

CAPITAL PROGRAMME MONITORING AS AT SEPTEMBER 2020 Appendix 2

1 - Statement of Budget Movement

The table below summarises the movement in budget from month 2 (when last reported) to month 6 20/21 and Capital programme budget position as at September 2020.

	2020/21	2021/22	Future	Total	Comments
Month 2 Approved Budget	225.1	189.9	363.9	778.8	The key changes to the programme since last report at month 2 relate to: ADDITIONS - £43.1m - Inclusion of Heart Of The City II Block A - £4m inclusion of Newstead Council Housing Enabling Works - £10.9m - Inclusion of Council Housing Adaptations Contract 2020-25 VARIATIONS - £4m Block Allocation re inclusion of Newstead Council Housing Enabling works - £10.8m - Reduction in previous Council Housing Adaptations budget - £5.8m - Reduced costs on Heart of The City Block H - £3.2m - Lease payment re: Heart of The City Block I REPROFILE - £8.5m in relation to Heart of the City II budgets - £1.3m New Build Council Housing Phase 10
Additions	4.2	19.4	38.0	61.6	
Variations	5.2	1.3	-24.4	-17.9	
Reprofile	-10.0	10.0	0.0	0.0	
Slippage and Acceleration	-2.2	2.2	0.0	0.0	
Month 6 Approved Budget	222.3	222.8	377.4	822.6	SLIPPAGE - £1.2m Aldine House Extension - £1m Broadfield Road Junction Scheme

2 - Top 20 Projects by value as at September 2020

The table below summarises the Top 20 projects in the Capital Programme by budget value in 2020/21. This group accounts for 57% of the 2020/21 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	
H Henrys Block	766	923	(157)	4,873	15,161	(10,287)	-67.9%	NR	56,956	56,956	0	0.0%	NR	See Item 4.1
Msf Finance	7,208	7,320	(113)	14,641	14,641	0	0.0%	NR	64,378	64,378	0	0.0%	NR	
Nbch-p04a-adlington Rd-opt	2,823	5,944	(3,121)	9,833	12,895	(3,062)	-23.7%	G	20,827	20,827	0	0.0%	G	See Item 4.6
B Laycock House New Build	2,865	3,715	(850)	10,821	11,305	(484)	-4.3%	A	17,089	17,089	(0)	0.0%	A	Delivered as joint contract with Block C below. Overall acceleration on scheme
C Pepper Pot Building	3,792	3,150	641	9,902	9,358	544	5.8%	G	16,589	16,589	0	0.0%	G	See Item 5.3
H & S Essential Work	-	-	-	-	6,815	(6,815)	-100.0%	NR	44,812	55,839	(11,027)	-19.7%	NR	See Item 4.2 re: Current Year variance. Remaining Life variance relates to forecast draw down from allocation awaiting approval
Brownfield Site	4	5	(0)	6,058	6,058	0	0.0%	NR	6,058	6,058	0	0.0%	NR	
Stock Increase (chs)	-	-	-	1,877	5,100	(3,223)	-63.2%	G	146,464	141,834	4,631	3.3%	G	See Item 4.5 re: Current Year variance. Remaining Life variance relates to forecast acceleration of Stock Increase Programme to be reflected in Annual Housing Review
Roofing Replacements Prog	22	20	3	1,042	5,026	(3,983)	-79.3%	G	38,570	38,570	(0)	0.0%	G	See Item 4.4
Nbch-p10-daresbury/berners-gn	555	1,043	(489)	4,161	4,981	(820)	-16.5%	G	12,172	12,172	0	0.0%	G	Daresbury Berners start date was to be July its now October due to service authority disconnections caused by covid and furloughing. Forecast reflects this, and once a new fee proposal has been agreed the budget can be re-profiled.
Heating, Energy Effic & Carbon Red	-	-	-	-	4,706	(4,706)	-100.0%	NR	28,086	29,052	(966)	-3.3%	NR	See Item 4.3 re: Current Year variance. Remaining Life variance relates to forecast draw down from allocation awaiting approval
Udv Flood Scheme Phase 1	880	993	(113)	3,885	4,097	(213)	-5.2%	A	8,342	8,342	0	0.0%	A	Delayed start on site due to Environment Agency permissions
Council Hsg Acquisitions Prog	1,644	1,487	157	3,553	3,748	(196)	-5.2%	G	31,860	31,860	0	0.0%	G	Only vacant properties have been surveyed since lockdown. Reducing the number of acquisitions.
Electrical Strategy	411	167	244	2,503	3,727	(1,224)	-32.8%	G	3,727	3,727	0	0.0%	G	Due to Covid the scheme was suspended between April and July
Hoc II Block I	3,371	3,384	(13)	3,436	3,436	-	0.0%	NR	3,436	3,436	-	0.0%	NR	
Interim Ta Accommodation	-	-	-	3,250	3,250	-	0.0%	G	3,250	3,250	-	0.0%	G	
Transport Efficiency 20-21	896	785	111	3,195	3,195	(0)	0.0%	NR	3,195	3,195	(0)	0.0%	NR	Delays due to COVID - Funders have agreed extension to May 2021
Clean Bus Technology	558	2,100	(1,542)	2,386	3,194	(807)	-25.3%	NR	3,194	3,194	(0)	0.0%	NR	
Accelerated Adaptations Grant	174	537	(363)	580	3,067	(2,487)	-81.1%	NR	580	3,067	(2,487)	-81.1%	NR	See Item 4.7
G Wellington St Car Park	155	939	(784)	1,048	2,981	(1,933)	-64.8%	NR	4,811	4,811	(0)	0.0%	NR	Slippage on scheme due to O/S decisions on usage of site. Now resolved
Top 20 Value	26,123	32,511	(6,388)	87,045	126,743	(39,697)	-31.3%		514,397	524,246	(9,848)			
Rest of Programme	26,729	47,242	(20,513)	80,307	95,558	(15,251)	-16.0%		312,327	298,328	13,999			
Total Capital Programme Value	52,852	79,753	(26,901)	167,352	222,301	(54,948)	-24.7%		826,724	822,573	4,151			
% of Programme within the Top 20	49%	41%	24%	52%	57%	72%			62%	64%	-23%			

