

CAPITAL PROGRAMME MONITORING AS AT SEPTEMBER 2022

1 - Statement of Budget Movement

The table below summarises the movement in budget from month 5 to month 6 22/23 and Capital programme budget position as at September 2022.

	2022/23	2023/24	Future	Total	Comments
Month 5 Approved Budget	281.5	148.4	479.2	909.1	The key changes to the programme from last month relate to:
Additions	1.1	0.0	0.0	1.1	ADDITIONS + £0.6m - Inclusion of budget for contribution to new SEND School + £0.36m - Inclusion of Levelling Up Fund feasibility budgets + £0.16m - Inclusion of budgets for Gleadless Valley Masterplan purchases
Variations	-1.0	5.5	-3.6	0.8	VARIATIONS + £0.5m - Variations to Transport Programme including 20mph zones + £0.6m - Increases to Woodbourne Road Football Hub and Parson Cross Sports Hub Works - £0.1m - Contribution to King Edwards Access Gates no longer required
Reprofile	0.0	0.0	0.0	0.0	- £0.16m - Variation of block allocation to fund Gleadless Valley Masterplan purchases
Slippage & Acceleration	-3.5	3.5	0.0	0.0	REPROFILES Change to latest expected profile of expenditure on Silverdale School expansion
Month 6 Approved Budget	278.0	157.4	475.6	911.0	

2 - Top 20 Projects by value as at September 2022

The table below summarises the Top 20 projects in the Capital Programme by budget value in 2022/23. This group accounts for 59% of the 2022/23 capital programme. The major in-year and

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 RAG	
Heart of The City Henrys Block	14,128	17,000	(2,872)	29,321	38,744	(9,423)	-24.3%	A	38,755	40,927	(2,172)	-5.3%	A	See Item 4.1
Heart of The City Palatine Chambers Block	6,131	9,853	(3,722)	19,106	27,216	(8,110)	-29.8%	A	36,944	35,707	1,237	3.5%	A	See Item 4.2
Major Sporting Facilities Finance	8,152	8,279	(127)	16,559	16,559	(0)	0.0%	NR	34,167	34,167	(0)	0.0%	NR	
Council Housing Roofing Replacements Prog	3,730	3,522	208	4,519	8,042	(3,523)	-43.8%	G	32,837	32,837	(0)	0.0%	G	See Item 4.4
Council Housing Single Staircase Tower Blocks Works	2,727	5,049	(2,322)	6,454	7,894	(1,440)	-18.2%	G	9,844	9,678	166	1.7%	G	See Item 4.7
Council Hsg Acquisitions Prog	3,787	3,576	211	7,533	7,152	381	5.3%	G	12,817	12,817	0	0.0%	G	See Item 5.7
Heart of The City - Pounds Park	2,281	3,088	(807)	5,924	6,699	(775)	-11.6%	G	6,699	6,699	(0)	0.0%	G	Contractor valuations not in line with forecasts
Brownfield Site Development Acquisitions	1,109	4,624	(3,515)	5,882	5,881	1	0.0%	NR	5,882	5,881	1	0.0%	NR	See Item 4.4
Heart of The City Leas Yard	155	1,080	(925)	1,338	4,920	(3,582)	-72.8%	A	7,638	4,920	2,718	55.2%	A	See Item 4.3
New Council Housing Acquisition - Handsforth	452	450	2	4,735	4,733	2	0.0%	NR	4,735	4,733	2	0.0%	NR	
New Build Council Housing Daresbury / Berners	3,020	3,372	(352)	4,699	4,651	49	1.0%	G	4,699	4,651	49	1.0%	G	
Council Housing Electrical Upgrades Ph 2	2,306	1,814	492	4,225	4,143	82	2.0%	G	19,510	19,436	74	0.4%	G	
Heart of The City Block C Pepper Pot Building	2,334	3,672	(1,338)	3,712	3,983	(271)	-6.8%	R	4,241	3,983	258	6.5%	R	Works delayed on site as a result of Covid and delays with Utility supply. There have also been contractor delays. Final account negotiations are ongoing and it is anticipated that the agreement will reduce the level of current forecast overspend.
King Egberts School Expansion	244	255	(11)	3,874	3,874	(0)	0.0%	A	6,296	6,296	(0)	0.0%	A	
New Build Council Housing - Corker Bottoms	4	4	-	3,805	3,800	5	0.1%	NR	8,336	8,336	-	0.0%	NR	
Heart of The City - JLP Building works	434	1,448	(1,014)	2,693	3,485	(792)	-22.7%	A	3,485	3,485	0	0.0%	A	
Future High Streets Fund Public Realm & Infrastructure	467	852	(385)	1,399	3,418	(2,019)	-59.1%	G	8,624	8,624	(0)	0.0%	G	See Item 4.5
Future High Streets Fund Front Door Interventions	20	1,314	(1,294)	1,673	3,395	(1,721)	-50.7%	G	4,775	4,775	0	0.0%	G	See Item 4.6
Talbot-seven Hills Send	1,698	1,994	(296)	3,297	3,297	(0)	0.0%	A	3,297	3,297	(0)	0.0%	A	
Upper Don Valley Flood Scheme Phase 1	2,062	1,827	235	3,971	3,209	762	23.8%	A	4,674	3,209	1,465	45.7%	A	See Item 5.5
Top 20 Value	55,241	73,074	(17,832)	134,720	165,095	(30,375)	-18.4%		258,254	254,459	3,796			
Rest of Programme	35,469	56,000	(20,531)	108,011	112,945	(4,934)	-4.4%		663,765	656,577	7,188			
Total Capital Programme Value	90,711	129,074	(38,363)	242,730	278,040	(35,309)	-12.7%		922,019	911,036	10,983			
% of Programme within the Top 20	61%	57%	46%	56%	59%	86%			28%	28%	35%			

