



# Scrutiny Review of Governance of Capital Projects

Place Select Committee, April 2026



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# Foreword

[Add in]

Cllr Jim Beall Chair



**Councillor Jim Beall**  
**Chair – Place Select Committee**



**Councillor Steve Nelson**  
**Vice-Chair – Place Select Committee**

# Original Brief

## **Which of our strategic corporate objectives does this topic address?**

The review will address the following priority of the Stockton-on-Tees Plan:

Priority five - A sustainable Council: We will ensure our council is financially sustainable and manages our assets effectively to enhance their local impact. We will be a well-run council across areas of our business and continue to improve outcomes for communities.

## **What are the main issues and overall aim of this review?**

SBC has a large-scale programme of capital projects within the Borough to ensure that that we are providing quality facilities for residents, attracting investment, and making Stockton-on-Tees a great place to live, work and visit. It is important that when these are developed, they are well thought out, delivered on time, and on budget, to demonstrate that our council is sustainable and well managed.

A strong governance and oversight framework for capital projects gives confidence to both Council members as well as residents that they are value for money and have a social value. This should include robust processes for financial planning, identifying risk, and assessing the impact on services for residents.

The aim of the review is to examine the processes, including governance and decision-making structures, in delivering major capital projects and identify if these can be improved.

## **The Committee will undertake the following key lines of enquiry:**

1. What is the Council's capital programme – number of schemes, capital values, type of projects included
  - Detail of capital programme so context of individual projects and programmes are understood within the broader capital programme
  
2. How do projects and interventions emerge/evolve to be included on the capital programme - How do capital project opportunities arise?
  - How are capital projects funded?
  - Examining approaches and steps taken with externally funded capital interventions
  - At what point are financial commitments/allocations to individual projects made?
  - What is the decision-making process?
  - At what points are members consulted/involved?
  - How are other stakeholders involved?
  
3. What are existing Capital Programme and project governance arrangements
  - Risk identification and management – different routes to managing risk across schemes
  - Understanding of resource and expertise – the varying role of the Local Authority in delivery and relationships with external providers

- What risk management and escalation measures are in place?
- How are tolerances of a project determined?
- What is the decision-making process within capital programme?
- At what points are members consulted/involved?
- How have lessons learnt on previous projects been implemented?

**Provide an initial view as to how this review could lead to efficiencies, improvements and/or transformation:**

The aim of the review is to identify if improvements can be made to the decision making and governance processes of capital projects, thereby ensuring that they provide value for money as well as having a social value and thereby be effective in place shaping of the Borough.

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# 1.0 Executive Summary

- 1.1. This report outlines the findings and recommendations of the Place Select Committee's scrutiny review of Capital Projects. Capital Projects are defined as those that are carried out via capital expenditure on the creation or improvement of assets such as purchasing land or buildings as well as creating or improving existing assets such as a roads/cycleways/drainage or undertaking works to Council property assets.
- 1.2. A strong governance and oversight framework for capital projects gives confidence to both Council members and residents that they are value for money and deliver the intended benefits. The review therefore aimed to examine the processes, including the governance and decision-making structures, in delivering major capital projects.

## The Capital Programme

- 1.3. The Capital Programme reflects the Council's long-term ambition to support regeneration, manage assets, and deliver infrastructure that meets the needs of residents. Investment is targeted to meet the five strategic priorities. There is no definitive definition of what constitutes a major capital project, and while there is monetary value to consider there are also community economic and environmental impacts which may make a capital project a major project.
- 1.4. A programme is a group of linked projects that deliver a long-term objective (e.g. regeneration of an area) whereas a project is a specific action to achieve an outcome (e.g. one scheme within an area).
- 1.5. When presented to the Committee in November 2025, there were 17 programmes and 112 projects delivering place or theme-based outputs and benefits. Community, Environment, Culture, and Leisure had the biggest number of programmes (8) followed by Regeneration (4), however within those programmes Transportation had the biggest number of projects (46) followed by Community Environment and Culture & Leisure (24).
- 1.6. Funding determines what can be achieved within the capital programme, with projects unable to progress without the funding that they need. Work may commence to scope the outcomes, resource and finance requirements ahead of an allocation of capital. In November 2025 there was £245,234m allocated to the Capital Programme within the Council's Medium-Term Financial Plan (MTFP) to 2027. Regeneration had the largest budget for capital projects (59.52%)
- 1.7. The majority of resources come from grants and contributions (64.9%) therefore many projects are dependent on successful bidding opportunities or complex negotiations with developers, and require alignment with external criteria.
- 1.8. Due to the breadth of the Capital Programme, there is a challenge to ensure the knowledge and skills are in place to support and deliver the programme. Staff development is important and there is investment in trainees, graduate trainees and apprenticeships. In areas where specific knowledge is required, external support from other organisations is sought.

## Emergence of Schemes

- 1.9. Projects are identified through several routes including:
  - As a response to a specific issue

- Through a funding opportunity that has arisen
  - Consultation with members
  - Consultation with the public
- 1.10. The Capital Programme is agreed annually, in February as part of the MTFP Budget report and changes to the programme contained with the quarterly MTFP update. The Council receives funding for investments, e.g. the Basic Needs Grant used for school investments, and aims to use these as flexibly as possible to deliver interventions, submitting annual grant returns to the relevant Government Department where required. Developer Funded Schemes, either Section 106 or Section 278 schemes, are secured as part of planning application to mitigate the effect of a development and negotiated by Council officers with the Developers.
- 1.11. There are also Government funding streams that the Council can bid for. These funding opportunities can arise suddenly e.g. Town Deal and Levelling Up, and the scoping of these projects may need to be determined to enable to apply before detailed design work is completed, creating uncertainty. Officers will include a contingency and allowances for inflationary uplifts to mitigate for this but there is often an unpredictable time lag between application and award then delivery, that creates an inbuilt inflationary pressure.