3 - Current Year to date and Forecast Outturn Position

The forecast outturn position is £54.9m below budget, an increase of £44m from the £10.9m reported at month 2. The key variances by board are explained below. The overall expenditure forecast has fallen by £46.8m, this has been partly offset by budget approvals in month bringing budgets into line with forecasts. Significantly reduced expenditure from initial forecasts was expected as the impact of COVID-19 feeds into the programme. It has impacted most significantly on the Council Housing Investment Programme where works, by nature, are often in close proximity to residents. The national lockdown and requirement for additional social distancing measures on sites has also slowed progress at the Adlington New Build Council Housing site.

The current unpredictability due to potential further restrictions has made forecasting much more difficult in this financial year and we would certainly expect to see a further reductions in the expected outturn in the coming months.

BOARD	YEAR TO DATE			FULL YEAR			Comments
	Actual	Budget	Variance	Forecast	Budget	Variance	
HEART OF THE CITY II	15,293	20,107	(4,814)	45,443	58,208	(12,765)	Key Variances - See Item 4.1 - Block H (-£10.3m) - Slippage on Block G - Wellington St (-£1.9m) - Slippage on Block B - (-£0.5m)
QUALITY OF LIFE	7,499	9,422	(1,922)	16,993	19,466	(2,472)	Key Variances - See Item 4.9 - City Rd Cremators (-£2.4m)
HOUSING GROWTH	8,045	12,079	(4,034)	37,302	45,750	(8,447)	Key Variances - See Items 4.5 - Stock Increase Block Allocation (-£3.2m) - 4.6 - Adlington (-£3m) - Slippage on Daresbury / Berners / Gaunt (-£2.5m)
HOUSING INVESTMENT	7,727	8,590	(863)	19,028	46,108	(27,080)	- Review of Q number Block Allocations now not likely to be utilised in 20/21 - (-£19.3m) - Delay to new Roofing Replacement Scheme still at tendering stage (-£4m) - Covid 19 delays on Obsolete Heating and Electrical Replacement works (-£2.5m) - Covid 19 Delays to Adaptations Work (-£1.5m)
ECONOMIC GROWTH	2,335	4,621	(2,286)	7,335	8,182	(847)	Key Variances - Culvert Renewal Scheme forecast saving (-£0.5m) - UDV Flood scheme slippage (-£0.2m) - Grey To Green 2 initial phase (-£0.2m)
ESSENTIAL COMPLIANCE & MAINT	2,887	5,772	(2,886)	9,478	9,560	(82)	Reported overspend on Sorby House FRA project thought closed to be investigated.
TRANSPORT	2,413	8,332	(5,919)	14,694	15,600	(906)	Key Variances - Clean Bus Technology slippage (-£0.8m) - Broadfield Road slippage (-£0.4m) - TCF2 overspend under review (+£0.4m)
PEOPLE CAPITAL & GROWTH	4,985	9,151	(4,166)	14,293	16,497	(2,204)	Key Variances - Disabled Facilities Grant Funded work forecast to be below budget due to Covid 19 restrictions in accessing clients' properties. (-£1m) - Potential saving on Gleadless/Bents Green scheme (-£0.2m) - Slippage on Watercliffe Meadow Nursery Grant (-£0.2m) - Volunteer Libraries missed forecast (£0.2m) - Slippage on Aldine House Scheme (-£0.1m) - Tinsley Green Space scheme on hold (-£0.1m)
ICT	1,447	1,447	-	1,447	1,447	-	
GREEN & OPEN SPACES	164	232	(68)	1,281	1,482	(201)	Key Variances - Slippage on Matthews Lane Cricket Pavillion scheme (-£128k) - Parks Section 106 programme reviewed now indicates slippage (-£40k)
CORPORATE	57	-	57	57	-	57	Reflects HCA grant repayment regarding sale of council house
Grand Total	52,852	79,753	(26,901)	167,352	222,301	(54,948)	

