

# CAPITAL PROGRAMME MONITORING AS AT SEPTEMBER 2021

## 1 - Statement of Budget Movement

The table below summarises the movement in budget from month 3 to month 6 21/22 and Capital programme budget position as at September 21.

	2021/22	2022/23	Future	Total	Comments
Month 3 Approved Budget	262.4	218.9	337.3	818.6	The key changes to the programme from last month relate to: <b>KEY ADDITIONS</b> + £6.4m - Acquisition of Bamford Point Temporary Accommodation + £0.7m - Inclusion of West Bar enabling works budget + £0.4m - Inclusion of Town Hall Atrium works + £0.3m - Inclusion of Stocksbridge Towns Fund Feasibility works + £0.1m - Inclusion of Library Hubs capital allocations budget + £3.3m - Inclusion of LAD II Green Homes Grant delivery works + £2.6m - Acquisition of new housing at Owlthorpe + £2m - Inclusion of 5 x new School Fire Risk works + £1.3m - Acquisition of new housing at Baxter Court + £1m - Inclusion of replacement Roof works at Nether Green School + £0.4m - Inclusion of Hillsborough Park Improvements + £0.2m - Inclusion Manchester Road Hub Feasibility budget (Stocksbridge Towns Fund) + £0.1m - Inclusion of Essential Compliance feasibility budgets across numerous sites
Additions	15.2	4.6	0.3	20.1	<b>KEY VARIATIONS</b> + £0.6m - Addition of 21/22 Devolved Formula Capital Payment to schools + £0.2m - Increase in costs Block BBC Heart of The City + £0.2m - Increased costs for final settlement of Astrea Academy + £3.9m - Reduction Council Housing Stock Increase allocation funding Baxter Court & Owlthorpe (see above) + £3.6m - Saving on Heart Of The City Block G as a result of grant funding of park. + £4.9m - Budget increase for delivery stage of Leah's Yard + £0.3m - Inclusion of full OBC costs for City Centre Bike Hub + £6.4m - Reduction Council Housing Stock Increase allocation funding re Bamford point (see above)
Variations	2.1	-3.3	-6.0	-7.3	<b>REPROFILE</b> - Heart of The City purchase and strategic development costs - Heart of The City Block A - City Road Cremators
Reprofile	0.2	-4.3	4.2	0.0	
Slippage and Acceleration	0.0	0.0	0.0	0.0	
Month 6 Approved Budget	279.9	215.8	335.7	831.4	

## 2 - Top 20 Projects by value as at September 2021

The table below summarises the Top 20 projects in the Capital Programme by budget value in 2021/22. This group accounts for 58% of the 2021/22 capital programme. The major in-year and all-year variations are explained below and in sections 4 and 5.

