

CAPITAL PROGRAMME MONITORING AS AT JUNE 2021

1 - Statement of Budget Movement

The table below summarises the movement in budget from month 1 to month 3 21/22 and Capital programme budget position as at June 21.

	2021/22	2022/23	Future	Total	Comments
Month 1 Approved Budget	222.8	208.1	345.0	775.9	The key changes to the programme from last month relate to: KEY ADDITIONS + £8.8m - Inclusion of Future High Streets Fund Public Realm Scheme Budget + £3.7m - Inclusion of 2021/22 Disabled Facilities Grant Funded budgets + £3.1m - Inclusion of Tower Blocks Flat Roof renewal programme + £1.4m - Inclusion of Future High Streets Fund Acquisition Budget + £0.8m - Inclusion of SCC contribution to new SEND free school + £0.5m - Inclusion of Future High Streets Fund Events Space Remedial works + £0.3m - Inclusion of Dore Primary Temp expansion budget + £0.2m - Broomhill School Heating Replacement
Additions	9.1	7.3	3.1	19.5	KEY VARIATIONS + £0.8m - Increase in budget for Gleadless SEND Scheme + £1.2m - Reinstatement of Homes & Loans Budgets following year end adjustment + £1.5m - Increase in TCF City Centre and Housing Zone North Development budgets - £3.1m - Reduction in Housing Block Allocation to fund Tower Block scheme (see above) - £0.5m - Transfer of revenue elements of General Cemetery budget to revenue (grant funded) NET NIL - Variation of Hemsworth OPII Scheme £19.9m - offset by reduction in Block Allocations
Variations	7.5	3.5	-10.8	0.2	REPROFILE +£2.8m as identified in Outturn Report SLIPPAGE & ACCELERATION +£20.3m as identified in Outturn report
Reprofile	2.8	0.0	0.0	2.8	
Slippage and Acceleration	20.3	0.0	0.0	20.3	
Month 3 Approved Budget	262.4	218.9	337.3	818.6	