4 - Top 10 Forecast Slippage against Full Year Budget

Of the £41.7m of key variances identified below £19.4m relate to block allocations not yet approved for specific projects. £9.5m of slippage/reprofiles on schemes in delivery or out to tender are directly as a result of the impact of COVID. Slippage on Heart of the City reflects the latest forecast from contractors on construction elements.

Business Unit	Board	FY Budget	FY variance on budget	Explanation
4.1	H Henrys Block	15,161	(10,287)	REPROFILE - Cost plan now received as part of tender return. Forecast now re-aligned with this.
4.2	H & S Essential Work	6,815	(6,815)	REPROFILE - A review of the pipeline H&S projects to HRA properties has been undertaken and due to COVID 19 and prolonged project timescales, reprofiling is required to reflect the revised project delivery plans and anticipated expenditure in 2020/21. Formal reprofile request is to be submitted when full impact finalised.
4.3	Heating, Energy Effic & Carbon Red	4,706	(4,706)	REPROFILE - Review of the current projects to HRA properties has been undertaken and due to COVID 19 and prolonged project timescales, reprofiling is required to reflect the revised project delivery plans and anticipated expenditure in 2020/21. These projects are anticipated to start on site during 2021/22. A formal
4.4	Roofing Replacements Prog	5,026	(3,983)	REPROFILE - Procurement programme was delayed following numerous requests from contractors to extend tendering deadlines due to Covid. This has resulted in a revised start on site of January 2021, although this will initially involve setting up site compound, tenant liaison etc., prior to commencement of work on
4.5	Stock Increase (chs)	5,100	(3,223)	REPROFILE - Review of Stock Increase programme in light of COVID issue revealed that some schemes anticipated to come forward in 20/21 will now be later. Formal reprofile request to be brought forward
4.6	Nbch-p04a-adlington Rd-opil	12,895	(3,062)	SLIPPAGE - Delays have been incurred as a result of Covid 19 and the suspension of works on site and the furlough of inspection staff. Sequence of works has been adjusted to adapt to delays to LABC inspections. Contractors revised cash flow received and included in forecast figures.
4.7	Accelerated Adaptations Grant	3,067	(2,487)	SLIPPAGE - reduction in planned expenditure in 2020-21 due to lower than expected demand due to continued dependency on mandatory Disabled Facilities Grants, plus lack of capacity to deliver by
4.8	Communal Areas Investment	2,432	(2,432)	REPROFILE - Currently projecting an underspend due to delays to developing the project information and project development at pre-tender stages due to Covid 19, the project delivery stage is anticipated to be
4.9	New Cremators City Road	2,410	(2,407)	REPROFILE - Due to COVID 19 issues this project is now unlikely to commence until spring 2021. Budget variation due to be approved at October Cabinet
4.10	Enveloping & External Work	2,264	(2,264)	REPROFILE - A review of the pipeline external works projects to HRA properties has been undertaken and due to COVID 19 and extended project timescales, reprofiling is required to reflect the revised project delivery plans and anticipated expenditure in 2020/21. Formal reprofile request is to be submitted when full
Total		59,877	(41,668)	

