

**CAPITAL PROGRAMME MONITORING AS AT DECEMBER 2022****Section 1 – Statement of Budget Movement**

The table below summarises the movement in budget from month 8 to month 9 22/23 and Capital programme budget position as at December 2022.

	2022/23	2023/24	Future	Total	Comments
Month 8 Approved Budget	244.0	217.0	483.0	944.1	The key changes to the programme from last month relate to: <b>KEY ADDITIONS</b> + £0.1m - Feasibility works for Arundel Bus Gate
Additions	0.1	0.0	0.0	0.1	
Variations	0.0	0.0	0.0	0.0	
Reprofile	0.0	0.0	0.0	0.0	
Slippage & Acceleration	0.0	0.0	0.0	0.0	
Month 9 Approved Budget	244.1	217.0	483.0	944.1	

Appendix 2 Capital Programme Monitoring

**Section 2 – Top 20 Projects by value as at December 2022**

The table below summarises the Top 20 projects in the Capital Programme by budget value in 2022/23. This group accounts for 57% of the 2022/23 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 RAG	
Heart of The City Henrys Block	21,709	21,614	95	29,334	29,321	13	0.0%	A	38,755	38,755	0	0.0%	A	
Heart of The City Palatine Chambers Block	9,894	10,711	(817)	17,150	19,106	(1,956)	-10.2%	A	36,944	36,944	0	0.0%	A	
Major Sporting Facilities Finance	12,419	12,419	0	16,559	16,559	0	0.0%	NR	34,167	34,167	0	0.0%	NR	
Council Housing Acquisitions Programme	5,915	5,364	550	8,525	7,152	1,373	19.2%	G	16,858	12,817	4,041	31.5%	G	See Item 5.6
Council Housing Single Staircase Tower Blocks Works	5,147	4,503	644	6,425	6,454	(29)	-0.4%	G	10,355	9,678	677	7.0%	G	A number of variation to the contract have been required i.e. non standard changes to windows and additional Fire Panels
Heart of The City - Pounds Park	4,323	4,148	175	5,764	5,924	(160)	-2.7%	G	6,699	6,699	0	0.0%	G	
Brownfield Site Development Acquisitions	2,333	5,881	(3,548)	4,333	5,881	(1,548)	-26.3%	NR	5,881	5,881	(0)	0.0%	NR	
New Council Housing Acquisition - Hemsworth	460	4,545	(4,085)	470	4,733	(4,263)	-90.1%	A	4,733	4,733	-	0.0%	A	See Item 4.1
New Build Council Housing Daresbury / Hemers	4,015	4,651	(636)	4,730	4,651	79	1.7%	G	5,721	4,651	1,070	23.0%	G	Latest estimate of final account based on contractor claims for delays.