### **Project Governance Arrangements**

- 1.12. Strong governance is essential to managing risk and complexities within the capital programme. The Council's project lifecycle (micro) governance framework is ensuring that each scheme follows a structured process with clear gateways, financial oversight, risk management, and defined responsibilities. This provides consistency across directorates, the ability to intervene early if issues arise, and reduces the risk of uncontrolled projects.
- 1.13. The five stages each project must go through are:
- Foundation – high-level feasibility of a new capital initiatives, identifying benefits and producing a Project Mandate
  - Discovery – Mandate is developed into Project Brief, giving an outline design or business case/option appraisal. At the completion of this stage the project is noted within the MTFP
  - Design – detailed design and Full Business Case/Project Initiation Document (PID) developed
  - Delivery – delivered against agreed plan, and highlight, exception reports produced along with change requests. Exception issues must be reported to the Placemaking (Regeneration) Mission Board (PMB)
  - Review – project handover and review take place when nearing successful completion and ready for formal handover along with budget reconciliation. A checklist is completed by the Project Management Office on closure of the project, along with an outline of ongoing support and maintenance and contract management
- 1.14. There are gateways at each stage to approve progression to the next stage, reviewing and monitoring the PID.
- 1.15. Scopes can evolve, cost fluctuate due to unpredictable issues (utility delays, market inflation, weather, site investigations, and land acquisition), and timescales span several years, therefore flexibility in delivery is required. While officers make judgements on tolerances to include in the initial project scope, these can create challenges for public communication and managing expectations.
- 1.16. The reporting and decision-making structure includes:

- A Project Group for every project to oversee the delivery, with officers from finance, legal, procurement and any other officers relevant to the project. The group has responsibility and accountability for the maintenance of documentation, project plan and Risks, Actions, Issues, Decisions, and Lesson Learn Log (RAIDL).
  - Programme Working Groups chaired by Assistant Directors, who oversee progress of the projects within individual programmes and manage delivery of the projects.
  - Placemaking (Regeneration) Mission Board who oversee the capital programme and formally approves projects to move to the next stage. The Board also provide advice to the decision making of the relevant Director who has delegation from Cabinet to deliver projects and programmes. The Board will also escalate decisions to Cabinet where they exceed delegated powers.
  - Corporate Management Team (CMT)/ Powering our Futures (PoF) Board authorises capital projects for progression to Cabinet/Council
  - Cabinet/Council makes executive decisions and formally approves inclusion of capital projects in budgets and delegates further decision making to the relevant Director in consultation with the Portfolio Holder in line with the Council's Constitution.
- 1.17. Project Groups, Programme Working Groups, and the Placemaking Mission Board (PMB) are providing a layered oversight to the programme, with strong escalation routes and clarity on decision-making at each stage, while frequent reporting to the relevant Cabinet member and Corporate Management Team ensures accountability.
- 1.18. The completion of Closure reports by officers aims to ensure that lessons learnt from completed projects are informing future projects, strengthening the process and improving future delivery of the programme.
- 1.19. As it was only introduced in its current form in November 2024 the governance framework has not yet been tested across enough completed projects to fully evaluate its effectiveness.
- 1.20. In addition to projects being subject to the in-house governance processes, some schemes within the capital programme require compliance with external governance arrangements to either secure funding and/or demonstrate how the funding has been used e.g. Tees Valley Combined Authority assurance frameworks for transport schemes, Homes England validation for the Elton Interchange scheme, Department of Levelling Up, Housing and Communities (DLUHC)/HM Treasury requirements for Town Deal, annual grant returns to the Department of Education (DoE), etc. This gives assurance that these projects meet national standards, strengthening the governance arrangements and credibility.
- 1.21. Member engagement with the capital programme is dependent on the specific project. The capital programme is included in the annual MTFP Budget report members agree in February and there is regular dialogue with Cabinet Members on the projects that fall within their portfolio. In addition, there may be consultation with Ward Members for Ward specific projects or members may be represented on boards associated with a project, e.g. the Town Deal. However, there is an appetite for clearer, more consistent information flows. While there is a Concordat for Communication with Members which outlines how information should be provided to members as well as how officers should consult with members, this has not been reviewed in recent years
- 1.22. Effective communication with residents and stakeholders can be also beneficial to the smooth and agile delivery of a project.

- 1.23. Continued collaboration with the Council's partners, strong governance, and investment in staff capability will be crucial to ensuring the successful delivery of outcomes and benefits across the borough in the years ahead.

### Conclusion and recommendations

- 1.24. Overall, the Committee concludes that the Council has made significant progress in building a strong and credible governance framework for its capital programme, the systems now in place provides a solid foundation for delivering projects that benefit residents, support regeneration, and meet the strategic ambition of the Borough. Continued focus on governance, communication, risk management and workforce capability will further improve delivery, ensuring that capital projects achieve their intended outcomes and continue to contribute positively to the Borough's growth and development.
- 1.25. The Committee recommends that:
- 1) The level of financial delegation given to officers in relation to capital projects is reviewed and any potential changes be taken through Cabinet and Council.
  - 2) When making a decision Cabinet receive information that addresses the following:
    - option appraisal
    - public and stakeholder consultation and engagement
    - benefit identification
    - risk management
    - financial delegations
    - lessons learned from previous projects where appropriate
  - 3) Member information for and engagement of the capital programme is strengthened by:
    - Providing regular and consistent updates to members via Cabinet/Member briefings showing progress against approved programme
    - Including training for members on capital programme governance and funding frameworks within the Member Induction
    - Refreshing the Council's Concordat for Communication and Consultation with Councillors to include the flow of information on the progress of capital projects particularly to relevant Ward Members
  - 4) Consideration be given within the ongoing development of the Council's People Plan of the need to ensure sufficient workforce capacity and skills to support the capital programme
  - 5) Officers provide a report on the effectiveness of the governance structure to the Select Committee in January 2027, when further projects have been through the process