PROJECT	Current Year								Remaining Life of Project					Comments
	YTD Actual	YTD Budget	YTD Variance	FY Outturn	FY Budget	FY Variance	Variance %	Delivery Forecast RAG	All Years Outturn	All Years Budget	All Years Variance	Variance %	Delivery	
H Henrys Block	5,368	8,535	(3,167)	18,778	28,632	(9,854)	-34.4%	NR	54,691	54,691	(0)	0.0%	NR	See Item 4.1
Msf Finance	7,666	7,785	(120)	15,570	15,570	0	0.0%	NR	49,737	49,737	0	0.0%	NR	
A Palatine Chambers Block	2,889	3,430	(542)	9,277	12,753	(3,476)	-27.3%	NR	43,671	43,671	(0)	0.0%	NR	See Item 4.4
Nbch-p04a-adlington Rd-opil	5,870	7,104	(1,234)	12,399	12,399	0	0.0%	G	12,399	12,399	0	0.0%	G	
Roofing Replacements Prog	1,492	2,081	(589)	5,351	10,762	(5,411)	-50.3%	G	38,245	38,245	0	0.0%	G	See Item 4.2
C Pepper Pot Building	2,696	5,936	(3,240)	9,279	9,804	(525)	-5.4%	A	10,151	10,151	(0)	0.0%	A	
Nbch-p10-daresbury/berners-gn	2,254	4,795	(2,540)	7,446	8,576	(1,130)	-13.2%	G	9,354	9,354	0	0.0%	G	Slippage due to delay to piling works and anti social behaviour
B Laycock House New Build	4,484	6,528	(2,044)	8,253	8,457	(204)	-2.4%	A	8,717	8,717	0	0.0%	A	
Council Hsg Acquisitions Prog	3,012	3,794	(782)	7,720	7,904	(184)	-2.3%	G	43,107	43,107	(0)	0.0%	G	
Nbch-p24-bamford Point-ta	-	308	(308)	6,427	6,427	-	0.0%	NR	6,427	6,427	-	0.0%	NR	
Brownfield Site	108	101	8	5,844	5,836	8	0.1%	NR	5,844	5,836	8	0.1%	NR	
Ewi Non-traditional 2	195	2,188	(1,992)	1,101	5,787	(4,686)	-81.0%	G	8,679	8,679	(0)	0.0%	G	See Item 4.3
Udv Flood Scheme Phase 1	1,480	3,354	(1,874)	3,190	4,631	(1,442)	-31.1%	A	4,631	4,631	(0)	0.0%	A	See Item 4.8
Nbch-p11-hemsworth-opil	136	152	(16)	4,329	4,315	14	0.3%	G	19,953	19,953	(0)	0.0%	G	
Nbch-p16-newstead-enable	201	2,391	(2,191)	1,860	4,082	(2,222)	-54.4%	G	2,947	4,153	(1,205)	-29.0%	G	See item 4.7
G Pocket Park	368	1,503	(1,135)	3,087	4,061	(974)	-24.0%	G	5,436	5,436	0	0.0%	G	Significant delay in establishing Pre-Construction Services Agreement with contractor and also to the start on site of construction works
Transport Efficiency 21-22	228	-	228	1,156	3,452	(2,296)	-66.5%	NR	3,453	3,452	1	0.0%	NR	See Item 4.5
Interim Ta Accommodation	-	-	-	3,250	3,250	-	0.0%	G	3,250	3,250	-	0.0%	G	
Manor Cluster Shc	-	3,219	(3,219)	3,219	3,219	-	0.0%	NR	3,219	3,219	-	0.0%	NR	
Citywide Tower Blocks - Fs	139	509	(370)	3,200	3,186	14	0.4%	G	9,920	9,920	0	0.0%	G	
Top 20 Value	38,586	63,713	(25,127)	130,735	163,103	(32,368)	-19.8%		343,833	345,029	(1,197)			
Rest of Programme	29,488	48,319	(18,831)	104,642	116,805	(12,164)	-10.4%		491,182	486,406	4,776			
Total Capital Programme Value	68,074	112,032	(43,958)	235,377	279,908	(44,532)	-15.9%		835,014	831,435	3,579			
% of Programme within the Top 20	57%	57%	57%	56%	58%	73%			41%	41%	-33%			

## 3 - Current Year to date and Forecast Outturn Position

The forecast outturn position is £44.5m below budget. A movement of £39.8m from the £4.7m below budget reported at month 3. The key variances by board are explained below. Overall the forecast outturn has fallen by £22.4m, however during the same period budgets relating to new schemes and variations in year have increased by £17.4m. As noted in key issues below this is largely due to overly optimistic budgets and forecasts at Outline Business Case stage of schemes. A call is being made to review forecasts and re-profile budgets in line with more realistic delivery timescales

