May 2020

CAPITAL OUTTURN REPORT 2019/20

Sheffield City Council

1 INTRODUCTION

A succinct summary of the report content and conclusions

1.1 Purpose of report

Capital spending pays for buildings, roads and council housing and for major repairs to them. It does not pay for the day-to-day running costs of council services. We strive to use our capital monies to make the biggest possible positive impacts upon Sheffield people's lives.

Our capital spending falls under nine priority areas:

- Economic growth
- Housing investment
- People: capital and growth
- Transport
- Quality of life
- Heart of the City II
- Housing growth
- Green and open spaces
- Essential compliance and maintenance

Further details on each of these priorities are contained in our Capital Strategy.

In March 2019, Cabinet approved a capital programme budget for the financial year 2019/20. This Outturn Report sets out how we delivered against the 2019/20 approved budget.

The purpose of this report is to set out:

- levels of actual spend that occurred throughout 2019/20 (sections 2 and 3)
- key projects which underspent and the reasons for this (section 4)
- key projects which overspent and the reasons for this (section 5)
- levels of slippage and the reasons for this (section 6)
- how the capital programme is funded and how these resources have been spent (section 7)
- actions we are taking to improve our performance (section 8).

A Glossary is included at section 9 to promote a clear, shared understanding of financial and project terminology.

1.2 Headline conclusions

The Council continues to improve its delivery of capital schemes. Effective governance minimises the risk of overspends.

Whilst there continues to be slippage on the capital programme, we have maintained our clear distinction between delivery slippage and re-profiling (as set out at section 6). This has helped to highlight where variations against budget are the result of strategic decisions rather than failure of delivery. Use of this analysis will continue alongside our continued monitoring and critical challenge of unrealistic budget profiles in order to deliver a robust capital budget with minimal variances.

We are pleased to note that the great majority of slippage is accounted for by a small number of projects with relatively high levels of slippage, which were largely beyond our control (see section 3.2). This gives us some reassurance of our ability to spend money to profile.

That said, there is no room for complacency. The Council will continue to make ongoing improvements to its processes and governance to reduce slippage in the capital programme in order to maximise the timely delivery of benefits to Sheffield citizens.

Damian Watkinson
Finance Manager, Commercial Business Development
Finance and Commercial Services
May 2020

2 KEY FACTS

Key high-level budget and expenditure information

2.1 Budget and expenditure headlines

Approved capital programme budget for 2019/20 as at 31 March 2019 (Month 1)	£177.2m
Approved capital programme budget for 2019/20 as at 31 December 2019 (Month 9) – the latest report to Cabinet	£165.1m
Approved capital programme budget for 2018/19 at 31 March 2019 (Month 12)	£152.3m
Actual expenditure against the revised budget of £152.3m	£128.5m

2.2 Reasons for budget changes between Month 9 and Month 12

These approved capital budgets were reduced by £12.8m between the end of December 2019 and March 2020:

	2019/20 (£m)
Month 9 approved budget	165.1
Additions	1.3
Variations	3.4
Reprofile	-7.5
Slippage and acceleration	-10.1
Month 12 approved budget	152.3

The key projects which had 2019/20 in-year budget changes between Month 9 and Month 12 are:

Reprofiling		**Slippage**		**Additions**		**Variations**	
Brownfield Site Acquisition (Housing Growth)	-£5m	Heart of The City II	-£4m	Care Leavers' Accommodation	+£0.4m	Annualised capital interest - Heart of the City II	+2.5m
Block Allocations for Housing Investment	-£2.3m	Grey to Green 2	-£1m	Walkley Primary School Contribution	+£0.3m	Fit out payments Heart of the City II Block D	+£4.1m
		New Council Housing Ph 2	-£0.9m			Housing Investment & Loan reductions	-£2.5m
		Broadfield Rd Junction	-£0.8				
		City Centre Safety	-£0.7m				
		Astrea Academy Pitch	-£0.7m				
		Parking Schemes	-£0.6m				
		Council Housing Garage Strategy	-£0.4m				
		Transforming Cities Fund	-£0.3				

3 PERFORMANCE BY PRIORITY AREA

A summary of expenditure against budget at Month 12

3.1 Year-end net slippage figures

The overall outturn of expenditure against the approved budget of £152.3m budget was £128.5m. The table below summarises the outturn expenditure by Priority Area, categorising variances against budget.