5 - Top 10 Forecast Overspends over Full Year Budget

The overspend on Disabled Grants and Telecare are offset by underspends elsewhere across DFG funded interventions- budget variations are being brought forward to reflect the latest forecasts. Housing Investment and Growth schemes will form an additional call on the HRA. The Charter square works may result in additional borrowing costs within the overall HOCII envelope. It is anticipated that TCF costs will be recovered from grant income. Stocksbridge Heating forecast appears to have been submitted incorrectly.

Business Unit	Board	FY Budget	FY variance on budget	Explanation
5.1	Disabled Grants	768	1,781	OVERSPEND - The spend on DFGs has been surprisingly healthy during lock down – contractors are delivering work approved before the lock down. There are £1.4M of outstanding DFG approvals – a significant number of which have been approved since the introduction of the new PSH policy which was not expected – and approximately £1.4M outstanding enquiries. Some of new enquiries may convert to Accelerated Adaptations
5.2	General/rtb Acquisitions Chs	546	669	OVERSPEND - The average cost of refurbishment to acquired properties has increased mainly due to the increase in works required. The impact of this means that there is a budget pressure for this work stream resulting in a forecasted overspend. This expenditure will however help maintain the Right To Buy buffer.
5.3	C Pepper Pot Building	9,358	544	ACCELERATION - Work on Block C progressing ahead of schedule
5.4	Kitchen/bathrm Planned Replmt	920	482	OVERSPEND - Forecast profile revised to reflect the principle approval to extend the contract through to March 2021. This reflects additional Voids and also includes Temporary Accommodation properties, and the conversion at 21A Creswick Way. A budget variation will be required to increase the budget to reflect the additional properties. The project is currently predicting an overspend of £481k, a proportion of which is due to the addition of TA properties, conversion works at Creswick Way and fire-damaged void works in addition
5.5	Stocksbridge Jnr Heating	352	227	INCORRECT FORECAST - Forecast not completed correctly. No indication that scheme will overspend.
5.6	Tcf Sw Bus Corridors	99	199	OVERSPEND - Review of consultant fees still outstanding
5.7	Tcf Magna Mhall Cycling	58	195	OVERSPEND - Review of consultant fees still outstanding
5.8	Citywide Tower Blocks - Fs	23	159	AWAITING APPROVAL - Budget submitted for approval at October CPG
5.9	Elemental Refurbs 2021-26	-	150	AWAITING APPROVAL - Budget due to be approved at October Cabinet
5.10	Charter Square Enabling Works	300	129	OVERSPEND - Potential additional bus stop costs are currently not budgeted for. Discussions on going.
Total		12,424	4,536	

7 - Key Issues and Risks

Key Issues

- Potential increased costs due to delays and revised methods of working as a result of COVID 19 do not yet appear to have fed through into projections of overspends on schemes. This to be continued to be monitored

Key Risks

Key risk areas continue to be:

- Schemes funded via time limited grants - at the moment key grants identified appear to be managing this risk through dialogue with funders

- Use of Right To Buy 1-4-1 receipts - SCC has a limited time to utilise the proceeds from council house sales to provide new stock. A national extension to this deadline was agreed until the end of December 2020 - However, the ongoing impact of COVID 19 with the potential for further restrictions means SCC have entered dialogue with central government to extend this further.