

CAPITAL PROGRAMME MONITORING AS AT JANUARY 2023**Section 1 – Statement of Budget Movement**

The table below summarises the movement in budget from month 9 to month 10 22/23 and Capital programme budget position as at January 2023

	2022/23	2023/24	Future	Total	Comments
Month 9 Approved Budget	244.1	217.0	483.0	944.1	The key changes to the programme from last month relate to: KEY ADDITIONS
Additions	0.1	0.7	0.0	0.8	+ £0.7m - Stocksbridge Towns Fund Bus Scheme + £0.1m - Rolling Acres Play Improvements
Variations	1.4	12.9	0.0	14.3	KEY VARIATIONS
Reprofile	0.0	0.0	0.0	0.0	+ £12.8m - Levelling Up Fund Castle Site Development + £1.3m - Schools Devolved Capital Funding +£0.1m - Non-Highways resurfacing works + £0.1m - Frecheville Park Improvements
Slippage & Acceleration	-0.8	0.8	0.0	0.0	
Month 10 Approved Budget	244.7	231.5	483.0	959.2	KEY SLIPPAGE £0.8m - Heart Of The City Offices tenant payments

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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 Values in E000	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	22,968	23,845	(877)	27,806	29,321	(1,515)	-5.2%	A	38,755	38,755	(0)	0.0%	A	See Item 4.9
Heart of The City Palatine Chambers Block	11,286	12,650	(1,364)	15,730	19,106	(3,376)	-17.7%	A	36,944	36,944	0	0.0%	A	See item 4.4
Major Sporting Facilities Finance	13,799	13,799	0	16,559	16,559	0	0.0%	NR	34,167	34,167	0	0.0%	NR	
Council Housing Acquisitions Programme	6,400	5,960	440	8,053	7,152	901	12.6%	G	16,858	12,817	4,041	31.5%	G	See Item 5.2
Council Housing Single Staircase Tower Blocks Works	6,116	5,220	896	6,592	6,454	138	2.1%	G	10,404	9,678	726	7.5%	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	4,675	4,504	171	5,211	5,924	(712)	-12.0%	G	6,699	6,699	(0)	0.0%	G	Rockingham St works now delayed until April
Brownfield Site Development Acquisitions	2,386	5,881	(3,495)	2,386	5,881	(3,495)	-59.4%	NR	3,935	5,881	(1,946)	-33.1%	NR	See item 4.3
New Council Housing Acquisition - Newsnorth	460	4,733	(4,273)	470	4,733	(4,263)	-90.1%	A	4,733	4,733	-	0.0%	A	See Item 4.1
New Build Council Housing Daresbury / Beners	4,407	4,651	(244)	4,739	4,651	88	1.9%	G	5,809	4,651	1,158	24.9%	G	Numerous onsite issues relating to ground conditions, security and highways works
New Build Council Hsng Ph16 - Newstead Enabling Works	2,758	2,828	(70)	3,124	4,418	(1,294)	-29.3%	R	4,436	4,436	(0)	0.0%	R	Disposal of materials costing less than anticipated. Potential overall saving but not yet forecast
Council Housing Electrical Upgrades Ph 2	3,689	3,270	419	4,403	4,143	260	6.3%	G	19,436	19,436	0	0.0%	G	See Item 5.9
King Ecgberts School Expansion	270	1,966	(1,696)	2,166	3,874	(1,707)	-44.1%	A	6,296	6,296	(0)	0.0%	A	See Item 4.6
New Build Council Housing - Corker Bottoms	(1)	3,800	(3,801)	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	3,912	3,729	183	4,241	3,736	505	13.5%	G	4,714	32,837	(28,123)	-85.6%	G	See Item 5.3 - 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	1,987	3,372	(1,385)	2,140	3,712	(1,572)	-42.3%	R	4,241	4,241	0	0.0%	R	See Item 4.8
Future High Streets Fund Public Realm & Infrastructure	794	2,245	(1,450)	1,093	3,418	(2,325)	-68.0%	G	14,335	8,624	5,711	66.2%	G	See Item 4.5 and Key Issues Section below
Talbot-seven Hills Send	2,741	2,996	(255)	3,428	3,297	131	4.0%	A	3,524	3,297	228	6.9%	A	Increased costs have arisen because of building regulation requirements and works to the existing bridge building, external works changes and unforeseen services on site.
Upper Don Valley Flood Scheme Phase 1	2,851	2,962	(111)	3,549	3,209	340	10.6%	A	4,674	3,209	1,465	45.7%	A	See Item 5.5
Silverdale School Expansion	757	1,669	(912)	3,175	3,175	0	0.0%	G	7,466	7,466	0	0.0%	G	
Council Housing Adaptations 2020-25 Contract	2,855	2,237	618	3,286	2,965	321	10.8%	G	8,933	8,612	321	3.7%	G	See item 5.6
Top 20 Value	95,111	112,318	(17,207)	118,172	139,527	(21,356)	-15.3%		244,693	261,113	(16,420)			
Rest of Programme	55,874	78,160	(22,286)	88,638	105,186	(16,548)	-15.7%		646,793	698,106	(51,313)			
Total Capital Programme Value	150,985	190,477	(39,492)	206,809	244,713	(37,904)	-15.5%		891,486	959,219	(67,733)			
% of Programme within the Top 20	63%	59%	44%	57%	57%	56%			27%	27%	24%			