3 - Current Year to date and Forecast Outturn Position

The forecast outturn position is £35.3m below budget. The key variances by policy area are explained below. This is a movement of £1.7m from the £37m reported last month. However, there are approximately £7m of budgets to be approved that will shift the position to around £42m under budget. This month has seen further reported slippage across the Heart of The City and Future High Streets Fund schemes of £7.7m

Policy Committee	YEAR TO DATE			FULL YEAR			Comments
	Actual	Budget	Variance	Forecast	Budget	Variance	
TRANSPORT, REGEN & CLIMATE	36,197	59,280	(23,083)	109,859	134,229	(24,370)	Key Variances +£26.1m - Slippage across Heart Of The City Programme -£4.9m - Slippage across Future High Streets Fund Programme +£6.1m - CAZ Assistance Measures - forecast made budget awaiting approval +£0.8m - Forecast overspend on Upper Don Valley Flood Scheme (additional Environment Agency Funding sought) +£0.7m - LUF Attercliffe Adelphi Scheme - Forecast made Budget awaiting approval
COMMUNITIES, PARKS & LEISURE	10,656	13,001	(2,345)	24,910	25,970	(1,060)	Key Variances -0.4m - Section 106 Green & Open Spaces Allocation - Reprofitting of S106 funds to reflect likely timescales of delivery -£0.4m - Woodbourne Road Football Hub - Approval of increased budget in line with forecast increased costs -£0.25m - Hillsborough Library Entrance - Forecast slippage on this programme
HOUSING	31,354	37,224	(5,870)	71,376	78,641	(7,265)	Key Variances -£3.5m - Roofing Programme - forecast slippage as contractor has gone into administration -£1.4m - Slippage on Single Staircase Tower Blocks works -£0.7m - Council Housing Acquisition Programme - Reprofile of purchases -£0.7m - Underspend against LAD 2 grant schemes -£0.6m - Slippage on Gaunt Road New Build Council Housing -£0.35m Slippage on Elemental Refurbs contract -£0.3m - Slippage on Lift Replacement program -£0.3m Slippage on Hemsforth OPIL project -£0.15m - Stock Increase Programme block allocation reprofile +£0.9m Acceleration/increased costs forecast on Newstead Enabling works
EDUCATION, CHILDREN & FAMILIES	5,196	9,686	(4,491)	20,016	22,139	(2,123)	Key Variances -£0.6m - Contribution to new SEND Free School - Forecast not completed -£1.3m - Slippage on Schools FRA program -£0.5m - Brunswick School FRA - Budget reduction awaiting approval for scheme removed from program +£0.3m - Aldine House 2 Bed Extension - Forecast overspend on scheme. May generate additional revenue pressure in year
STRATEGY & RESOURCES	2,768	5,701	(2,934)	6,314	8,366	(2,052)	Key Variances -£1.5m - Corporate Estate Fire Risk Assessment Programme - forecast slippage across the programme -£0.4m - Abbeydale and Carr Forge Dam repairs - slippage
ADULT HEALTH & SOCIAL CARE	4,163	3,399	764	8,343	6,797	1,546	Key Variances +£2.6m - Accelerated Adaptations Grant - increased assessment capacity, backlog demand from COVID alongside increasing general demand and increasing prices are placing strain on budget for non means tested smaller adaptations. Targeted work ongoing to review longer term impact -£0.8m - Disabled Facilities Grant and Top Up Grants - Review undertaken of applications for major adaptations. Decision taken to restrict number to be delivered in year in order to manage overall Disabled Facilities Grant Budget pressures (see above) -£0.2m - Disabled Persons Relocation Loans- Loan requests not at level expected GENERAL - Pressure building on overall DFG budget. Current predicted overspend is manageable within current year resources plus previous underspends brought forward. Work ongoing to review emerging pressures.
WASTE & STREET SCENE	17	164	(147)	858	853	5	
ECONOMIC DEVELOPMENT & SKILLS	359	617	(257)	1,053	1,043	10	
Grand Total	90,711	129,074	(38,363)	242,730	278,040	(35,309)	