## 2.0 Introduction

- 2.1. This report outlines the findings and recommendations of the Place Select Committee's scrutiny review of Capital Projects.
- 2.2. Stockton-on-Tees Borough Council has a large-scale programme of capital projects within the Borough to ensure that we are providing quality facilities for residents, attracting investment, and making Stockton-on-Tees a great place to live, work, and visit. The review aimed to examine the processes, including governance and decision-making structures, in delivering major capital projects and identify if these can be improved thereby ensuring that they provide value for money as well as having a social value and be effective in place shaping of the Borough.
- 2.3. The Committee undertook the following key lines of enquiry:
- What is the Council's capital programme – number of schemes, capital values, type of projects included?
  - How do projects and interventions emerge/evolve to be included on the capital programme?
    - How do capital project opportunities arise?
    - How are capital projects funded?
    - Examining approaches and steps taken with externally funded capital intervention
    - At what point are financial commitments/allocations to individual projects made?
    - What is the decision-making process?
    - At what points are members consulted/involved?
    - How are other stakeholders involved?
  - What are the existing capital programme and project governance arrangements?
    - Risk identification and management – different routes to managing risk across schemes
    - Understanding of resource and expertise – varying role of the Local Authority in delivery and relationships with external providers
    - What risk management and escalation measures are in place?
    - How are tolerances of a project determined?
    - What is the decision-making process with capital programme?
    - At what points are members consulted/involved?
    - How have lessons learnt on previous project been implemented?
- 2.4. Contributions were sought and subsequently received from the Assistant Director of Town Centre Development, the Highways, Transport and Design Manager, the Strategic Finance Manager, the Capital Programme Manager, the Director of Regeneration and Inclusive Growth, and the Monitoring Officer.

## 3.0 Background

- 3.1 The Capital Programme is a series of programmes and projects carried out via capital expenditure on the creation or improvement of assets that create benefits lasting more than one year. This includes purchasing new assets such as land or building as well as creating or improving existing assets such as a roads/cycleways/drainage or undertaking works to Council property assets. Maintaining assets in their existing state is not considered capital expenditure. Local Authorities need to ensure that there is a clear separation between capital and revenue expenditure in their financial activities and reporting. Independent Auditors will highlight if expenditure has been misrepresented as capital/revenue.
- 3.2 A strong governance and oversight framework for capital projects gives confidence to both Council members and residents that they are value for money and deliver the intended benefits. This should include robust processes for financial planning, identifying risk, and assessing the impact on services for residents.
- 3.3 The LGA's guidance, [Must Know: Capital Expenditure](#) [Must know: Capital expenditure | Local Government Association](#) , provides an outline for effective Capital Expenditure including capital programme management and governance. It states that "good governance is the starting point of effective capital delivery". It highlights the importance of business cases and project appraisals which are based on robust data, clear accountability for taking decisions and managing projects, and a dedicated contracts and project management unit employing those with specialised project management skills to manage the programme.
- 3.4 The Council's Constitution states that Council is responsible for the adoption of the Medium-Term Financial Plan (MFTP), following recommendations from the Cabinet, which contains the capital programme. While the Constitution states that financial management of the Capital Programme will be taken in accordance with the approved Capital Programme arrangements, Council approval will be required for all new capital schemes or acquisitions or developments which require the use of prudential borrowing that is outside the budget.

## 4.0 Evidence

### The Council's Capital Programme

- 4.1. The Council's Capital Programme is a rolling programme of separate programmes with differing start and finish dates. A programme is a group of linked projects that deliver a long-term objective (e.g. regeneration of an area) whereas a project is a specific action to achieve an outcome (e.g. one scheme within an area). A programme may be made up of several projects, which also may have differing start and finish dates, to better manage the governance, risk and funding. When presented to the Committee in November 2025, there were 17 programmes and 112 projects delivering place or theme-based outputs and benefits.
- 4.2. Community, Environment, Culture, & Leisure had the biggest number of programmes (8) followed by Regeneration (4) at the time of presenting, however within those programmes Transportation

had the biggest number of projects (46) followed by Community Environment and Culture & Leisure (24). A breakdown of the number of programmes and projects in November 2025 is below:

<b>Directorate</b>	<b>Programmes</b>	<b>Projects</b>
School Investment Programme and Children's Services	1	9
Inclusive Growth	2	4
Regeneration	4	20
Transportation	2	46
Community, Environment, Culture & Leisure	8	24
Adult, Health & Wellbeing	4	9
<b>TOTALS</b>	<b>17</b>	<b>112</b>

- 4.3. In November 2025 there was £245,234m allocated to the Capital Programme within the Council's Medium-Term Financial Plan (MTFP) to 2027. Regeneration had the largest budget (59.52%). The breakdown of the budget by directorate is below:

<b>CAPITAL PROGRAMME Up to 2027</b>	<b>Revised Programme £'000</b>	<b>%</b>
<b>School Investment Programme &amp; Children's Services</b>	16,089	6.56
<b>Inclusive Growth</b>	11,144	4.54
<b>Regeneration</b>	145,960	59.52
<b>Transportation</b>	24,837	10.13
<b>Community, Environment, Culture &amp; Leisure</b>	21,045	8.58
<b>Adults, Health &amp; Wellbeing</b>	5,261	2.15
<b>Xentrall ICT</b>	900	0.37
<b>Council Wide</b>	20,000	8.16
<b>Total Approved Capital MTFP</b>	<b>245,234</b>	

- 4.4. The budget for the capital programme comes from a number of sources, with the majority being from grants and contribution (64.9%/£159,147m). Borrowing made up 29.87% of the budget (£73,258m) and Council approval is required for all new capital schemes which require the use of prudential borrowing that is outside of the budget. The rest of the budget came from Council Resources 3.15% (£7,724m) and Capital Receipts 2.08% (£5,104m).
- 4.5. A breakdown of the grants and contribution funding source shows that the biggest contribution comes from the Ministry for Housing, Communities, and Local Government (MHCLG) (£77.2m) with Tees Valley Combined Authority (TVCA) making the second biggest contribution (£15.4m). A further contribution (£15.6m) from the Department for Transport – City Region Sustainable Transport Settlements (CRSTS) is allocated via TVCA. The full breakdown is below:

<b><u>TVCA</u></b>	
TVCA	29,641,866
Department for Transport - City Region Sustainable Transport Settlements (CRSTS)	15,666,728
<b>Government Departments</b>	
MHCLG	77,281,495
Department for Education	15,442,436
DEFRA	1,441,210
Environment Agency	7,598,710
<b><u>Developer Agreements</u></b>	6,178,982
<b>National Lottery Heritage Fund</b>	1,943,672
<b>Other</b>	3,952,346
	159,147,445

### Officer capacity

- 4.6. Due to the breadth of the Capital Programme, there is a challenge to ensure the knowledge and skills are in place to support and deliver the programme. Staff development is important and there is investment in trainees, graduate trainees and apprenticeships. In areas where specific knowledge is required, external support from other organisations is sought.