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Section 3 – Current Year to date and Forecast Outturn Position. - The forecast outturn position is £37.9m below budget. The key variances by policy area are explained below. This is a movement of £15m from the £22.9m reported last month. This is largely due to a further reduction in forecast outturn. The majority of the reduction is in the Transport Regeneration and Climate Change area with £4.3m relating to Heart of The City schemes, £1.9m to delay to utilisation of Brownfield Sites Acquisition fund and £1.3m reprofiling of Future High Streets Fund activity. Under Economic Development & Skills £2.4m of activity relating to Stocksbridge Towns Fund has been profiled into the next financial year and £1.3m slippage is now forecast on the enabling works in relation to the Newstead new housing scheme.

Policy Committee	YEAR TO DATE			FULL YEAR			Comments
Values in £000	Actual	Budget	Variance	Forecast	Budget	Variance	
TRANSPORT, REGEN & CLIMATE	62,717	80,212	(17,495)	87,102	107,730	(20,628)	Key Variances - £3m - Slippage across Future High Streets Fund Programme Despite slippage in current year overall forecast is for £5.4m overspend over the life of the programme. - £8.1m - Slippage across Heart Of The City Programme - £3.5m - Brownfield Sites Acquisition - Reprofilling of expected purchases - £0.8m - Broadfield Road Junction Scheme - Further Slippage - £0.8m - CAZ Back Office - Slippage on costs - £0.8m - West Bar CPO - Delay on final payments - £1.2 - TCF Programme - Net slippage across TCF programme - £1.2m - Transport LTP & Road Safety Programme - Slippage - £0.4m - West Bar Highways Enabling Works - Slippage - £0.3m - LUF Artspace - Missing forecast +£0.3m - Active Travel Schemes (Active Trave Neighbourhoods) - Review ongoing into costs and awaiting revised funding agreements +£0.3m - Upper Don Valley Flood Defence Scheme - Total forecast overspend is £1.5m. £0.3m in current year. However EA funding to cover this now secured.
COMMUNITIES, PARKS & LEISURE	17,453	20,444	(2,991)	23,091	25,287	(2,196)	Key Variances - £1.3m - Woodbourne Road Football Hub - Delay to programme related to reatification of funding agreement with Football Foundation - £0.7m - General Cemetery - Forecast slippage on scheme due to resequencing of works - £0.15m - Mather Road Park Improvements - Slippage now forecast
HOUSING	48,996	60,655	(11,659)	62,320	72,693	(10,373)	Key Variances - £4.2m - Handsworth New Build Council Housing - forecast slippage on scheme - £3.8m - Corker Bottoms New Build Purchase - Payments now expected in 23/34 - £1.3m - Newstead Enabling Works - Slippage on works - £0.7m - LAD 2 Private Sector Housing - Spend of grant below budgeted - £0.8m - Kitchen/Bathroom Refurbishment works - Slippage forecast - £0.4m - 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 - £0.3m - Fire Supression Systems - Slippage of some works into 23/24 + £0.3m - Adaptations - Forecast increase in Adaptations works required +£0.9m - Council Housing Acquisition Programme - Acceleration of Purchase of more expensive properties + £0.5m - Roofing Replacement Programme - Acceleration of final payments on terminated contract
EDUCATION, CHILDREN & FAMILIES	10,383	16,479	(6,097)	18,802	21,880	(3,078)	Key Variances - £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) - Contribution now not anticipated to be made until 2023/24
STRATEGY & RESOURCES	4,096	6,097	(2,001)	6,018	6,516	(498)	