BOARD	YEAR TO DATE			FULL YEAR			Comments
	Actual	Budget	Variance	Forecast	Budget	Variance	
HEART OF THE CITY II	19,191	32,024	(12,832)	58,436	74,295	(15,859)	<b>Key Variances</b> - £9.9m - Slippage Block H. See Item 4.1 - £3.5m - Slippage Block A. See Item 4.4 - £1m - Slippage Pocket park works due to pre construction delays with contractor - £0.7m - Blocks B & C forecast in line with latest contractor information - £0.6m - Leah's Yard expenditure revised in line with latest contractor forecasts - £0.3m - Delay to work on Block G Development plots as knock on effect from delays to Pocket park
QUALITY OF LIFE	8,324	8,669	(345)	19,553	20,337	(785)	<b>Key Variances</b> - £0.6m - Reprofiling of Memorial Hall works into 2022/23 - £0.2m - Reprofiling of General Cemetery Works following appointment of contractor
HOUSING GROWTH	13,316	27,026	(13,710)	64,471	71,659	(7,188)	<b>Key Variances</b> - £2.2m - Newstead Enabling - See Item 4.7 - £1.4m - Gaunt Road revised programme awaiting approval - See Item 4.9 - £1.1m - Delay to works at Daresbury due to anti social behaviour and dispute with contractor over piling works - £1m - Slippage on Newstead General Needs - start on site now August 22 - £1m - Council Housing General Acquisitions due to shift in strategy - £0.5m - Anticipated delay in Temp accommodation refurb works as properties not yet identified.
HOUSING INVESTMENT	8,626	13,088	(4,462)	39,527	53,502	(13,975)	<b>Key Variance</b> - £5.4m - New Roofing Replacements programme commenced much later than expected (March 21) it will now extend into 2025/26 (budget variation to be brought forward) - See Item 4.2 - £4.7m - Reduced forecast on EWI 2 scheme. - See Item 4.3 - £2.2m - Elemental Refurbs project. See Item 4.5 - £0.7m - 20-25 Adaptations Contract slower to mobilise than anticipated - £0.6m - Forecast slippage on Tower Block Flat Roofing scheme. Start on site anticipated April 22 - £0.5m - Forecast saving on historic roofing programme - £0.5m - Start of Lift Replacements delivery programme now expected 22/23 - £0.4m - Budget adjustment awaiting approval re IT systems upgrade + £0.8m - Adaptations overspend see item 5.2 + £0.6m - Kitchen & Bathrooms overspend. See Item 5.3
ECONOMIC GROWTH	4,557	6,517	(1,960)	11,888	13,557	(1,668)	<b>Key Variances</b> - £1.4m - Slippage on Upper Don Valley Flood Defence due to land owner objections (total in year budget £4.6m) also compounded by main contractor going into administration. See Item 4.8 - £0.2m - Delay on Future High Streets Public Real works due to extended tender period - £0.2m - Delay on Little Kelham Bridge as developer awaiting details from engineers - £0.1m - Future High Streets Fund Events Building refurbishment reprofile + £0.2m - Overspend on anticipated development costs of Parkwood Access project development costs. + £0.2m - Nursery Street acquisition budget awaiting approval
ESSENTIAL COMPLIANCE & MAINT	1,751	3,403	(1,652)	6,425	8,745	(2,320)	<b>Key Variances</b> - £2.3m - Delay to vehicle purchases - See item 4.6
TRANSPORT	3,527	6,883	(3,356)	12,601	12,940	(339)	<b>Key Variances</b> + £0.5m - Additional costs in TCF schemes development - to be funded from TCF/LTP funds budget variations to be brought forward - £0.5m - Kelham Neepsend Parking Scheme now slipping to 22/23 - £0.4m - Forecast slippage on Broadfield Road Scheme
PEOPLE CAPITAL & GROWTH	7,965	13,040	(5,075)	19,063	21,705	(2,642)	<b>Key Variances</b> - £0.5m - Anticipated Disabled Facilities Grant expenditure - £1m - Talbot SEND Scheme awaiting approval - £0.4m - Forecast Slippage on FRA works at Coit & Carterknowle Schools - £0.2m - Slippage on Aldine House Extension Scheme - £0.2m - Slippage on Broomhill Infant Heating Scheme - £0.1m - Incorrect forecast on SCC Hub libraries - £0.1m - Slippage on Shooters Grove School adaptation works Phase 2
GREEN & OPEN SPACES	816	1,383	(567)	3,412	3,169	243	<b>Key Variances</b> + £0.45m Budget for increased costs of Parkwood Springs Mountain Bike Trails awaiting approval + £0.3m Budget for increased costs of Forge Dam Resoration awaiting approval - £0.3m Matthews Lane Cricket Pavilion project stalled due to increased costs - £0.2m Incorrect forecast on Hillsborough Park Improvements scheme
Grand Total	68,074	112,032	(43,958)	235,377	279,908	(44,532)	