## Emergence of Schemes

- 4.7. The Committee were informed that projects are identified through several routes including:
- As a response to a specific issue
  - Through a funding opportunity that has arisen
  - Consultation with members
  - Consultation with the public
- 4.8. The Capital Programme is agreed annually, in February, as part of the MTFP Budget report. Changes to the programme are contained within the quarterly MTFP update circulated to all members to note.
- 4.9. A project can only be placed on the Capital Programme and move through the governance stages (outlined in paragraphs 4.19 – 4.25 below) if the funding for it is identified. Where funding has not been identified or secured, the scheme will remain at the Foundation/Discovery Stages of the process and not be placed on the MTFP until the funding is available.
- 4.10. As outlined in paragraphs 4.4 – 4.5, the majority of funding for the Capital Programme is from grants and contributions and there are different ways that the Council receive these. The Council will receive funding for investments from the Government, such as the Basic Needs Grants (BNG) and High Needs Provision Capital Allocations (HNPCA) which are both used for school investments. The Council aims to use these funding sources as flexibly as possible to deliver interventions and will submit annual grant returns to the relevant Government Department on spend and deliverables where required.

### **Case Study – Ash Trees at Billingham South**

Additional provision at Ash Trees Academy was identified to meet the needs of increasing number of students with Severe Learning Difficulties. The school was unable to expand on the current site, therefore alternatives needed to be considered. A satellite model was explored whereby the school operates both at its main building and on another school site. This model had been used to create Abbey Hill at Northshore Academy. The scheme would create two 10 place classrooms for Ash Trees school at Billingham South Primary School.

Discussions took place with various stakeholders including both Ash Trees and Billingham South Primary schools, the Cabinet Member, and Parent Carer Forum through the Special Educational Needs (SEN) Strategic Governance Board. The School's Investment Strategy report, in which £1m allocated for the scheme following a feasibility report, was approved by Cabinet in October 2022, before design work took place in 2023.

Construction was completed in Summer 2024. The scheme was managed through the Council's governance processes and monitored quarterly from a financial perspective, reporting to the Director of Children's Services. Annual grant returns will be submitted to the Department for Education on spend, the number of places created and need met.

- 4.11. There are also Government funding streams that the Council can bid for, which tend to be ad-hoc one-off bidding opportunities targeted at specific outcomes and can be announced without prior indication. This can create a challenge for Council officers to identify schemes and submit bids for

funding. The funding is often time limited e.g. must be spent by a specific date, request local contributions and tend to come with defined conditions and monitoring requirements. This type of funding therefore suits shovel ready schemes. There is often an unpredictable time lag between application and award then delivery, that creates an inbuilt inflationary pressure. Examples of Government funding bids include the Levelling-Up Fund, Town Deal, Housing Infrastructure Fund, Local Pinch Point Fund, Major Route Network Fund, and Structures Fund. These have been used to carry out schemes such as Wolviston Roundabout, Durham & Thornaby Cycleways, Thornaby Town Deal, and more.

### Case Study – Thornaby Town Deal

The Town Fund emerged from the Department of Levelling Up, Housing & Communities (DLUHC) without prior indication, offering grant funding to bid for subject to a minimum of 20% local match funding. Stockton-on-Tees was successful in receiving £23.9m of funding. There were defined boundaries for the funding, with projects developed to fit the following themes:

- **Urban regeneration, planning and land use:** ensuring towns are thriving places for people to live and work
- **Skills and enterprise infrastructure:** driving private sector investment and ensuring towns have the space to support skills and small business development.
- **Connectivity:** developing local transport schemes that complement regional and national networks, as well as supporting the delivery of improved digital connectivity

There was a two-stage bidding process requiring the submission of a Town Investment Plan, establishing priorities and projects within the objectives, and a HM Treasury-complaint business case that was subject to validation through TVCA Quality Assurance mechanisms. The development of a prescribed governance structure for monitoring, evaluation, and communication in line with the DLUHC/HM Treasury requirements was also required.

Extensive engagement underpinned the programme, including 18 months of consultation with the public, education providers, TVCA, Registered Housing Providers, businesses, and the newly established Thornaby Town Deal Board which included representation from MP's and members. Stakeholder workshops and discussions took place as well as regular dialogue with the relevant Cabinet member. This approach proved helpful in having a local voice and guidance on where investment should be focused and activity prioritized. The Board continues to oversee and guide identification of projects and priorities within the programme.

Programme development was challenging due to the requirement to submit the budget and programme prior to carrying out both preliminary and detailed design and costing, surveys, negotiations to secure third party land or property, contractual agreement on partner funding, and market testing. Initial proposals for the Golden Eagle and Phoenix House sites were refined as commercial issues emerged, while ongoing engagement created opportunities to expand the programme—such as supporting NETA's relocation, developing an extensive cycleways network, and securing investment for North Thornaby housing improvements. Extensive lobbying of Government departments where these were not directly aligned with the funding criteria enabled them to be incorporated to meet local need

Given the scale and duration of the programme, changes to scope, costs, and timeframes were unavoidable. Continuous governance was maintained through regular briefings with the Cabinet Member, updates to the Town Deal Board, and formal Cabinet approvals.

- 4.12. TVCA has been given funding from the Government to allocate to projects across the Tees Valley region, including the City Regions Sustainable Transport Settlement (2022 – 2027) (CRSTS), a Capital Programme for improving public transport/active travel, and the Transport for the City Regions (2027 – 2032) (TCR). A Strategic Transport Plan was approved by TVCA's Cabinet in January 2020, and the ambition is to develop a world-class transport system to connect people to opportunity and assist business growth and inward investment.
- 4.13. Schemes funded via the CRSTS in 2022/27 include the improvements to Eaglescliffe, Billingham, Thornaby, Allens West, and Yarm Stations, local highway improvements and maintenance, electric vehicle charging, and enhancing the existing road network A66/A19 interface. The TCR scheme includes the Teesside Park/Marshalling Yard Train Station, A689 Corridor, A19 New Tees Crossing, Thornaby Train Station Transport Hub, Transport Bridge, and sustainable transport links to employment and training.
- 4.14. Developer Funded Schemes are secured as part of planning applications to mitigate the effect of a development. They can be either Section 106 agreement schemes where the developer pays a contribution or Section 278 agreement schemes where the developer fully funds the scheme. Developer contributions tend to be staggered throughout the delivery of a development and are predominately for access to a new development but can also be for offsite improvements for large developments. There may be conditions within the agreements that the scheme begins once a set number of properties have been built, with a contingency included for increasing costs, and will be included on the MTFP capital Programme once this has been reached. These agreements are negotiated by Council officers with the Developer.