Year-end net slippage - the aggregate of Slippage and Accelerated Spend - totalled £19.6m. This represents 13% of the approved Month 12 budget.

Portfolio	Approved Expenditure Budget	Expenditure 31/03/20 (Qtier)	Variance	Slippage	Reprofile	Accelerated Spend	Overspend	UnderSpend	Internal Adjusment	Percentage Year End Net Slippage
ECONOMIC GROWTH	11,148,311	9,247,084	1,901,227	1,580,877	-	(1,473)	(24,558)	128,833	217,547	14%
ESSENTIAL COMPLIANCE & MAINT	9,344,429	4,897,590	4,446,839	4,406,855	28,304	(16,780)	(30,968)	59,429	-	47%
GREEN & OPEN SPACES	1,212,452	1,045,873	166,579	174,270	1,500	(14,906)	(5,779)	10,053	1,440	13%
HEART OF THE CITY II	22,836,820	20,840,904	1,995,916	2,104,441	-	(224,280)	(14,000)	129,755	(0)	8%
HOUSING GROWTH	22,869,109	19,788,469	3,080,640	2,719,367	67,579	(369,247)	(64,797)	68,738	659,000	10%
HOUSING INVESTMENT	40,092,958	37,337,642	2,755,316	1,746,462	1,309,462	(870,705)	(141,668)	705,473	6,293	2%
PEOPLE CAPITAL & GROWTH	14,881,444	13,407,429	1,474,015	1,084,049	441,939	(58,392)	(343,605)	350,024	-	7%
QUALITY OF LIFE	15,343,870	14,456,072	887,798	226,504	-	(22,311)	(0)	705,945	(22,341)	1%
TRANSPORT	13,292,349	6,214,807	7,077,542	7,233,163	-	(119,033)	(91,124)	54,535	0	54%
CORPORATE	1,250,000	1,250,000	-	-	-	-	-	-	-	0%
GRAND TOTAL	**152,271,742**	**128,485,871**	**23,785,872**	**21,275,989**	**1,848,784**	**(1,697,127)**	**(716,499)**	**2,212,786**	**861,939**	13%

3.2 Year-end net slippage explanation

The highest levels of year-end net slippage were on the Transport (54%) and Essential Compliance and Maintenance (47%) priorities:

Transport

- Delays to the Broadfield Road Junction Scheme as a result of difficulties securing the required land acquisitions to proceed (£1.4m);
- Delays to the Clean Bus Technology Grant scheme to private bus operators. This has been due to the bus operators experiencing supply chain issues in relation to the equipment required (£1.4m); and
- Delays in Ultra Low Emission Vehicle Rapid Charger installation due to extended procurement process (£1m).

Essential Compliance and Maintenance

- Delays in procurement of new vehicles for Transport Fleet due to changing specifications as result of the Clean Air Zone Agenda and the introduction of the new Euro 6.2 engines in Autumn 2019, causing production delays (£2.6m). All orders are now placed and deliveries expected in summer 2020. However, this may now be further delayed as a result of COVID-19.
- Slippage in Corporate Buildings Essential Replacement Programme for corporate estate (£1m).

3.3 Impact upon the Council's resources

The vast majority of **overspends** were funded from External Grants or contributions. These did not therefore require additional support from the Council's resources.

In relation to **underspends**:

- £0.8m was to be funded by Prudential Borrowing. This will therefore generate revenue savings in future.
- £0.12m underspend against budget on Bus Rapid Transit North will benefit the Corporate Investment Fund.
- £0.3m savings will accrue to the Housing Revenue Account.

