

REPORT TO EXECUTIVE SCRUTINY COMMITTEE

19 MAY 2026

Place Select Committee Scrutiny Review of Governance of Capital Projects – Executive Summary

Summary

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.
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

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.
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).
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).
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%)
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.

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

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
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.
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

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.
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
14. There are gateways at each stage to approve progression to the next stage, reviewing and monitoring the PID.
 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.
 16. The reporting and decision-making structure includes:
 17. 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).
 18. Programme Working Groups chaired by Assistant Directors, who oversee progress of the projects within individual programmes and manage delivery of the projects.
 19. 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.
 20. Corporate Management Team (CMT)/ Powering our Futures (PoF) Board authorises capital projects for progression to Cabinet/Council
 21. 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.
 22. 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.
 23. 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.
 24. 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.

25. 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.
26. 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
27. Effective communication with residents and stakeholders can be also beneficial to the smooth and agile delivery of a project.
28. 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

29. 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.
30. 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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