#### **Case Study – Elton Interchange**

West Stockton was highlighted in the Local Plan as a location for significant housing development and capacity improvements at Elton Interchange were subsequently identified.

In 2017 the Government announced a Housing Infrastructure Fund (HIF) to help unlock new housing sites that had viability issues. Following approval by the Cabinet Member, the Council submitted a bid and awarded £10m on 1 February 2018.

The fund required a lengthy validation process before release therefore the Funding Agreement was not signed until end of 2019. During this time the conditions of the grant were changed, to be utilised to forward fund the scheme prior to any funding being secured from developers. There is no net long-term cost to the Council as repayment and further funding has been secured through development contributions as part of planning permission conditions.

Homes England, who administered the fund, set conditions for the funding, which entailed completing designs, gaining planning permissions, securing additional funding from developers, the tender process and construction by March 2023.

Full public consultation was carried out, along with Member briefings. Planning permission was granted in February 2021. The scheme required numerous Traffic Regulation Orders such as no waiting and speed limits which underwent statutory public consultation and Cabinet Member approval.

Delivery was overseen by a Project Team, reporting monthly to the Highways Infrastructure Steering Group. The scheme followed the Councils standard project management process. It took approximately 18 months on site to complete, with complex traffic management in place during that time. During construction there were delays caused by Statutory Undertakers timeframes, unknown utilities, poor weather, and design changes due to National Highways requirements. During the life of the project, material and construction costs increased by 52%, due to unforeseen factors including Covid and the Ukraine-Russia conflict.

The scheme spanned six years, from first designs in 2017 to site completion in December 2023

## Project Governance Arrangements

- 4.15. Good governance makes sure that costs, risks, and impacts are identified as early as possible, recorded properly, and communicated clearly to enable members and officers to make informed decisions.
- 4.16. The Committee received information regarding the governance structure for the capital programme along with the document templates used throughout the process. The current governance structure for the capital programme has been developed in-house and been in place in its current form since November 2024, following approval by Cabinet. There is a Programme Management Office within Corporate Services that supports the structure. Improvements have been made following its implementation, e.g. new forms introduced and procurement of new software system.
- 4.17. There is a minimum set of governance and standards that any project must have in place to ensure it is properly managed. The standard that every project must have is:
- Project Sponsor
  - Project Delivery Manager
  - Finance Lead
  - Project Initiation Document (PID)

A template document has been developed which requires clear indication of the officers responsible for the project, what the outcomes of the project are expected to be, expected costs, key milestones, key risks and a financial breakdown. It also requires the tolerances in timeframe, cost, risk, and deliverables to be outlined along with a communication plan and procurement strategy. The PID includes a structure for recording that each Gateway (noted in paragraph 4.20) has taken place and the approved costs. The document acts as the single point of truth and is centrally held in the Project Management Office.

- Risk, Actions, Issues, Decisions and Lesson learnt log (RAIDL)

A template document has been developed which requires a description of what has happened and its impact on the project, control measures, actions needed, dependencies, log and justifications of

decisions, what would be changed or improved in the future, and who is responsible for ensuring the lesson is shared/applied in future projects.

- 4.18. The documents used throughout the governance process are not publicly available due to containing sensitive information, which may remain even when the project is complete. Sensitivity is assessed as either commercial prejudice, public interest, and legal compliance.

### **Lifecycle of a Project (Micro Governance Structure)**

- 4.19. There is a five-stage process for each project:
- Foundation – high-level feasibility of a new capital initiatives, identifying benefits and producing a Project Mandate
  - Discovery – Mandate is developed into a Project Brief, giving an outline design or business case/option appraisal. At the completion of this stage the project is noted within the MTFP
  - Design – detailed design and Full Business Case/PID developed
  - Delivery – delivered against agreed plan, and highlight, exception reports produced along with change requests. Exception issues must be reported to the Placemaking (Regeneration) Mission Board (PMB)
  - Review – project-handover and review take place when nearing successful completion and ready for formal handover along with budget reconciliation. A checklist is completed by the Project Management Office on closure of the project, along with an outline ongoing support and maintenance and contract management.
- 4.20. There are gateways at each stage to approve progression to the next stage, monitor delivery, and highlight closure/benefits. The benefits of the project are defined at the Foundation/Discovery stage, monitored through Design and Delivery, and the effectiveness of the project is reviewed at the final stage. This will include any Key Performance Indicators (KPI's) or standards from external funders the project is required to adhere to. The PID is reviewed and monitored at each Gateway.
- 4.21. The expected costs, time, and potential risks are identified at the Discovery stage and contingency and allowance for inflationary uplifts will be built in to the project to mitigate for uncertainty. Risks can include inflation, delays within the supply chain, and labour costs. However, other unexpected issues and risks may arise at Delivery stage, e.g. issues being discovered with utility pipes when digging on a site. There may also be occasions when funding opportunities arise where the intention of a project and budget must be set to apply for the funding before the detail can be worked up, which increases the risks. It is therefore important for good governance that risks are anticipated at Discovery, identified as early as possible throughout the stages and Gateways, and there is clear recording of risk to enable members and officers to make informed decisions.
- 4.22. Due to the many different type of projects, there is no set level of contingency to apply to all projects that are carried out by the Council. The extra time/costs to factor in to a project is calculated by officers, who make a judgement on the probability of different issues occurring.
- 4.23. Funding, risks, and capacity are addressed at each of the gateways before a project can progress to the next stage, and every project must be fully funded before progressing. The project will be presented to PMB to approve progression to the next stage. If a project cannot be delivered within the agreed budgets and scopes, including those set by external funders, it is escalated to the appropriate governance level, including Cabinet and Council.