4 - Top 10 Forecast Slippage against Full Year Budget

Of the main £33.2m forecasts below budget, £23.9m relates to projects either in delivery or at tender stage. The remainder relates to budgets due to be either reprofiled or reallocated within the capital programme. It should be noted that in the cases of the Heart of The City Schemes at Palatine Chambers and Leah's Yard, while there is in year slippage these schemes are forecasting to overspend against budget over all years. A separate appendix to the Capital Approvals report at the next Finance Sub-Committee will address this issues as part of a review of the overall Heart Of The City Programme.

Business Unit	Policy Committee	FY Budget	FY variance on budget	Explanation
4.1 Heart of The City Henrys Block	TRANSPORT, REGEN & CLIMATE	38,744	(9,423)	SAVING /SLIPPAGE - Forecast updated to reflect draft QRE appraisal update Oct-22, following review with SCC: £2.17m "underspend" provisionally identified against the advised SCC budget, therefore slippage of approx. £7.5m. No further change to occur in the period. Understand QRE/SCC budget and appraisal review ongoing & imminent, with formal budget update to follow. Whilst a reasonable "developer's contingency" has been retained, the figures do remain subject to ongoing risks - as is to be expected on a live construction project of this size & nature
4.2 Heart of The City Palatine Chambers Block	TRANSPORT, REGEN & CLIMATE	27,216	(8,110)	SLIPPAGE / OVERSPEND - Delays to work on site as a result of the Yorkshireman Pub demolition. Over all years an overspend of £1.2m is forecast due to: •Increased foundations associated with ground conditions. •Increase in provisional sums for additional asbestos, increased work to existing structure associated with the retained facade and increase in the kitchen costs. •Changes to satisfy planning requirements on both the Hotel and Gaumont facades. •Allowance for FFEE increased due to market conditions and inflation.
4.3 Heart of The City Leahs Yard	TRANSPORT, REGEN & CLIMATE	4,920	(3,582)	SLIPPAGE / OVERSPEND - Budget was originally set on one phase of works. Works then split into 2 phases with stabilisation first. Therefore, longer programme and increased costs associated with professional fees, contractor mobilisation and inflation. Overall overspend of £2.7m forecast Market conditions changed significantly from initial cost estimates, leading to uplift in phase 2 costs. Contractor tender of second phase lead to only one contractor returning a price (Same contractor as phase 1) due to volatile market conditions and general change in tenderer risk appetite
4.4 Council Housing Roofing Replacements Prog	HOUSING	8,042	(3,523)	Reprofile - The forecast for an underspend of £3.5M in the year 2 phase of the works is a result of the contract being terminated due to the Main Contractor entering into administration. Work is underway with the appointed administrator to finalise liabilities to the Avonside contractor (outstanding payments for works completed minus incurred costs). Arrangements are being put in place for properties that are partway through the roofing works by means of a variation to the Novus Elementals contract to maintain these properties as weathertight and for H&S reasons (scaffolding still erected on these properties). Next steps are to start to review and develop a procurement plan for the remaining properties that were originally included in the Avonside contract and put in place the appropriate financial approvals which will take into account the balance of the budget for this and future years.