#### 4 - Top 10 Forecast Slippage against Full Year Budget

Of the main £34.3m forecast below budget, £24.8m relate to slippage in schemes in delivery and £2.3 to slippage on acquisition of plant equipment & vehicles. However a reason for £2.2m underspend against budget in year on Elemental Refurbishments is still awaited.

Business Unit	Board	FY Budget	FY variance on budget	Explanation
4.1 H Henrys Block	HEART OF THE CITY II	28,632	(9,854)	<b>SLIPPAGE</b> - Significant profile amendments and slippage to construction forecast following review of contractor progress / delays to date, and resequencing as a result. The contract completion date for the works is Feb-23 and whilst there have been delays to date, but these should only defer completion into Mar-23 as things stand, so expenditure expected to catch up next financial year. Further issues may be encountered, given the nature & complexity of the works, but contractor is providing confidence that they'll manage and mitigate such issues as they arise.
4.2 Roofing Replacements Prog	HOUSING INVESTMENT	10,762	(5,411)	<b>SLIPPAGE</b> - Reviewed and reset all forecasts following actual start of project in March 2021, which was much later than initially proposed. This resulted in a substantial carry over from 2020/21. Also, as the project is for 5 years, it will carry through the until the end of 2025/26. Revised forecast for 2021/22 reflects SCC QS cost report, with due consideration of contractor's forecast. The overall underspend forecasted on the project reflects the contingency for the fitting of PV, the volume of which is still to be defined. 2021/22 forecast cost reduced from last month due to contractor's inability to deliver the outputs in August, which is becoming a trend. Requested a revised Cash Flow / Output forecast for 2021/22 from the contractor to review the programme.
4.3 Ewi Non-traditional 2	HOUSING INVESTMENT	5,787	(4,686)	<b>Slippage</b> - YTD actuals are behind YTD budget due to a delay in the OBC submission as a result of a Cabinet Member briefing being postponed. Invoices for the detailed designs have been submitted more slowly than
4.4 A Palatine Chambers Block	HEART OF THE CITY II	12,753	(3,476)	<b>SLIPPAGE</b> - The budget was based on the appraisal profile based on the expected programme of works but there has now been significant profile amendments and slippage following receipt & review of updated contractor cash-flow now that they are actually on site
4.5 Transport Efficiency 21-22	ESSENTIAL COMPLIANCE & MAINT	3,452	(2,296)	<b>SLIPPAGE</b> - Anticipate expenditure starting in October, we are having to do more due diligence in terms of purchasing electric vehicles wherever possible which is pushing back the ordering of new vehicles. Budget variation brought for approval to October CPG
4.6 Elemental Refurbs 2021-26	HOUSING INVESTMENT	2,462	(2,238)	<b>NO HIGHLIGHT REPORT COMPLETED</b>
4.7 Nbch-p16-newstead-enable	HOUSING GROWTH	4,082	(2,222)	<b>REPROFILE</b> - Revised risk registers for both of the linked GN and OPIL schemes have been carried out. The identified risks which will be resolved as part of the Enabling scheme are therefore included here. There is a reduction in scope from this project which has been transferred to Newstead GN and OPIL. Budget variation
4.8 Udv Flood Scheme Phase 1	ECONOMIC GROWTH	4,631	(1,442)	<b>SLIPPAGE</b> - Difference between current full year budget and current full year forecast reflects the extension of the programme into early 2022/23. This is due to a number of factors - ecological factors, difficulties with landowner agreements & design challenges caused by ground conditions and condition of existing structures
4.9 Nbch-p15-gaunt Rd-gn	HOUSING GROWTH	1,984	(1,395)	<b>Awaiting Approval</b> - Revised budget to allow progression of this scheme to be approved at October Co-op Executive.
4.10 Disabled Grants	PEOPLE CAPITAL & GROWTH	2,500	(1,254)	<b>REPROFILE</b> - Re-categorisation of works from statutory grants to discretionary under new Housing Assistance policy - See offsetting overspend (Item 5.1)
<b>Total</b>		<b>77,045</b>	<b>(34,274)</b>	