- 4.24. Closure reports at the review stage are shared with PMB. These reports, which use a standard template, include information on performance against the non-negotiable outcomes, project summary, planned and actual end date, planned and actual costs, and planned resources.
- 4.25. Details of the governance roles and responsibilities of the project are also requested, evaluating if they are being applied and working effectively. It is asked if any lessons have been learnt throughout the template, along with follow on actions and recommendations. The reports evaluate the success of a project and are considered and signed off by the PMB. Information on lessons learnt/follow on actions disseminated to the appropriate teams.

#### **Case Study – Hartburn Lane/Hartburn Avenue Road Junction**

The Hartburn Lane/Hartburn Avenue Road Junction Closure Report indicates that early and regular stakeholder communication allowed concerns/queries to be resolved. It was noted there was sufficient contingency within the initial budget forecast for the increase in actual cost, and that a Stage 4 Road Safety Audit would take place after 12 months to analyse the safety performance of the new road layout. The report highlights prioritising internal delivery of such schemes.

#### **Case Study – Causeway/Melrose Avenue Signalisation**

The Causeway/Melrose Avenue Signalisation closure report demonstrates how it is highlighted that a scheme would not achieve its non-negotiable outcomes and therefore stopped from going ahead. Additional modelling took place to inform decision-making, and the project was closed to avoid future expenditure. The lessons learnt, which included early investment in analysis, early assessment of schemes, and disbenefits and risks identified escalated early in the project life, would be applied to future projects

- 4.26. The micro governance structure is illustrated in **Appendix 1**

#### **Reporting and Decision Making (Macro Governance Structure)**

- 4.27. Every project has a Project Group to oversee the delivery. Officers who sit on the Project Group include the project manager, finance, legal, procurement and any other officers relevant to the project. The group has responsibility and accountability for the maintenance of documentation, project plan, and RAIDL.
- 4.28. Project groups report to a Programme Working Group, which are chaired by Assistant Directors and are responsible for developing and making recommendations for all newly proposed projects. They also oversee progress of the projects within individual programmes and managing delivery of the projects. There are six Working Groups:
- Assets
  - Transport and Highways
  - Housing Delivery
  - Local Plan and Spatial Policy
  - Central Stockton
  - Billingham, Thornaby Yarm & Eaglescliffe.

- 4.29. Highlight reports are completed, signed and dated by the project manager, ensuring the data is current, to provide a snapshot of project status using a Red Amber and Green (RAG) rating. It includes milestones, risks, issues, activity taken place in the last period, and activity planned. These are used to create a single dashboard for all projects which includes details of the Working Group it reports to and Chair, Project Manager, Project Name, a RAG rating for the project's status, and the Gateway stage the project is at. The dashboards support the Working Groups and PMB in scrutinising, challenging and monitoring the delivery of the capital programme.
- 4.30. The highlights dashboard and RAIDL is reviewed regularly at governance meetings for checking and challenging, to ensure accountability and transparency within the project.
- 4.31. Working Groups report to the PMB who are responsible for the oversight of the capital programme. PMB seek assurance from Working Groups and formally approves newly proposed projects progression for formal consideration by Powering our Futures (PoF) Board and Corporate Management Team (CMT). PMB also formally approves progression of each project to the next stage. PMB also provide advice to the relevant Director who has delegation from Cabinet to deliver projects and programmes, and escalate decisions to Cabinet where they exceed delegated powers.

#### **Case Study – January 2026 PMB meeting**

The PMB were presented with a request and PID to move the Worsall Road Culvert Improvement Scheme to the Design stage. The scheme would remove existing screens and install a CIRIA C786-complaint security and debris screen. The funding allocated to the scheme would support detailed design, site investigations and construction works. Once the design had been completed and tenders returned the scheme would be presented again to request moving to Delivery stage.

The PMB also considered two requests to move projects from Design to Delivery stage:

- Care Homes Solar Scheme to install solar panels on public sector buildings via the Mayoral Renewables Fund, which had to be completed by the end of the year. The funding agreement had been signed by TVCA, and ready to move to Delivery.
- Thornaby Swimming Pool, which had sought Cabinet approval throughout the different stages in the process, including budget for delivery, approval of the existing scheme scope, and approval of moving funds from different projects in the Town Deal programmes to the scheme.

- 4.32. CMT authorises capital projects to progress to Cabinet who make executive decisions (and where appropriate make recommendations to Council) in respect of budget allocations for capital projects and programmes and delegates further decision making to the relevant Director in consultation with the Cabinet member in line with Council's Constitution. There is regular dialogue with the relevant Cabinet members and, where necessary, Leader and Deputy Leader regarding the capital programme to ensure they have the information required when making decisions.
- 4.33. Finance officers highlight any issues with budgets to the relevant group throughout the project to determine if and how to source any extra funding needed.

4.34. The macro governance structure is illustrated in **Appendix 2**.

### **Member Engagement**

4.35. Member engagement throughout the lifecycle of a project varies depending on the project.

4.36. Cabinet members have input and oversight regarding capital projects within their portfolio via regular dialogue with officers and receive the data they need to make informed decisions. Reports are presented to Cabinet when executive decisions on a programme or project are required e.g. the approval of inclusion of schemes on the programme and allocation of budgets.

4.37. In addition, member engagement could also include:

- Consultation with Ward Members for Ward specific projects
- Representation on boards such as the Town Deal Board
- Updates to the Leader/Deputy Leader
- Reports to Cabinet/Council
- Programme updates through the MTFP cycle

4.38. To ensure good governance, it is important when communicating with members they receive clear, consistent, and timely information as the project evolves. This includes explaining how scopes change, risks arise, and costs are affected to give an understanding of why a project is where it is at, e.g. if there are delays or changes to costs. Providing this transparency helps members in their decision making as well as preventing possible misconceptions at later stages of the project.

4.39. Members can make legitimate requests for information that they may need, and Scrutiny members have additional rights to summon officers to meetings and request information to carry out their work. While there are restrictions on commercially sensitive information being published, members are entitled to access sensitive information they reasonably need to discharge their functions through secure confidential channels.

4.40. The Council has a Concordat for Communication and Consultation with Members which outlines how information should be provided to members as well as how officers should consult with members, however, this has not been reviewed in recent years.