New Build Council Hsng Ph16 - Newstead Enabling Works	2,983	2,184	800	4,342	4,418	(76)	-1.7%	R	4,438	4,436	2	0.0%	R	
Council Housing Electrical Upgrades Ph 2	3,250	2,834	417	4,244	4,143	101	2.4%	G	19,436	19,436	0	0.0%	G	
King Ecgberts School Expansion	263	1,123	(859)	2,166	3,874	(1,707)	-44.1%	A	6,296	6,296	(0)	0.0%	A	See Item 4.3
New Build Council Housing - Corker Bottoms	4	3,800	(3,796)	20	3,800	(3,780)	-99.5%	G	8,336	8,336	(0)	0.0%	G	See item 4.2
Council Housing Roofing Replacements Prog	4,084	3,369	714	4,314	3,736	577	15.5%	G	4,714	32,837	(28,123)	-85.6%	G	See Item 5.4 - All years variation relates to contractor going into administration budget to be returned to block allocation pending reprourement
Heart of The City Block C Pepper Pot Building	2,644	3,053	(409)	3,021	3,712	(691)	-18.6%	R	4,241	4,241	0	0.0%	R	
Future High Streets Fund Public Realm & Infrastructure	758	1,901	(1,143)	1,996	3,418	(1,423)	-41.6%	G	14,304	8,624	5,681	65.9%	G	See Item 4.4 and Key Issues Section below
Talbot-seven Hills Send	2,507	2,996	(489)	3,389	3,297	92	2.8%	A	3,389	3,297	92	2.8%	A	
Upper Don Valley Flood Scheme Phase 1	2,788	2,682	107	3,862	3,209	653	20.3%	A	4,674	3,209	1,465	45.7%	A	See Item 5.3
Silverdale School Expansion	102	948	(846)	3,175	3,175	0	0.0%	G	7,466	7,466	0	0.0%	G	
Council Housing Adaptations 2020-25 Contract	2,590	1,874	716	3,174	2,965	210	7.1%	G	8,821	8,612	210	2.4%	G	
<b>Top 20 Value</b>	<b>88,187</b>	<b>100,599</b>	<b>(12,412)</b>	<b>126,992</b>	<b>139,527</b>	<b>(12,535)</b>	<b>-9.0%</b>		<b>246,227</b>	<b>261,113</b>	<b>(14,886)</b>			
<b>Rest of Programme</b>	<b>48,802</b>	<b>69,724</b>	<b>(20,922)</b>	<b>94,189</b>	<b>104,542</b>	<b>(10,353)</b>	<b>-9.9%</b>		<b>645,607</b>	<b>683,025</b>	<b>(37,418)</b>			
<b>Total Capital Programme Value</b>	<b>136,990</b>	<b>170,323</b>	<b>(33,333)</b>	<b>221,181</b>	<b>244,069</b>	<b>(22,888)</b>	<b>-9.4%</b>		<b>891,835</b>	<b>944,138</b>	<b>(52,304)</b>			
<b>% of Programme within the Top 20</b>	<b>64%</b>	<b>59%</b>	<b>37%</b>	<b>57%</b>	<b>57%</b>	<b>55%</b>			<b>28%</b>	<b>28%</b>	<b>28%</b>			