The remainder relates largely to grant-funded schemes and therefore provides no direct benefit to Council funds.

4 SPEND BELOW BUDGET

A summary of the top ten projects which spent below budget

The table below sets out the ten projects with the highest spend below the approved budget, together with categorisation of the variance and the reason for it.

Priority	Scheme Title	Approved Expenditure Budget	Integra Expenditure 31/03/20 (Qtier	Variance	Slippage	Reprofile	Accelerated Spend	Overspend	UnderSpend	Internal Adjusment	Comments
ESSENTIAL COMPLIANCE & MAINT	TRANSPORT EFFICIENCY	4,887,877	2,274,641	2,613,236	2,613,236	-	-	-	-	-	Purchases delayed due to revisions to vehicle specifications.
TRANSPORT	BROADFIELD ROAD JUNCTION	1,879,028	484,557	1,394,471	1,394,471	-	-	-	-	-	Known issues with ongoing purchase of land & CPO which has delayed the project.
TRANSPORT	CLEAN BUS TECHNOLOGY	2,672,426	1,278,715	1,393,712	1,393,712	-	-	-	-	-	Ongoing issues most of the year. The bus operators are responsible for planning and monitoring their programme but have previously experienced supply chain and technical issues.
TRANSPORT	ULEV RAPID CHARGERS	1,117,185	61,768	1,055,417	1,055,417	-	-	-	-	-	Issues with procurement that caused a 6 month delay to programme.
HOUSING GROWTH	DEVONSHIRE QUARTER	5,100,000	4,212,232	887,769	887,769	-	-	-	-	-	Budget still required to fund business relocation. This remaining budget will be used to construct new premises on the new site.
QUALITY OF LIFE	BROWN BIN IMPLEMENTATION	486,102	(305,040)	791,142	120,000	-	-	-	671,142	-	Last forecast estimated only £120K needed to complete the project, the rest is a saving.
HOUSING GROWTH	STOCK INCREASE (CHS)	784,090	-	784,090	-	67,579	-	57,511	-	659,000	Reprofile of £68K, remainder offsets overspends on other schemes and land appropriation for Hemsworth balance sheet transaction
ECONOMIC GROWTH	GREY 2 GREEN PH2	3,844,263	3,152,821	691,442	691,442	-	-	-	-	-	Incorrect level led to scheme redsign and delays, discovery of higher levels than expected of concrete underground, and weather related delays are key reasons for slippage on the scheme
HEART OF THE CITY II	G1 38 CARVER STREET	851,957	191,295	660,661	660,661	-	-	-	-	-	Slippage due to delays in tenant appointing contractors to commence refurbishment works so staged capital contribution payments delayed. Fist payment now certified and programe will be complete in 20/21
HOUSING GROWTH	NEW BUILD COUNCIL HSG PHASE 2	4,477,336	3,829,279	648,058	648,058	-	-	-	-	-	Delay in completion of contract due to inclement weather and in statutory body and utilities work. Originally due to declare £200k of contingency saving but delay claim cost due to COVID-19 delays currently unknown so all remaining budget to slip to 2020/21. Site work currently stopped and unknown when this will recommence.
TOTAL		**26,100,264**	**15,180,266**	**10,919,998**	**9,464,765**	**67,579**	**-**	**57,511**	**671,142**	**659,000**	

5 SPEND ABOVE BUDGET

A summary of the top ten projects which spent above budget

The table below sets out the ten projects with the highest spend above the approved budget, together with categorisation of the variance and the reason for it.