## **5.0 Conclusion**

5.1. The Committee's review has examined the current governance arrangements for the Capital Programme which has been in place in its current form since November 2024. In doing so, members have received information on the breadth of activity underway and the types of challenges that different projects pose. This reinforces the need for clear, consistent governance and effective oversight to ensure projects deliver value for money and achieve their intended benefits.

5.2. All projects placed on the Capital Programme must be fully funded and potential risks identified, although it is acknowledged that there may be a level of unforeseeable risk. The early stages of the governance structure ensures that costs and risk are fully considered along with identifying

benefits, giving an outline of the design. Gateways at each stage assures that these are monitored and any issues throughout the lifecycle of a project highlighted to the relevant layer of oversight. The introduction of standardised documentation has strengthened consistency across the programme and improved the ability to monitor progress, manage risk, and record decision making.

- 5.3. The layered system of providing oversight to the programme, via project groups, working groups, PMB, CMT, and Cabinet/Council, illustrates a clear line of decision-making and accountability which the LGA's guidance highlights as being important for good governance. The establishment of the Programme Management Office to support the governance structure reflects the guidance from the LGA that there should be a dedicated unit with specialised project management skills to manage the programme. The Committee are aware of the development of the Council's workforce "People Plan" to ensure that there are sufficient capacity and skills across the organisation, and this should also consider the needs to support the capital programme.
- 5.4. The review highlights the importance of learning from experience, and the requirement to log lessons learnt and complete closure reports demonstrates a commitment to continuous improvement which will become increasingly valuable as more projects move through the full governance cycle.
- 5.5. The review also highlighted a strong appetite to strengthen member engagement to ensure more consistent information flows and earlier involvement where appropriate, as well as to aid the decision-making processes.
- 5.6. Overall, the Committee concludes that the Council has made significant progress in building a strong and credible governance framework for its capital programme. The systems now in place provides a solid foundation for delivering projects that benefit residents, support regeneration, and meet the strategic ambition of the Borough. Continued focus on governance, communication, risk management and workforce capability will further improve delivery, ensuring that capital projects achieve their intended outcomes and continue to contribute positively to the Borough's growth and development.

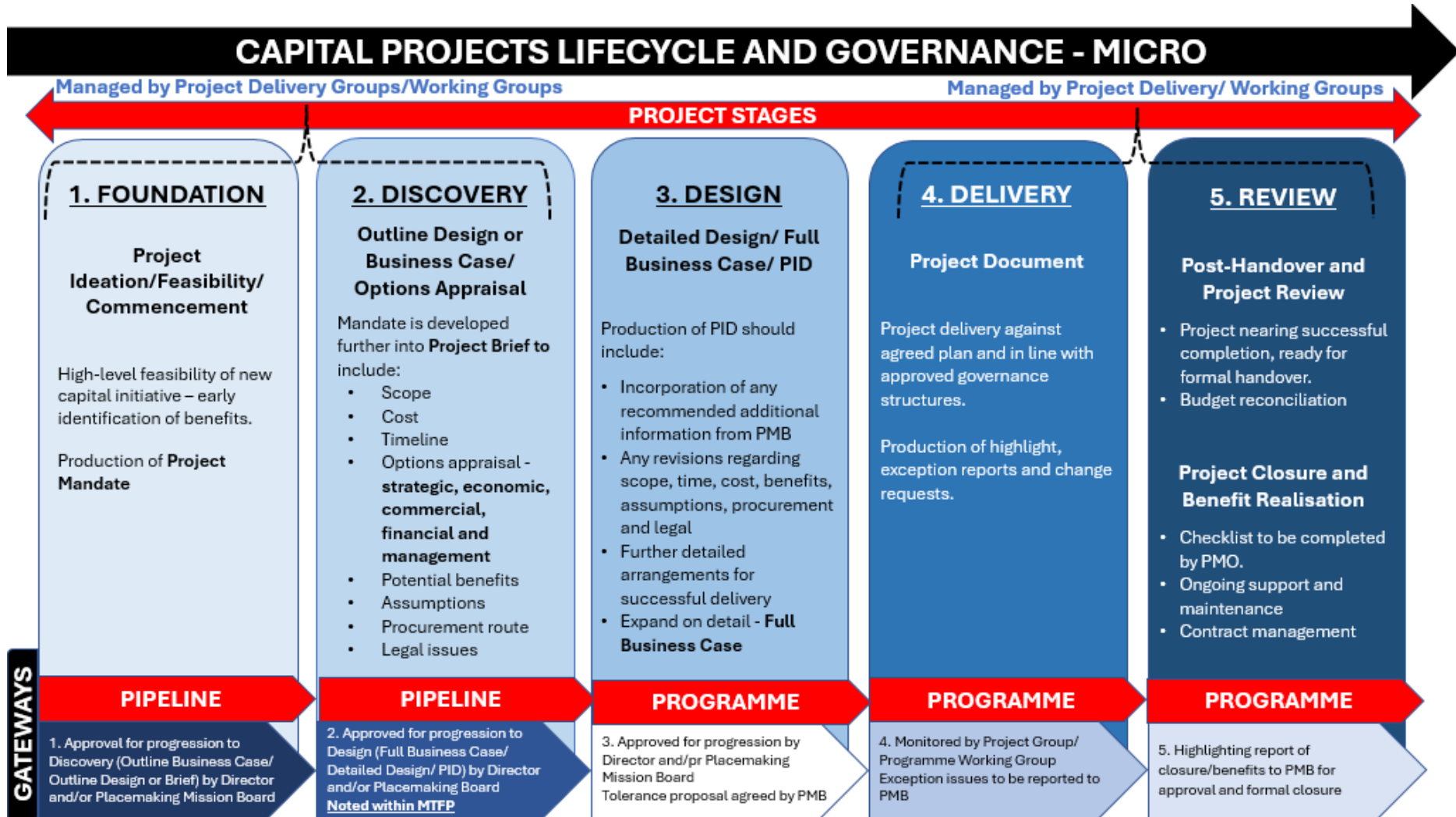
## Recommendations

- 5.7. The Committee recommends that:
  - 1) The level of financial delegation given to officers in relation to capital projects is reviewed and any potential changes be taken through Cabinet and Council.
  - 2) When making a decision Cabinet receive information that addresses the following:
    - option appraisal
    - public and stakeholder consultation and engagement
    - benefit identification
    - risk management
    - financial delegations
    - lessons learned from previous projects where appropriate
  - 3) Member information for and engagement of the capital programme is strengthened by:
    - Providing regular and consistent updates to members via Cabinet/Member briefings showing progress against approved programme
    - Including training for members on capital programme governance and funding frameworks within the Member Induction