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**Section 3 – Current Year to date and Forecast Outturn Position.** - The forecast outturn position is £22.9m below budget. The key variances by policy area are explained below. This is a movement of £9m from the £13.9m reported last month. This is due to a further reduction in forecast outturn as models at Section 6 have been predicting. The majority of the reduction is in the Transport Regeneration and Climate Change area with £2.4m relating to Heart of The City schemes and £1.5m to delay to utilisation of Brownfield Sites Acquisition fund.

Policy Committee	YEAR TO DATE			FULL YEAR			Comments
	Actual	Budget	Variance	Forecast	Budget	Variance	
TRANSPORT, REGEN & CLIMATE	58,862	71,901	(13,040)	98,276	108,483	(10,208)	<b>Key Variances</b> - £1.7m - Slippage across Future High Streets Fund Programme Despite slippage in current year overall forecast is for £5.6m overspend over the life of the programme. - £3.5m - Slippage across Heart Of The City Programme - £1.5m - Brownfield Sites Acquisition - Reprofitting of expected purchases - £1m - Local Transport Programme - Slippage across programme - £0.8m - Broadfield Road Junction Scheme - Further Slippage - £0.8m - CAZ Back Office - Slippage on costs - £0.2m - Little Kelham Bridge - Scheme no longer progressing - £0.8m - West Bar CPO - Delay on final payments - £0.4 - TCF Programme - Net slippage across TCF programme - £0.3m - Clean Bus Technology Programme - Underspend against grant funding - £0.2m - Shalesmoor Gateway - Slippage on development spend - £0.2m - Lower Don Valley Flood - Slippage on final works +£0.6m - Levelling Up Fund Castle Site - Budget awaiting approval +£0.3m - Active Travel Schemes (Active Trave Neighbourhoods) - Review ongoing into costs and awaiting revised funding agreements +£0.7m - Upper Don Valley Flood Defence Scheme - Total forecast overspend is £1.5m. £0.7m in current year. However EA funding to cover this now secured.
COMMUNITIES, PARKS & LEISURE	15,719	18,212	(2,492)	23,136	25,278	(2,141)	<b>Key Variances</b> - £1.3m - Woodbourne Road Football Hub - Delay to programme related to ratification of funding agreement with Football Foundation - 0.6m - General Cemetery - Forecast slippage on scheme due to resequencing of works - Overall overspend indicates and additional £70 funding needs to be found - £0.2m - Mather Road Park Improvements - Slippage now forecast
HOUSING	43,963	55,292	(11,329)	63,761	72,693	(8,933)	<b>Key Variances</b> - £4.2m - Handsworth New Build Council Housing - forecast slippage on scheme - £3.8m - Corker Bottoms New Build Purchase - Payments now expected in 23/34 - £0.7m - LAD 2 Private Sector Housing - Spend of grant below budgeted - £0.8m - Kitchen/Bathroom Refurbishment works - Slippage forecast - £0.3m - Lift Refurbishment works - Slippage forecast delay to OBC - £0.3m - Right To Buy Refurb costs - Fewer refurb than budgeted taking place this year - £0.3m -Private Sector Homes Upgrade Grant- due to drop out levels from programme not at grant forecast to be utilised - £0.2m - LAD 2 Council Housing Works - Fewer properties than anticipated involved in the programme - £0.2m - Obsolete Heating Replacement - reduced outputs as engineers diverted to failed access programme - £0.2m - Demolition Programme - Demolition of outhouses delayed pending member decision - £0.2m - Heating Breakdowns - Mild weather in November resulted in reduced failures + £0.5m - Newstead OPIL New Build - Forecast Acceleration +£1.4m - Council Housing Acquisition Programme - Acceleration of Purchase of more expensive properties + £0.6m - Roofing Replacement Programme - Acceleration of final payments on terminated contract
EDUCATION, CHILDREN & FAMILIES	7,826	13,229	(5,403)	17,609	20,529	(2,919)	<b>Key Variances</b> - £1.7m - King Egberts Expansion Scheme - Forecast revised in line with latest anticipated programme -£0.75m - Contribution to new SEND Free School (Confirmed) - Contribution now not anticipated to be made until 2023/24 -£0.6m - Contribution to new SEND Free School (Bid) - Forecast not completed -£0.3m - New Integrated Resource Provision forecast not completed + £0.3m - Aldine House 2 Bed Extension - Forecast overspend on scheme. May generate additional revenue pressure in year + £0.1m - Talbot/Seven Hills SEND provision - Forecast Overspend
STRATEGY & RESOURCES	3,907	5,943	(2,036)	6,217	6,478	(261)	
ADULT HEALTH & SOCIAL CARE	6,219	5,098	1,121	8,363	6,797	1,566	<b>Key Variances</b> + £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 - £0.7m - 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 - £0.1m - Telecare - Reduced forecast on capital requirement <b>GENERAL - Pressure building on overall DFG budget. Current predicted overspend is manageable within current year resources plus previous underspends brough forward. Work ongoing to review emerging pressures</b>
ECONOMIC DEVELOPMENT & SKILLS	393	478	(86)	2,961	2,957	4	
WASTE & STREET SCENE	101	170	(70)	858	853	5	
<b>Grand Total</b>	<b>136,990</b>	<b>170,323</b>	<b>(33,333)</b>	<b>221,181</b>	<b>244,069</b>	<b>(22,888)</b>	

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**Section 4 – Top 10 Forecast Slippage against Full Year Budget** - Of the main £18.7m forecasts below budget, £8.3m relates to projects either in delivery or at tender stage. £9.6m relates to delays to purchases of land or buildings The reprofiling of the Disabled Facilities Top Up grant to meet pressures elsewhere within that programme