Priority	Scheme Title	Approved Expenditure Budget	Integra Expenditure 31/03/20 (Qtier	Variance	Slippage	Reprofile	Accelerated Spend	Overspend	UnderSpend	Internal Adjusment	Comments
HOUSING INVESTMENT	ELECTRICAL STRATEGY	9,446,507	10,230,976	(784,469)	-	-	(784,469)	-	-	-	The project has continued to accelerate one of the contractors has completed their contracted work a year early. The 20/21 budget will be reduced accordingly with no expected increase to the overall budget.
HEART OF THE CITY II	C PEPPER POT BUILDING	3,013,166	3,209,100	(195,934)	-	-	(195,934)	-	-	-	Higher than anticipated demolition and façade retention costs. Additional risk provisiosn built in to cover this so will be contained with overall budget requirement. Remaining budget now aligned with agreed programme and cashflow.
HOUSING GROWTH	GENERAL/RTB ACQUISITIONS CHS	916,390	1,095,041	(178,651)	-	-	(178,651)	-	-	-	97 refurbishments were achieved against a revised estimate of 73 resulting in acceleration of budget previously slipped into 20/21
PEOPLE CAPITAL & GROWTH	MECHANICAL REACTIVE	-	91,933	(91,933)	-	-	-	(91,933)	-	-	Reactive emergency works required for which a budget allocation was not established in 19/20. Budget allocation to be put in place for 20/21
PEOPLE CAPITAL & GROWTH	DISABLED GRANTS	2,791,032	2,866,816	(75,784)	-	-	-	(75,784)	-	-	Grants delivered greater than budgeted. However, sufficient DFG funding held to cover this.
PEOPLE CAPITAL & GROWTH	HIGH VALUE EQUIPMENT (DFG)	500,000	574,262	(74,262)	-	-	-	(74,262)	-	-	Equipment installed greater than budgeted. However, sufficient DFG funding held to cover this.
PEOPLE CAPITAL & GROWTH	TELECARE/FIRE ALARM EQUIPMENT	250,000	320,000	(70,000)	-	-	-	(70,000)	-	-	Equipment installed greater than budgeted. However, sufficient DFG funding held to cover this.
HOUSING INVESTMENT	COMMUNAL AREAS-LOW RISE FLATS	450,000	517,810	(67,810)	-	-	(67,810)	-	-	-	Additional works to commissioned to be funded from future years block alloctaion.
HOUSING INVESTMENT	PROGRAMME MANAGEMENT COSTS RTB	416,000	481,000	(65,000)	-	-	-	(65,000)	-	-	Budget set based on estimated Right To Buy sales, actually sold more. Additional costs covered by additional sales.
HOUSING GROWTH	ACQUISITIONS HE FUNDED	216	63,646	(63,430)	-	-	-	(63,430)	-	-	Repair costs for the 10 acquisitions made with HE Grant in 18/19 were a lot more than originally budgeted. These works are now complete.
Total		**17,783,312**	**19,450,584**	**(1,667,272)**	**-**	**-**	**(1,226,864)**	**(440,409)**	**-**	**-**	**-**

6 SLIPPAGE

A statement of slippage levels for 2019/20 and comparison against previous years

6.1 Why is slippage important?

Slippage impacts not only our financial position, but also the services we provide:

- **Financial planning** – inaccurate profiling makes it difficult for us to plan new investments and determine our borrowing requirements.
- **Revenue budget** – whilst slippage can have a positive effect through reducing our borrowing costs, it can also increase our costs when capital investment should result in reduced revenue running costs which are then delayed. There is also the risk that interest rates could rise in the intervening period, increasing our borrowing costs.
- **Construction inflation** – project delay can lead to increased tender costs as time progresses in a growing market. This may be a greater risk as supply chains and working practices are impacted by COVID-19.
- **Ancillary costs and consequential works** – delays to, for example, new school buildings can result in temporary accommodation being required at additional cost and disruption. Delays to planned maintenance can cause additional costs for short-term revenue repairs and increase the cost of the capital replacement in the longer term due to asset deterioration and the urgency of the repair.
- **Reputational damage** – if projects are not delivered as publicised, this can cause both internal and external damage to the Council's reputation.

Reducing the levels of slippage in the capital programme is a key priority for the Council. Spend on delivery demonstrates that projects are being delivered on the ground for the benefit of our residents.