ADULT HEALTH & SOCIAL CARE	6,839	5,664	1,175	8,083	6,797	1,286	Key Variances + £2.7m - 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 - £1.0m - 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) - £0.3m - Disabled Persons Relocation Loans- Loan requests not at level expected - £0.1m - Telecare - Reduced forecast on capital requirement GENERAL - Pressure building on overall DFG budget. Current predicted overspend is manageable within curren year resources plus previous underspends brought forward. Work ongoing to review emerging pressures
ECONOMIC DEVELOPMENT & SKILLS	400	753	(353)	534	2,957	(2,423)	Key Variances Represents a reprofiling of the activity across the Stocksbridge Towns Fund Program with £1.6m relating to Community Hub Scheme
WASTE & STREET SCENE	101	172	(71)	858	853	5	
Grand Total	150,985	190,477	(39,492)	206,809	244,713	(37,904)	

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Section 4 – Top 10 Forecast Slippage against Full Year Budget - Of the main £25m forecasts below budget, £11.8m relates to projects either in delivery or at tender stage. £13.2m relates to delays to purchases of land or buildings The reprofiling of the Disabled Facilities Top Up grant to meet pressure 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. Linked to this - the developer was reluctant to progress with the ordering of the Council's requested 'specification extras' until the Council was contractually committed to the completed development (i.e. contracts exchanged, which happened in September). Furthermore, 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. 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
Page 42	Brownfield Site Development Acquisitions	TRANSPORT, REGEN & CLIMATE	5,881	(3,495)	Reprofile - Delay in agreeing the purchase of the final part of Attercliffe Waterside from the Canal's and Rivers Trust.
	Heart of The City Palatine Chambers Block	TRANSPORT, REGEN & CLIMATE	19,106	(3,376)	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.
4.5	Future High Streets Fund Public Realm & Infrastructure	TRANSPORT, REGEN & CLIMATE	3,418	(2,325)	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 committees and boards 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 and matches submitted FBC. Subject to final agreement. Instruction to contractor now awaiting finance committee decision on underwriting gateway funding and change control agreement from project funder (DLUHC).
4.6	King Ecgberts School Expansion	EDUCATION, CHILDREN & FAMILIES	3,874	(1,707)	Slippage - Payments for scheme reprofiled due to delay of contract award
4.7	Stocksbridge Town Fund Manchester Road Hub	ECONOMIC DEVELOPMENT & SKILLS	1,902	(1,630)	Reprofile - Acquisition of properties delayed. Construction now forecast in line with Sept 23 start on site. Surveys/Legal Fees now forecast to be spent next financial year.
4.8	'Heart of The City Block C Pepper Pot Building	TRANSPORT, REGEN & CLIMATE	3,712	(1,572)	Slippage - Slippage is due to continued and extensive delay on site; this has resulted in instruction to enforce damages in full across the two blocks in the period (i.e. no further construction spend likely this FY) and the implications of this delay on fee spend. Review required in the period.
4.9	Heart of The City Henrys Block	TRANSPORT, REGEN & CLIMATE	29,321	(1,515)	Slippage - Due to continued challenges and delays/associated resequencing on site, with the contractor advising of additional -4 week delay. As previous, works will be progressing at an average of -£100k per day in the coming months, so even relatively minor delays still have a considerable impact on cash-flow
4.10	Woodbourn Rd Football Hub	COMMUNITIES, PARKS & LEISURE	2,174	(1,337)	SLIPPAGE - Programme Delayed due to legal agreement between Football Foundation & SCC is ratified.
Total			77,921	(25,001)	