Business Unit		Policy Committee	FY Budget	FY variance on budget	Explanation
4.1	New Council Housing Acquisition - Handsworth	HOUSING	4,733	(4,263)	REPROFILE - Negotiation of the contract with the developer has taken longer than expected due delays related to both parties. From a Council perspective, this additional time was required to ensure we have a contract that manages risk to the Council, as well as to ensure that we could agree the specification extras which will bring the development more in line with the Council specification across a number of important areas. Current supply chain issues within the construction sector have led the developer to review the delivery programme to ensure that it remained realistic/ deliverable. As such, the revised contractual Long Stop Date is now 30th June 2023. CAF variation to reflect budget slippage in system, awaiting approval. Overall project budget on track, subject to success of AHP bid resulting in no SDLT liability. Once AHP bid is submitted/ confirmed, some variation between 'budget headings' required in order to account for higher cost of 'specification extras'.
4.2	New Build Council Housing - Corker Bottoms	HOUSING	3,800	(3,780)	REPROFILE - £3,800,000 is the majority of the 50% deposit to be paid to SHC on contract signing. The delay with the project has meant that the deposit has been reprofiled into 2023/34
4.3	Heart of The City Palatine Chambers Block	TRANSPORT, REGEN & CLIMATE	19,106	(1,956)	SLIPPAGE - This is due to continued challenges and delays/associated resequencing on site. Works will be progressing at an average of -£100k per day in the coming months, so relatively minor delays still have a considerable impact on cash-flow.
	King Ecgberts School Expansion	EDUCATION, CHILDREN & FAMILIES	3,874	(1,707)	Reprofile - Payments for scheme reprofiled due to delay of contract award
	Brownfield Site Development Acquisitions	TRANSPORT, REGEN & CLIMATE	5,881	(1,548)	Reprofile - Delay in agreeing the purchase of the final part of Attercliffe Waterside from the Canal's and Rivers Trust.
4.6	Future High Streets Fund Public Realm & Infrastructure	TRANSPORT, REGEN & CLIMATE	3,418	(1,423)	Slippage / Overspend - Budget will not be sufficient to deliver scope of works. Significant cost increase overall due to inflation, design detail, working around stats and stats diversion costs. 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. Final figure TBC pending final RIBA 4 costs. Project is proceeding on assumption that additional budget can be secured and will be approved by external funder. Client seeking further guidance/approval from Regen & Transport and finance sub committee
4.7	Woodbourn Rd Football Hub	COMMUNITIES, PARKS & LEISURE	2,174	(1,337)	SLIPPAGE - Programme Delayed due to legal agreement between Football Foundation & SCC is ratified.
4.8	Heart of The City - Block D	TRANSPORT, REGEN & CLIMATE	1,075	(1,017)	Slippage - Remaining forecast for costs associated with securing letting and reconfiguring vacant units, including expected capital contributions for all remaining units. Letting and Capital Contribution allowances slipped to end of this FY/into next FY. Whiteboxing works are due to be procured & monies need to be expended asap. Allowance has been forecast towards end of this FY - assuming to be delivered by Mar-23 at this point.
4.9	Disabled Facilities Grant Top Up	ADULT HEALTH & SOCIAL CARE	1,666	(871)	Reprofile - 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
4.10	Broadfield Road Junction	TRANSPORT, REGEN & CLIMATE	1,404	(836)	Slippage / Overspend - Following additional detail from statutory undertakers about the extended timescales needed to arrange the movement of their networks before the main scheme can start (complicated by the need to limit the impact of works on the busy A61), the scheme has been re-costed and re-programmed. The latest forecast has been re-profiled to reflect those changes, giving slippage of £836k and a revised all year forecast of £3,983,255 for all years which is £310k above the approved budget.
Total			47,131	(18,738)	

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### Section 5 – Top 10 Forecast Overspends over Full Year Budget

- Of the main £7.6m forecasts over budget approx. £4.1m represent genuine overspends. The Upper Don Valley Flood scheme has now secured additional Environment Agency funding and approval of an uplift to the budget will be brought forward. 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 and Local Transport Plan to meet the additional costs of the Active Travel schemes and Capitalised Repairs will be an increased pressure on the HRA capital budget.