#### 5 - Top 10 Forecast Overspends over Full Year Budget

Of the main £4.4m forecasts over budget approx. £2m represent genuine overspends. Housing Investment schemes will form an additional call on the HRA but are largely related to additional outputs. Expenditure on Accelerated Adaptations Grant represents catch up spend from COVID backlog and will be funded from Disabled Facilities Grant allocation. The TCF Magna scheme expenditure is expected to be funded from next tranche of grant funding

Business Unit	Board	FY Budget	FY variance on budget	Explanation
5.1 Accelerated Adaptations Grant	PEOPLE CAPITAL & GROWTH	1,600	1,097	<b>REPROFILE</b> - Re-categorisation of works from statutory grants to discretionary under new Housing Assistance policy - See offsetting overspend (Item 4.10)
5.2 Adaptations	HOUSING INVESTMENT	74	795	<b>OVERSPEND</b> -The currently forecasted outturn is circa £854k against the available budget of £74k. This forecasted outturn is based on the following breakdown. The Cost manager to produce cost report and propose budget increase. 1. Core Adaptations Contract (ended in March 2021) - this includes retentions and the TUPED staff pension deficit which is due to contract under the terms of the contract. 2. Stair lifts contract originally anticipated to complete in August 2021 - now extended until the end of November 2021 with an anticipated outturn of circa £328k. No budget was carried forward for this work in 2021/22. 3. Specialist equipment, this was due to the slow start that the new contract where the specialist supply chain was not in place within the new contract and therefore direct orders needed to be raised for fast track and urgent referrals. No budget was carried forward for this work in 2021/22 under this business unit. 4. Costs relating to 4 extensions originally planned to start in 2020/21, delays in the start on site has meant that the costs will now be incurred in 2021/22.No budget was carried forward for this work in 2021/22 under this business unit. The Cost manager still waiting for contractor to complete final valuation for the previous contract and to confirm the final outturn costs for the contract and the 2021/22 expenditure
5.3 Kitchen/bathrm Planned Replmt	HOUSING INVESTMENT	506	567	<b>OVERSPEND</b> - There are now only 9Nr Long Term Sundry voids properties included within the 2021-22 extension programme. The estimated cost exceeds the current project budget due to the extensive works required. This is also subject to any unforeseen extra costs for unidentified structural/making safe works. (See Key Issues and Actions below)t projected overspend. Details have been discussed with the Project Sponsor and further details are to be confirmed during September. Costs have been agreed to be recharged. These are currently estimated to be £94,645 for work to Fire Damage properties to be recharged to RMS and £39,211 for work to Acquisition properties to be recharged to the Acquisitions Repairs budget (£65,586 Journalled January 2021). An initial analysis has been undertaken by CDS on the contract projected overspend. Details have been discussed with the Project Sponsor and further details are to be confirmed during October.
5.4 Parkwood Springs Active Park	GREEN & OPEN SPACES	40	457	<b>AWAITING APPROVAL</b> - Budget increase due to be approved at October Co-op Executive
5.5 Demolition Programme	HOUSING INVESTMENT	578	385	<b>OVERSPEND / ACCELERATION</b> - VARIANCE £54,738 projected overspend. Projected overspend for this financial year is showing as £384,654. However most programmed works to be completed this financial year. Accelerated spend of budget, therefore allocated budget of £358,057 to be brought forward from 2022/23. This leaves total of £54,738 projected overspend for this programme of works. This is a 3 year contract, with all identified demolition included in the programme up to December 2021. Project Cost Valuation for September has now been completed by QS. Project costs are forecast to overspend by £54,738 with an increase in construction costs and leaseholder associated costs being the main factors.
5.6 Stock Increase (chs)	HOUSING GROWTH	1,756	322	<b>AWAITING APPROVAL</b> - Adjustments to budget reflecting latest draw downs awaiting approval
5.7 Forge Dam Pond Restoration	GREEN & OPEN SPACES	325	255	<b>AWAITING APPROVAL</b> - Increased budget to be approved at October Co-op Executive
5.8 Tcf Magna Mhall Cycling	TRANSPORT	2	212	<b>OVERSPEND</b> - Currently forecasting overspend against approved budget. However, stage 2 funding award approved by SCR - awaiting formal offer to increase budget.
5.9 Nursery Street Acquisition	ECONOMIC GROWTH	-	171	<b>AWAITING APPROVAL</b> - Awaiting completion of Capital Approval form by project manager
5.10 Parkwood Scheme	ECONOMIC GROWTH	298	170	<b>AWAITING APPROVAL</b> - Budget increase to be brought to November Co-op Executive (funded by SCR)
<b>Total</b>		<b>5,181</b>	<b>4,430</b>	