4.5 Future High Streets Fund Public Realm & Infrastructure	TRANSPORT, REGEN & CLIMATE	3,418	(2,019)	SLIPPAGE - Budget will not be sufficient to deliver scope of works. Significant cost increase announced in Stage 3 and again in Stage 4 cost plan. Presentation of budget cost and proposals to Regeneration Board for discussion and decision on way forward. Initial steer is for project to focus on Fargate only - Outturn forecast all years now reflects that figure. Works ongoing to arrive at a final figure for the works. VE is ongoing. Amended FIC will be required once final costs are agreed due to uplift and rescopeing required.
4.6 Future High Streets Fund Front Door Interventions	TRANSPORT, REGEN & CLIMATE	3,395	(1,721)	Reprofile - Project programmes are slipping. Difficulties in identifying and securing grant funding projects.
4.7 Council Housing Single Staircase Tower Blocks Works	HOUSING	7,894	(1,440)	Slippage / Overall Overspend - The overall expenditure is £298,747 more than the current approved amount. The Contract Administrator has notified the client of the expected overspend. The main reasons for the change since the last report are as follows: 1)The Contractor has provided quotations for a number of variations, the value of these have been included in full. Several of these variations are being challenged with the contractor both in terms of validity and value. It is anticipated that some variations will be rejected and others reduced in value. 2)Further to the previous cost report a number of variations have now been verified and the values agreed with the contractor, these values have been updated in this Report. 3)Since the last cost report, the contractor has been asked to provide quotations for two changes outside the original scope of works. These are for an increased U Value of 0.15 to the roof covering at Cliffe and Parkside blocks, alongside replacement of the communal floor coverings to the upper floors at the Stanington Blocks. Provisional amounts have been included for these works, pending formal quotations for client consideration to instruct.
4.8 Future High Streets Fund Events Central Building	TRANSPORT, REGEN & CLIMATE	1,616	(1,213)	SLIPPAGE - Further slippage of project start due to fire safety issue. Fee only expenditure 22/23. £350,000 additional budget allocated to 20-26 Fargate from Front Door Scheme to cover non-design related costs (inflation, stamp duty previously not identified, fees and rates associated with the empty asset 2021/2022).
4.9 General Council Housing Acquisitions	HOUSING	1,547	(1,112)	Reprofile - The forecast position is for an underspend of nearly £1.11m. There are three main contributing factors. Firstly the reduced forecast of properties to be acquired under General Acquisitions, 70 rather than 80. Secondly, current average refurbishment costs are forecast to be £15k per property against a budget of £18k. This is subject to change as the work required in future acquired properties is unknown as is the impact of Novus undertaking the work. Thirdly, the delayed start in Novus refurbishing acquired properties. The forecast position will be monitored and updated as more cost information becomes visible.
4.10 Barkers Pool Car Park Demo	TRANSPORT, REGEN & CLIMATE	1,288	(1,020)	Reprofile - Demolition works forecast to start later than planned due to the building being listed. Discussions are ongoing with Historic England around the limitations due to the listing decision and potential alternatives
Total		98,080	(33,164)	

5 - Top 10 Forecast Overspends over Full Year Budget

Of the main £12.2m forecasts over budget approx. £5.1m represent genuine overspends. Housing schemes will form an additional call on the HRA which is coming under increasing pressure; the Upper Don Valley Flood scheme is seeking to secure additional Environment Agency funds, and these discussions are well advanced with approval likely in the next few months; The forecast overspends relating to Disabled Facilities Grant activity are currently affordable within funds brought forward from previous years but the potential for ongoing pressures is being reviewed.