Business Unit	Policy Committee	FY Budget	FY variance on budget	Explanation
5.1 Accelerated Adaptations Grant	ADULT HEALTH & SOCIAL CARE	2,230	2,586	<b>Overspend</b> - 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
5.2 Council Housing Acquisitions Programme	HOUSING	7,152	1,373	<b>Acceleration</b> - The current forecast is for an overspend of £1.372 million. This is as a result of the purchase of 13 strategically important 4 bedroom homes at nearly double the budgeted amount as well as increasing property purchase costs in the Sheffield market. However the overall programme expenditure across the life of the programme is not forecast to exceed budget.
5.3 Upper Don Valley Flood Scheme Phase 1	TRANSPORT, REGEN & CLIMATE	3,209	653	<b>Overspend</b> - 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 has now been secured from the Environment Agency to fund this.
5.4 Levelling Up Fund - Castle Site	TRANSPORT, REGEN & CLIMATE	560	631	<b>Awaiting Approval</b> - Variation between full year budget and latest outturn forecast for full year due to expenditure being incurred beyond IBC feasibility stage. Increased budget for full scheme due to be approved in January
5.5 Council Housing Roofing Replacements Prog	HOUSING	3,736	577	<b>Acceleration</b> - Work is underway with the appointed administrator to finalise liabilities to the original contractor (outstanding payments for works completed minus incurred costs). Arrangements are being put in place for properties that are partway through the reroofing works by means of a variation to an existing 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 original contract and put in place the appropriate financial approvals which will take into account the balance of the budget for this and future years. This payment now forecast to be made in current financial year.
5.6 New Build Council Housing Newstead OPIL	HOUSING	1,101	521	<b>Forecast overspend on in-year budget is an error. No Financial Year overspend is anticipated. This error will be corrected asap.</b>
5.7 Council Housing Stock Increase Programme Allocation	HOUSING	-	370	<b>Awaiting Approval</b> - Budget to be uplifted as part of Housing Programme Refresh
5.8 Aldine House 2 Bed Extension & MUGA	EDUCATION, CHILDREN & FAMILIES	1,050	318	<b>Overspend</b> - The overall expenditure is now forecast to be £176,177 over the current approved budget, however it should be noted whilst this includes allowances for known change, it does not include any project contingency. This has been fed back to the Head of Project Delivery who will be reporting this to the client. The overall forecast overspend includes £45k allowances for works which have moved from this contract to the current corner infill project, those works being bespoke bedroom furniture and smartboard enclosures. It is hoped that those items can be funded from the contingency budget on that scheme which would reduce the forecast overspend on this scheme. Approximately £140k additional funds are required to meet the overspend
5.9 Nether Edge & Crookes Active Travel Neighbourhood	TRANSPORT, REGEN & CLIMATE	524	301	<b>OVERSPEND</b> -Increasing costs on communications, programme management and monitoring. Additional £206k due to be claimed from SYMCA. Remainder to be claimed from Local Transport Plan funding.
5.10 Capitalised Repairs	HOUSING	502	249	<b>Overspend</b> - The total value of jobs that Repairs & Maintenance Service (RMS) are claiming for is more than the 2022-23 budget. We are currently working through the large number of submissions from RMS, and there are numerous submissions where only the type of work and projected costs have been sent to Asset Management Team. We are working with RMS to submit outstanding documents to proceed with claims. The forecast variance is based on the value of invoices outstanding and invoices due to be received on completion of the planned works
<b>Total</b>		<b>20,063</b>	<b>7,578</b>	

## Section 6 – Key Risks and Issues

### 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** - Forecast overspend position of £1.4m - Update - Formal offer of funding now received from Environment Agency. Formal approval to be brought in March 23
- **Schools Condition Allocation** - All School Condition Allocations received (up to 22/23) potentially fully committed may require reprioritisation if further urgent works identified. Update - several schools now accepted into DfE rebuilding programme releasing some funds but pressures already emerging to use this.
- **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
- **Future High Street Fund Programme** - Tender returns indicate this project will cost £5.5m more than the £20.5m available budget to complete despite undergoing a reduction of scope as a result of inflation and uncertainty in construction market. Bids are underway to SYMCA to secure additional funds.
- **Daresbury/ Berners & Gaunt Road Council Housing New Build Schemes** - Now forecasting potential overspends of £1m and £4m respectively. Stock increase programme under review.

### 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. Awaiting outcome of negotiations between MCA and DfT

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**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 Egberts school expansion scheme, Hemsworth New Build Council Housing Scheme, Future High Streets Fund schemes .

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