6.2 What causes slippage?

It's important that we understand why slippage is occurring so we can address it and report on it in a clear and timely manner. Key reasons for slippage include:

- **Delays in planning consent** – this can be lengthy and must follow due process.
- **Timing of third party funding contributions** – slippage can occur when a project is entered onto the capital programme and funding is then delayed.

- **Tender returns and value engineering –** if tender returns exceed budget, this can require a lengthy period of redesign, costing and validation in order to bring a scheme back within budget.
- **Access issues –** if a delivery window is missed (such as school holidays), this can result in significant slippage until the next available window.
- **Final accounts and snagging –** where these are not resolved in a timely manner, we may need to retain monies for final payments and resolution of defects.
- **Project planning –** optimism bias, and the fact that funding may need to be made available if risks (such as planning consent) do not materialise, can lead to delivery slippage. Furthermore, we have historically added projects to the capital programme at feasibility stage. This can lead to delays when feasibility throws up issues which delay delivery. Project managers are also focussed on obtaining the total funds for their projects, rather than accurately forecasting the profile of their spend.

The actions we are taking to address these are set out at section 8.

6.3 Historical position

Reducing the levels of slippage in the capital programme is always a key priority for the Council.

In recent years, total slippage (which includes year-end slippage plus in-year slippage) has been on a downward trend. From a high point of 43% in 2012/13, slippage levels tumbled to 24% in 2017/18. This is largely as a result of the introduction of the 'Gateway Process', which introduced greater rigour and accountability to project governance.

6.4 Current position

In 2017/18, action was taken to confirm the definitions of 'slippage' and 're-profiling' and draw a clear distinction between the two in order to aid transparency and clarity.

'Slippage' relates to spend below budget, which reflects a scheme in delivery falling behind programme. Stakeholders need to understand the reasons for this and take remedial actions to try and bring the project back on track.

'Re-profiling' is the re-allocation of budget between years for projects which are not yet in delivery. Budget allocations are being moved which could be due to a number of reasons. For example, further feasibility work could be required to be undertaken, or further funding sought. Or we could minimise risk to Council taxpayers by splitting a project into a series of projects in order to spread delivery risk.

We therefore adopted this revised definition of slippage for 2018/19 onwards, and have used this to compare slippage in 2018/19 to 2019/20

The table below summarises the breakdown between slippage and re-profiling, including (a) that authorised in-year as part of the regular approvals process, and (b) that occurring at year-end as part of overall planned expenditure.

Maximum Authorised Expenditure In year	Expenditure Delivered	In Year Slippage (£m)	Year End Net Slippage (£m)	Total Slippage (£m)	Slippage as %age of budget
192.4	**128.5**	9.9	19.6	29.5	15.3%
		In Year Reprofile (£m)	**Year End Net Reprofile (£m)**	**Total Reprofile (£m)**	**Reprofile as %age of budget**
		32.6	1.8	34.5	17.9%

As can be seen total slippage was £29.5m or 15.3%. This is an increase of 3.3% from the 12% in 2018/19.

The major contributory factors to the **Year End Net Slippage** figure are set out at sections 3, 4 and 5 above. Key elements of the **In-Year Slippage** are largely identified in the changes between month 9 and month 12 at Section 2.2 above.

A level of slippage is inevitable in any capital programme and, as identified above, key contributors to the figure in 19/20 have been factors outside the Council's control.

The major contributory factors to the **Year End Net Re-profile** relate to:

- £1.2m on the Housing Revenue Account scheme budgets for Windows, Kitchens and Capitalised Repairs Allowances. These were not required and have therefore been moved into 2020/21.
- £0.4m allowance for furniture and equipment at Astrea Academy. This will be drawn down by the school as required.

