes delays the delivery of Highways Capital Strategy projects/ programmes | Impact 3 Likelihood 5 | Matt Hall | The appointment of the MDC and Highways Term Contractor will lead to improvements in the County Council's capacity and efficiency in delivering capital projects. For 2018/19, it is likely that there will be a slowing of delivery whilst the new contractors mobilise – and expectations should be managed. |

5. Finance

The overall capital monitor, as set out in Appendix B, shows the revised budget for 2018/19 totalling £68.9m, with £63.0m on Core Services and £5.9m on Income Generating Initiatives. The forecast spend for 2018/19 is £80.0m, representing a variance of £11.1m (16%) from the revised budget of £68.9m. Further details of the main variations in Quarter 1 within the forecast spend for 2018/19 are listed below:

Schemes converted from Pipeline to In-Flight +£11.501m

Adults and Health

- Westergate Extra Care +£0.750m. A total budget allocation of £1.5m (funded by grant), was approved to enable the Westergate extra care housing scheme to proceed. This will be delivered by Housing and Care 21 with £0.750m to be paid in 2018/19 and a further £0.750m in 2019/20.

Education and Skills/ Children and Young People

- Northgate Primary School +£0.475m. A change request was approved to allocate a further £0.475m from the Basic Need Allocation for the expansion at Northgate Primary.
- The Forest School +£1.220m. An additional £1.220m was approved following detailed design to fund expansion works and replacement windows at the Forest School in Horsham. The total budget allocation for the scheme is £1.340m.
- Steyning Grammar School +£0.540m. A total budget of £0.540m was approved to be transferred to the Department for Education to allow the replacement of 3 temporary classroom blocks at Steyning Grammar School.

Environment

- Your Energy Sussex +£0.293m. A total budget of £0.293m was approved for design works and project development for two solar farms with battery storage sites and three stand-alone battery storage areas.

Finance and Resources

- Targeted Asset Improvement +£1.000m. A total budget of £1.000m was allocated in the 2018/19 to fund a programme of minor capital asset improvement works and capital maintenance works.

Highways and Infrastructure

- Operation Watershed +£0.300m. Approval was given to commit £0.300m of capital funding for Operation Watershed in 2018/19 to continue grant funding worthy community projects under a revised set of project criteria and application process approved by the Steering Group.
- A2300 +£0.920m. £2.005m was approved from the £22.580m Capital Programme allocation to support the next stage of scheme development. Current financial profiling details £0.920m will be spent in 2018/19 and £1.130m in 2019/20.
- Gigabit +£5.310m. A total budget of £8.680m was approved to take a proactive approach to its connectivity requirements by securing high capacity and future proof

connectivity to all its sites for the long term (20 years) to allow sustainable, scalable upgrade capacity to key sites in its estate.

Additions and Cancellations +£5.899m

Education and Skills/ Children and Young People

- Northlands Primary School +£0.425m. £0.425m was approved, funded by Section 106 allocations, in relation to design works for the expansion of Northlands Wood School from 1.5 Form of Entry to 2 Forms of Entry.
- Sackville +£0.220m. A change request was approved to transfer £0.220m from the school to the project enabling additional windows to be installed.
- Southwater Primary School +£1.100m. A total budget of £1.100m funded through Section 106 allocations was approved to deliver replacement modular units at Southwater Infant and Junior Schools.

Highways and Infrastructure

- Pothole Action Fund +£1.765m. Additional grant received for potholes in West Sussex from the Department for Transport.
- Annual Works Programme +£2.696m. Additional works approved and progressed funded from external sources.

Slippage beyond the control of the service - (£6.278m)

Highways and Infrastructure

- A284 Lyminster Bypass – (£4.185m). The project has been further delayed due to the Environment Agency requiring a change in design standards to now include a viaduct. Up to £8.5m of additional funding may be required to allow the scheme to proceed to the new design.
- West of Horsham – (£1.457m). The budget has been revised to reflect changes to design development, and subsequently to take account of environmental factors and framework contract procurement processes.
- Broadband – (£0.282m). Underspend from Contract 1 has not yet been reallocated by BT for the future rollout of the project.