- Refreshing the Council's Concordat for Communication and Consultation with Councillors to include the flow of information on the progress of capital projects particularly to relevant Ward Members
- 4) Consideration be given within the ongoing development of the Council's People Plan of the need to ensure sufficient workforce capacity and skills to support the capital programme
  - 5) Officers provide a report on the effectiveness of the governance structure to the Select Committee in January 2027, when further projects have been through the process

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# Appendix 1



# Appendix 2

This document was classified as: OFFICIAL

## Capital Programme Capital Programme Governance – Macro

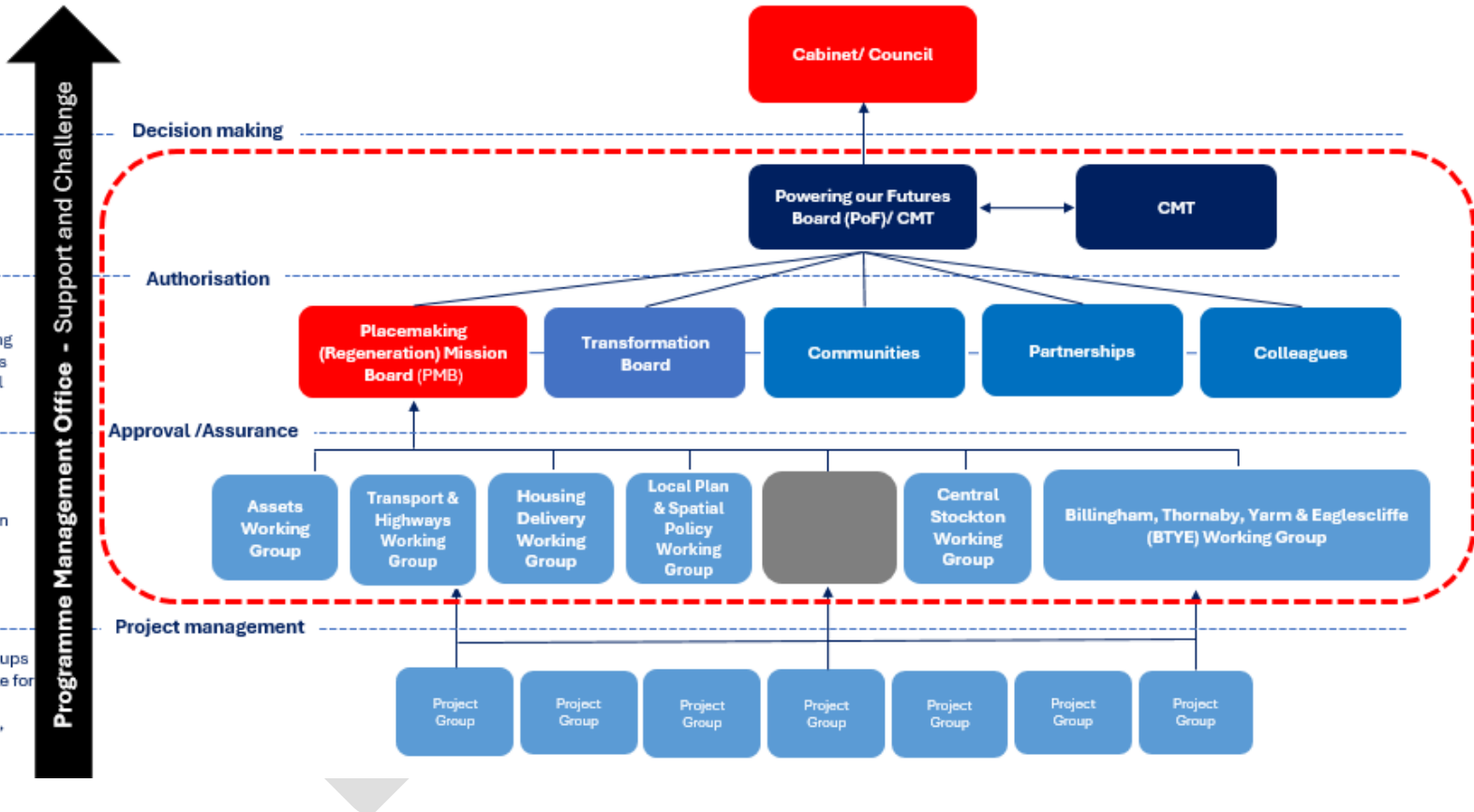
**Cabinet/ Council**  
Makes executive decisions and formally approves inclusion of capital projects in budgets.

**CMT/POF**  
Authorises capital projects for progression to Cabinet/ Council

**Placemaking Mission Board**  
Seeks assurance from Working Groups and formally approves project progression for formal consideration by CMT

**Working Groups**  
Capital Working Groups that oversee progress and report on major projects in delivery and in development within their directorate(s).

**Project Groups**  
Individual project delivery groups - responsible and accountable for maintenance of project management documentation, project plan and RAIDL



## Glossary of Terms

BNG	Basic Needs Grants
D&B	Design and Build
CMT	Corporate Management Team
CRSTS	City Region Sustainable Transport Settlements
DoE	Department of Education
DLUCH	Department of Levelling Up, Housing & Communities
HNPCA	High Needs Provision Capital Allocations
KPI	Key Performance Indicators
LGA	Local Government Association
MHCLG	Ministry for Housing, Communities and Local Government
MTFP	Medium Term Financial Plan
PID	Project Initiation Document
PMB	Placemaking (Regeneration) Mission Board
PoF	Powering our Futures
RAG	Red Amber and Green
RAIDL	Risk, Actions, Issues, Decisions and Lesson learnt log
TCR	Transport for City Regions
TVCA	Tees Valley Combined Authority