Key elements of the **In-Year Re-profile** amount were:

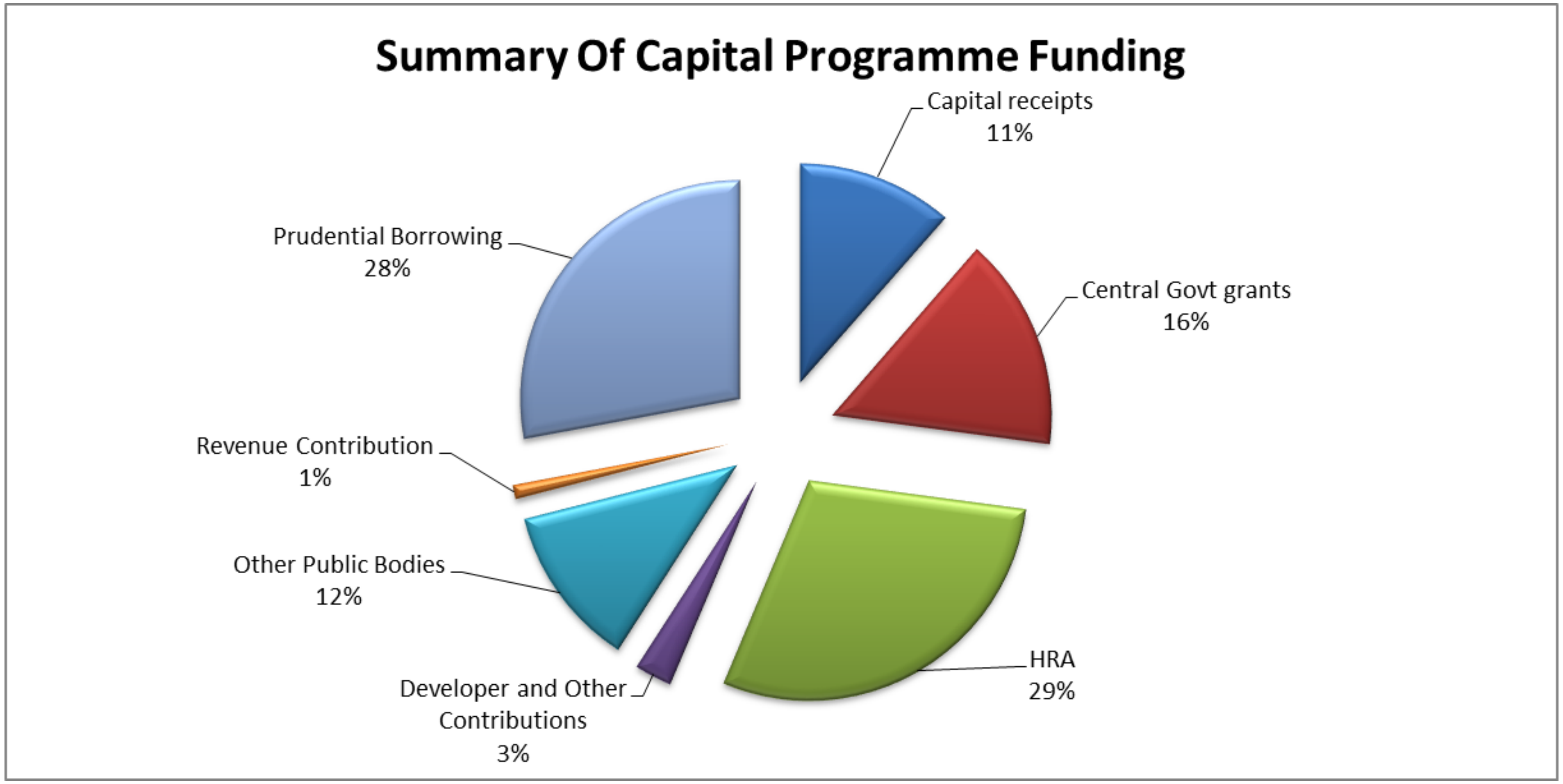
- New Build Council Housing Phase 4 - increased costs at tender delayed the decision to commence the scheme (£8.5m).
- The strategic decision to deliver the Heart of The City II Programme in phases, rather than a single "big bang" development (£13.2m).
- Schemes identified as 'reprofiled' between Month 9 and Month 12 identified in section 2.2 (above). Suitable brownfield sites did not come to market, and changing priorities in the housing investment programme meant that monies on general 'Q numbers' were moved to next year.