## 6- Key Issues and Risks

### Key Issues

**Increasing Slippage Across The Programme** - As the year progresses it is becoming increasingly clear that budgets and early forecasts completed at Outline Business Case stage have proved overly optimistic, leading to increasing slippage across the programme as either tender periods are longer than anticipated or once contractors are on site revised more realistic programmes of delivery are identified. This is anticipated to increase as the year progresses

- **South West Schools Expansion Funding** - while funding now received for this latest position indicates that this will still leave an SCC contribution required overall estimated now estimated at approx. £1.5m.

- **SEND Places - Immediate** shortfall of places (Sept 21) to be addressed by £2m funding allocation and a revenue provision. However, medium to long term review indicates increasing pressure on places but no identified funding strategy. Estimate is for £30m required for next 5 years. With approx £6m required to develop places for September 22. Funding now agreed for 50% of Sept 22 shortfall with remainder still to be identified. Alternative is higher costs of independent provision, already in short supply.

- **Broadfield Road Junction Scheme** - Latest information suggests scheme is not deliverable withing current budget which will create pressure either through increased costs or potential repayment of funding if not progressed.

- **Transforming Cities Fund - City Centre Scheme** - Decision on future of scheme could put additional pressure on corporate resources due to changes required to dependent schemes such as Future High Streets Fund and City Centre Safety Measures

### Key Risks

Key risk areas -

#### Schemes funded via time limited grants

- **Get Britain Building Funded Projects** - Pocket Park HOCII (£4m) - Deadline 31/03/22 - slippage already forecast - confirmation required from SCR that deadline can be extended.

- **Active Travel Fund** - Sheaf Valley Cycle Route (£2.3m) - Deadline 31/03/22

- **LAD II Green Homes Grant** - Approx. £3m of work to be delivered before 31 March 2022 (Deadline extended)- already supply chain and contractor availability issues identified.

Tender returns on SCC/SYHA element of contract higher than available grant. Private Sector works not progressed due to issues over contract with E.on

- **Public Sector Decarbonisation Grant Schemes** - £1m of work to be complete before 30th December 2021 - already supply chain and contractor availability issues identified. Also tender returns higher than amount granted. Negotiations required around value engineering and with funder as to whether this is acceptable.

- **Transforming Cities Fund** - Up to £67m programme currently not deliverable by March 2023 deadline - Indications are now that this deadline will be extended as a result of City Region Sustainable Transport Settlement Fund

**High levels of inflation and supply issues re: construction materials** - could have a significant impact on cost and delivery timescales of capital schemes. Could also lead to increased contractor disputes.

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