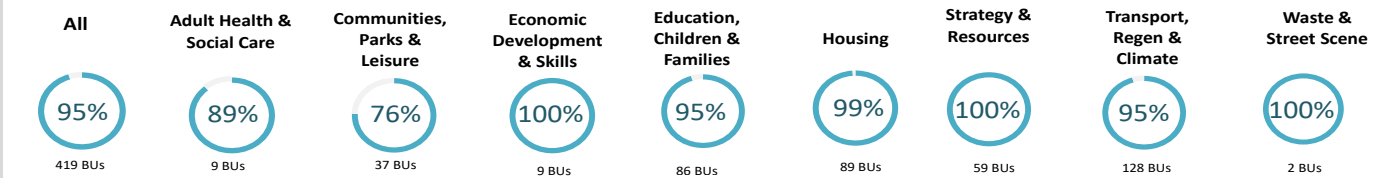
At the outset of the Aldine House Expansion it was agreed that any overspends would be met from the revenue surplus generated. While revenue contributions have been received towards the scheme, a further £140k is now required to meet the forecast costs

Further funding is expected from the combined authority to meet the additional costs of the Active Travel Neighbourhoods scheme

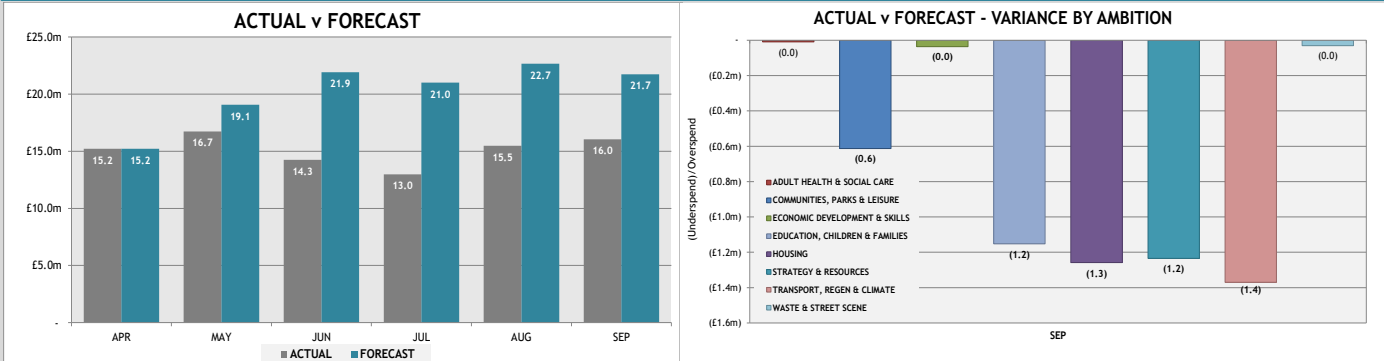
Business Unit	Policy Committee	FY Budget	FY variance on budget	Explanation
5.1 Clean Air Zone HGV Support	TRANSPORT, REGEN & CLIMATE	-	3,520	Awaiting Approval - Cost of activity has been forecast, just awaiting formal authorisation of budget in finance system
5.2 Clean Air Zone Buses & Coaches Support	TRANSPORT, REGEN & CLIMATE	-	2,640	Awaiting Approval - Cost of activity has been forecast, just awaiting formal authorisation of budget in finance system
5.3 Disabled Facilities Accelerated Adaptations Grant	ADULT HEALTH & SOCIAL CARE	2,230	2,571	Overspend - Increased assessment capacity, backlog demand from COVID alongside increasing general demand and increasing prices are placing strain on budget for non means tested smaller adaptations. Targeted work is ongoing to review longer term impact. Impact partly mitigated by reviewing expenditure on major extensions
5.4 New Build Council Housing -Newstead-enabling works	HOUSING	1,948	877	Overspend - Works forecast to exceed the approved budget. Ongoing negotiation with contractors re affect of delays, changes in earthworks modelling and phasing of works; to be better understand cost impact. Forecast overspend £1.4m over all years. This forecast cost increased includes inclusion of a notional allowance for the transfer of works from Newstead GN- £350k. Cost for additional prolongation costs due to street lighting works delaying NPG disconnections and extending programme. An opportunity has been identified by the contractor to avoid some of the Severn Trent diversions, thereby saving money. The engineer is looking at the fall of the road to be constructed to see if this is possible. It seems likely there will be a resulting saving. Ongoing discussions re impact of scope change between General Needs and Enabling on budget.