7 FUNDING AND RESOURCES

How the capital programme is funded; key risks to note

7.1 Breakdown of capital funding

Capital expenditure in 2019/20 totalled £128.5m, broken down in the proportions set out below:



Taking each of the key funding streams in turn:

A Prudential borrowing

The £36m of Prudential Borrowing makes up just over a quarter of the capital programme. This funds:

- Heart of The City II scheme (£20.1m). Future revenues and capital receipts from developed sites are expected to offset future principal and revenue costs. We keep this under ongoing review.
- Major Sporting Facilities financing arrangements (£13.8m).
- Vehicle Fleet upgrade to improve air quality and reduce repair costs (£2.3m).

B Capital receipts

Expenditure funded by capital receipts (£14.7m) has been directed mainly to investments in existing council housing stock (£5.9m), investment in Housing Growth (£3.3m), investment in the corporate estate (£2.2m), repayment of historic loan arrangements (£1.3m) and investment in transport infrastructure (£1.2m)

C Central government grants

The majority of the £20.1m funded by Central Government Grants relates to grants from the Department for Education for the creation of new school places and maintenance of schools' infrastructure (£8.7m).

However, it should be noted that following the decision to cashflow the creation of new school places in advance of government funding awards has required the use of £6m of corporate resources to date (see section 7.2 below).

The remainder of Government Grant Funding relates to:

- Addressing Social Care Issues through Disabled Facilities Grants and introduction of the Whole Family Case Management System (£4m)
- Purchasing of land for Housing Growth (£4.2m)
- Contributions towards Clean Air Targets (£2.3m)

D Housing Revenue Account (HRA)

The HRA is the account in which a Council's housing revenue (e.g. tenants' rent) and housing costs (e.g. property management and maintenance) are kept. It is separate from the General Fund. Expenditure of £37.6m has been incurred on the maintenance of Council housing stock.

E Other Public Bodies

These contributions totalling £15.3m are made up of:

- various grants from non-departmental government bodies (£7.6m) such as the Environment Agency in respect of flood alleviation schemes, and Homes England in relation to Affordable Housing Grants and the Cladding Remediation Grant.
- Sheffield City Region grants (£7.1m) which includes Sheffield City Region Investment Funding for the ‘Grey to Green 2’ and ‘Inner Relief Road Junctions’ Schemes, Transforming Cities Transport Funding and Local Transport Plan Funding.
- Contributions from other local authorities on behalf of whom SCC operate loans schemes (£0.6m)

7.2 Key risks to note

School Places Expansion Programme

In July 2017, Cabinet approved the principle of cash-flowing the required **Schools Places Expansion Programme** in advance of receipt of funding allocations from Central Government.

Based on best estimates of future grant allocations, it was anticipated that approximately £22.2m of cashflow resources would be required in 2018/19. These would be repaid by future grant allocations by 2021/22.

Following slippage in the programme (and work with our auditors), we agreed accounting treatments that will reduce the overall cashflow requirement to approx. £8.4m. However, the recent announcement of the government funding for 2021/22 is less than had been anticipated, at only £4.6m. This will leave £3.9m of cashflow still to be repaid the end of 2021/22.

COVID-19

The full impact of the COVID-19 outbreak will not become apparent for some time. However, some key potential risks in relation to the capital programme have been preliminarily identified:

- Increase in scheme costs on projects in progress – possible compensation payments for delay or increased costs resulting from new, socially-distant ways of working.
- Reduced overall investment capacity - costs of tendered works may be inflated to accommodate risk and supply chain issues.
- Weakened economy may impact negatively upon level of capital receipts.
- Delays to schemes may jeopardise time-limited funding streams if funders are unwilling to offer flexibility on these.
- Levels of grant funding may fall, and central government may change its investment priorities.
- The changing landscape relating to retail, ways of working and transport has yet to crystallise.