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Section 5 – Top 10 Forecast Overspends over Full Year Budget - Of the main £6.2m 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. 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, Adaptations and Electrical Upgrades will be an increased pressure on the HRA capital budget unless outputs are reduced.

	Business Unit	Policy Committee	FY Budget	FY variance on budget	Explanation
5.1	Accelerated Adaptations Grant	ADULT HEALTH & SOCIAL CARE	2,230	2,677	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
5.2	Council Housing Acquisitions Programme	HOUSING	7,152	901	Acceleration - The current forecast is for an overspend of £901K. 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. There is a reduction in the forecast overspend from last period due to the uncertainty around completion dates. It is anticipated that the same number of acquisitions will be completed but some are likely to slip into 23/24. However the overall programme expenditure across the life of the programme is not forecast to exceed budget.
5.3	Council Housing Roofing Replacements Prog	HOUSING	3,736	505	Acceleration - Work is underway with the appointed administrator to finalise liabilities to the contractor (outstanding payments for works completed minus incurred costs). Properties which were part completed or required works for making good defects have been undertaken by the Elementals contractor and all roofs that were partially completed have now been completed. Ongoing defects identified until September 2023 will be undertaken by the elementals contractor. This payment now forecast to be made in current financial year.
	Council Housing Stock Increase Programme Allocation	HOUSING	-	370	Awaiting Approval - Budget to be uplifted as part of Housing Programme Refresh
5.4	Upper Don Valley Flood Scheme Phase 1	TRANSPORT, REGEN & CLIMATE	3,209	340	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 has now been secured from the Environment Agency to fund this. Approval to increase budget to be brought forward in March 23
5.6	Adaptations 2020-25 Contract	HOUSING	2,965	321	Overspend Moving forward, this costs will reflect the agreed uplift to the contract from October 1st 2023, including the back pay as per December 2022 application. Internal forecasting by SCC is being undertaken presently to manage the remaining budget going forward and a report is being prepared to go to Homes Group in March regarding the forecast overspend. Due to this, bi-weekly contract meetings have been set up with the contractor to closely monitor the emerging situation. The overspend forecast due to the contractually agreed uplift and inflation rise seen post Covid-19 along with the improved performance of the contractor and their outputs per month. The average forecast spend profile for the remaining months will continue to increase against historical profiles, however, the report being compiled for Homes Group will highlight the options available to us at this time.
5.7	Nether Edge & Crookes Active Travel Neighbourhood	TRANSPORT, REGEN & CLIMATE	524	301	OVERSPEND -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.
5.8	New Build Council Housing Newstead OPIL	HOUSING	1,101	283	Forecasting error-
5.9	Council Housing Electrical Upgrades Ph 2	HOUSING	4,143	260	OVERSPEND -The year end forecast is £4.1m including fees, the current average price per property continues to be higher than the estimate average cost per dwelling based on the contract tender sum, which if this continues to be case for the duration of the project it will lead to either a decrease in the outputs that can be achieved or will require an increase in the budget for the project.
5.10	Capitalised Repairs	HOUSING	502	250	Overspend - 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
Total			25,561	6,207	

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.

- **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

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, Future High Streets Fund schemes