5.5 Upper Don Valley Flood Scheme Phase 1	TRANSPORT, REGEN & CLIMATE	3,209	762	Overspend - Differences between budgets and expenditure forecasts are due to the rising cost of the project (due to a combination of ecological factors, difficulties with landowner agreements, worse than expected ground conditions and condition of existing structures and the general "overheating" of the construction sector). Total forecast overspend over all years is £1.465m Additional external funding can be secured from the EA to address this (agreed in principle with EA) and, once secured, this will be confirmed via a CAF variation.
5.6 Levelling Up Fund Attercliffe Adelphi Sq	TRANSPORT, REGEN & CLIMATE	28	745	Awaiting Approval - Cost of activity has been forecast, just awaiting formal authorisation of budget in finance system
5.7 Council Housing Acquisitions Prog	HOUSING	7,152	381	Overspend - We are in the process of grouping 13 strategically important 4 bedroom homes at £170k+ per property which is nearly double the average budgeted amount. Average purchase prices across the programme continue to be over budgeted levels as a result of market conditions. The projected overspend has decreased to £381k due to our agreed sales in September having an average cost of £91k which is around £15k below our current average)
5.8 Aldine Hse- 2 Bed Extn & Muga	EDUCATION, CHILDREN & FAMILIES	1,050	326	OVERSPEND - The overall expenditure is now forecast to be £326,000 over the current approved budget due to firming up of CE quotations and PM assessments. It should be noted whilst this includes allowances for outstanding CEs, it does not include any project contingency. This has been fed back to the Head of Project Delivery who has subsequently escalated this to the client. Additional funds of £140k are required to meet the current overspend position
5.9 Heart of The City programme costs	TRANSPORT, REGEN & CLIMATE	568	172	Acceleration - Budget allocation for financial year 2022/23 did not allow for current estimated costs for Communications, IT systems, marketing and SCC fees, therefore need to accelerate some of budget from 2023/24 to cover these.
5.10 Nether Edge & Crookes Active Travel Neighbourhoods	TRANSPORT, REGEN & CLIMATE	524	170	Overspend - Awaiting formal offer of increased funding from Combined Authority in order to uplift budget in line with forecast expenditure.
Total		16,709	12,164	

6 - Forecast 2021/22

6.1 - Capital Projects with Forecasts Committed



6.2 - Forecasting Summary

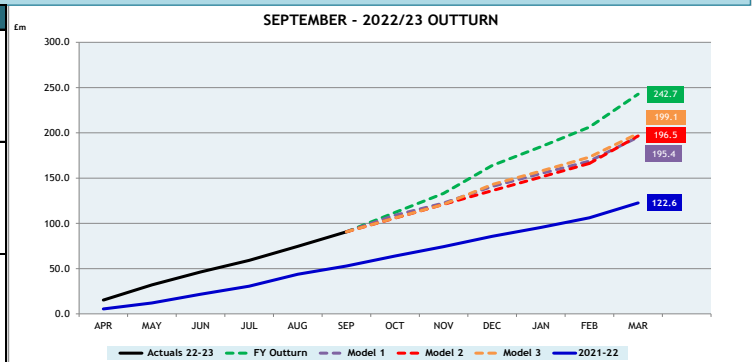


Section 6.1 indicates 95% of Capital Business Units forecast by deadline. Graphs at 6.2 compare the actual expenditure incurred each month against that which was forecast in the prior month. As can be seen overall actual expenditure in September was £5.7m less than had been forecast. Key projects making this up are as follows:

- Transport Regeneration & Climate Change** (-£0.9m) - Slippage across Heart of The City II programme - (-£0.9m) - Slippage on Future High Streets Fund Front Door Interventions (-£0.6m) slippage on CAZ schemes, (+£1m) Earlier than anticipated payment re: Brownfield Acquisitions
- Housing** (-£1.1m) - Slippage on payments re: acquisitions at Owlthorpe due to difficulty obtaining information from contractor
- Education Children & Families** (-£0.6m) Delay on expected payment of Devolved Formula Capital Grant to schools, (-£0.2m) Astrea Sports Pitch scheme delayed is not being reforecast correctly, (-£0.1m) delays on FRA programme payments, (-£0.1m) slippage on Nether Green roof payments, (-£0.1m) slippage on Newfield School Bridge payments

6.3 - Forecasting Models 1

MODEL	HOW CALCULATED
Model 1	<ul style="list-style-type: none"> Extrapolating the percentage of spend against budget as at Month 6 (70%)
Model 2	<ul style="list-style-type: none"> Extrapolating the average rates of cash spend (£15.12m per month) (rather than % of spend against budget) for April - Sep. Adjusting for increased spending in month 12.
Model 3	<ul style="list-style-type: none"> Based on accuracy of forecasting on average actual expenditure per month is 28.7% below that forecast Therefore expenditure figures extrapolated at 71.3% of Sep rest of year forecast figures



The graph at 6.3 shows a potential spread of outturn positions compared to the current forecast based on the extrapolation models described. Also included is the profile of expenditure for 2021/22 as a comparator.

Despite significant work with project managers to review forecasts it appears that these continue to be overly optimistic. A number of budget reprofiles will be brought forward this month to bring the approved budget closer to the current forecast outturn position, however as the projections show significant slippage is still anticipated at year end. To achieve the current forecast position expenditure in the second half of the year needs to average over £25m per month compared to the £15m per month to date.

7 - Key Issues and Risks

Key Issues

- Disabled Facilities Grant** - A pressure is emerging on Disabled Facilities Grant Expenditure due to dealing with a backlog of assessments post COVID, rising demand and increasing inflation in the construction sector. A situation is developing where the £5.1m p.a. received from Government in respect of this activity will no longer be sufficient to meet expenditure. Balances carried forward from previous years should provide mitigation this year but there is the potential that previous decisions to use the funding to support wider activity such as Telecare and High Value Equipment may need to be revisited with potential revenue pressures. Working groups have been established to address the issue.
- Upper Don Valley Flood Alleviation Scheme** - Newly identified forecast overspend position of £1.1m - **Update** - In principle decision from Environment Agency for additional funding received
- Schools Condition Allocation** - All School Condition Allocations received (up to 22/23) potentially fully committed may require reprioritisation if further urgent works identified.
- Aldine House Secure Children's Home** - Latest forecasts indicate a shortfall in revenue contributions required to deliver the scheme of approximately £140k - Current revenue position at Aldine House means this will cause an additional revenue pressure

Key Risks

Key risk areas -

Schemes funded via time limited grants:

- Active Travel Fund - Sheaf Valley Cycle Route (£2.3m)** - Deadline 31/03/22 - Update Funding deadline extended to September 22. However, offer of funding to deliver Phase 1 not yet received from MCA - agreed to progress at risk. **Update** - informal confirmation from MCA that spend deadline will be flexed to 31/03/23 - However this may still prove an issue for some elements of Active Travel Programme

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. Several schemes are already identifying increases pre tender estimates and higher than anticipated tender returns i.e. Nethergreen School roof replacement, King Ecgberts school expansion scheme, Hemsworth New Build Council Housing Scheme - **UPDATE** - Tender returns on Future High Streets Fund Public Real Works indicate potential funding shortfall.

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