Careful monitoring of the situation on key contracts and negotiations with funders will be undertaken to quantify and mitigate these risks. We will also keep our proposed projects under review to enable us to respond swiftly to the changing landscape and funders’ emerging priorities.

8 IMPROVING OUR PERFORMANCE

Key actions we have taken to date and proposals for future improvements

Building upon the causes of slippage set out at section 6, we have taken and will continue to take steps to minimise the risk of slippage on the capital programme:

Only fully-funded projects can enter the capital programme

Slippage can occur when a project is entered onto the capital programme and funding is then delayed. Going forward, only fully-funded schemes can enter the capital programme.

Full project values will only be added to the capital programme following Gateway 2 approval

This removes the risk of high project values being added to the capital programme at feasibility stage, when there is a higher risk of delay and the project has not been fully scoped. Work has already taken place to separate out business units and further work is ongoing in this regard.

Ongoing challenge and support for project managers' forecasting

Work has taken place in 2018/19 with project managers to challenge their highlight reports and forecasts, with the aim of improving performance. This work has continued throughout 2019/20 and will remain a key focus for 2020/21.

Improved reporting

We introduced a 'Variance Report' in 2018/19 to review all projects which were at variance for budget or delivery profile. This was a useful exercise, but proved disproportionately resource-intensive to maintain. We have developed new reports to quickly highlight areas of concern to enable swift remedial action to be undertaken.

Constructive challenge of business cases

The work of the Business Case Review Group continues, providing an initial quality assurance filter for business cases prior to their submission to programme groups for consideration. This group includes representatives from Finance and Commercial Services and the Capital Delivery Service to ensure a joined-up approach to both the financing and delivery of a project.

Revisiting business units to distinguish slippage from re-profiling

The historical elements of this exercise have now been completed. Entire project values are no longer added to the capital programme until a contract has been awarded and we have confidence that it will progress. Where projects are split into phases, future phases will not be added to the programme at the outset of phase 1.

Revisiting our commissioning process

Working with colleagues in across the Council, we are working with elected Members to ensure our commissioning processes are further refined, minimising the risk of delay to projects later on in the governance process. We are improving our strategic approach to commissioning capital projects to ensure we make best use of limited resources. We will revisit this in the light of COVID-19, to ensure the Council helps the City's recovery.

Tackling delivery risks

Work with statutory undertakers is ongoing to minimise delays and unnecessary costs.

More effective working with strategic partners

We will continually challenge our operational processes when commissioning 'non-core' highways works through our strategic partner, Amey. There is always scope to improve these and reduce levels of slippage on the elements of the Transport capital programme.

9 GLOSSARY

Definitions of key terminology

Slippage	For projects which are in delivery. Actual spend is below the level forecasted by the project manager. The logical conclusion is that the delivery of the project is falling behind programme.
Re-profile	For projects which are not yet in delivery. Preliminary budget allocations are moved in order to better reflect how we anticipate a project will be delivered as feasibility progresses and risks identified, quantified and mitigated.
Accelerated spend	Spend which is taking place sooner than anticipated – i.e. ahead of profile. This does not mean that the project will over spend.
Overspend	Spend in excess of approved budget. Further monies are required to complete the project.
Underspend	A saving. We have spent less to deliver the project than we anticipated and the saved funds can be diverted to other projects (or returned to the funder).
Internal adjustment	An accounting treatment applied at the end of an accounting period to bring balances up to date / virements between budget allocations.
Net slippage	The overall level of slippage remaining when accelerated spend or over spend has been deducted from the levels of slippage.
Variance	Where a level of spend or timescale is not in accordance with that originally forecasted.
Forecasting	A process undertaken each month by Project Managers to set out the anticipated profile of spend on each project. Reasons for changes are included in the Highlight Report.

Sheffield City Council

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