The table below summarises the Top 20 projects in the Capital Programme by budget value in 2021/22. This group accounts for 60% 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 RAG		
H Henrys Block	2,465	3,572	(1,107)	26,673	28,632	(1,958)	-6.8%	NR	54,691	54,691	-	0.0%	NR	See Item 4.3	
Msf Finance	3,893	3,893	-	15,570	15,570	-	0.0%	NR	49,737	49,737	(0)	0.0%	NR		
Nbch-p04a-adlington Rd-opil	3,211	3,618	(408)	12,399	12,399	0	0.0%	G	12,399	12,399	0	0.0%	G		
Roofing Replacements Prog	561	2,143	(1,582)	5,716	10,762	(5,046)	-46.9%	G	38,245	38,245	0	0.0%	G	See Item 4.1	
A Palatine Chambers Block	680	1,147	(467)	12,529	10,552	1,977	18.7%	NR	43,671	43,671	(0)	0.0%	NR	See Item 5.2	
C Pepper Pot Building	1,169	2,793	(1,624)	9,606	10,042	(436)	-4.3%	A	10,151	10,042	109	1.1%	A	COVID delays and changes to ways of working resulting in delays and slight cost increases. Budget increase to be approved at July Co-op Exec	
B Laycock House New Build	2,632	3,276	(644)	8,287	8,588	(301)	-3.5%	A	8,717	8,588	129	1.5%	A	COVID delays and changes to ways of working resulting in delays and slight cost increases. Budget increase to be approved at July Co-op Exec	
Nbch-p10-daresbury/berners-gn	1,443	1,999	(556)	8,136	8,576	(440)	-5.1%	G	9,354	9,354	0	0.0%	G	Slippage due to delay to piling works	
Council Hsg Acquisitions Prog	1,465	1,739	(274)	7,075	7,904	(829)	-10.5%	G	43,107	43,107	(0)	0.0%	G	See Item 4.7	
Brownfield Site	101	-	101	5,837	5,836	1	0.0%	NR	5,837	5,836	1	0.0%	NR		
Udv Flood Scheme Phase 1	917	1,677	(760)	3,482	4,631	(1,149)	-24.8%	A	4,631	4,631	0	0.0%	A	See Item 4.5	
Nbch-p11-hemsworth-opil	24	63	(39)	4,315	4,315	(0)	0.0%	G	19,953	19,953	(0)	0.0%	G		
Nbch-p16-newstead-enable	51	556	(505)	4,085	4,082	3	0.1%	G	4,153	4,153	0	0.0%	G		
G Pocket Park	206	574	(367)	3,670	4,061	(392)	-9.6%	G	5,436	5,436	(0)	0.0%	G	Contractors estimated start on site and completion dates having slipped significantly from earlier estimates. This means significant expenditure has slipped from 21/22 to 22/23.	
G Development Plots	0	344	(344)	818	4,057	(3,238)	-79.8%	NR	828	4,384	(3,556)	-81.1%	NR	See Item 4.2	
Stock Increase (chs)	-	-	-	2,287	3,937	(1,649)	-41.9%	G	138,334	142,229	(3,895)	-2.7%	G	See Item 4.4	
Transport Efficiency 21-22	-	-	-	3,452	3,452	-	0.0%	NR	3,452	3,452	-	0.0%	NR		
Interim Ta Accommodation	-	-	-	3,250	3,250	-	0.0%	G	3,250	3,250	-	0.0%	G		
Manor Cluster Shc	-	2,012	(2,012)	3,219	3,219	-	0.0%	NR	3,219	3,219	-	0.0%	NR		
Citywide Tower Blocks - Fs	83	39	44	3,186	3,186	(0)	0.0%	G	9,920	9,920	(0)	0.0%	G		
Top 20 Value	18,900	29,444	(10,544)	143,594	157,051	(13,458)	-8.6%		469,087	476,300	(7,213)				
Rest of Programme	13,637	21,281	(7,644)	114,153	105,397	8,756	8.3%		352,230	342,269	9,961				
Total Capital Programme Value	32,537	50,725	(18,188)	257,746	262,448	(4,702)	-1.8%		821,317	818,569	2,748				
% of Programme within the Top 20	58%	58%	58%	56%	60%	286%			57%	58%	-263%				

3 - Current Year to date and Forecast Outturn Position

The forecast outturn position is £4.7 below budget. The key variances by board are explained below. Despite an overall increase in forecast expenditure since month 1, this has been offset by the approval of budgets, which has brought budgets for previous overspends into line with forecasts. We expect a further continuation of this trend next month with a further £7m of budget approvals to offset forecasts expected.

BOARD	YEAR TO DATE			FULL YEAR			Comments
	Actual	Budget	Variance	Forecast	Budget	Variance	
HEART OF THE CITY II	9,148	15,122	(5,973)	71,783	76,111	(4,329)	Key Variance - £3.2m - Saving on anticipated development costs of Block G as a result of Pocket Park Scheme (Budget to be removed in next cycle) See Item 4.2 - £2m - Reduction in forecast on Block H as contractor profile is reviewed as works commence. (total in year budget £28.6m) See Item 4.3 - £0.7m - Forecast slippage Blocks B&C Construction forecasts amended to reflect latest Galliford Try cash-flow & ever-changing status on site (total in year budget £18.6m) - £0.4m - Forecast slippage based on latest contractor profile for Pocket Park works + £2m - Forecast acceleration on Block A (Raddisson) See Item 5.2
QUALITY OF LIFE	3,941	4,007	(66)	20,987	20,990	(4)	
HOUSING GROWTH	7,179	12,334	(5,155)	62,392	65,068	(2,676)	Key Variance - £1m - Newstead General Needs Housing Start on site now not expected until Aug 22 - See Item 4.6 - £1.4m - Forecast deceleration on General Council Housing acquisitions and refurbishments based on current estimates - See Items 4.7 & 4.9 - £0.5m - Anticipated delay in Temp accomodation refurb works as properties not yet identified. - £0.4m - Delay to works at Daresbury due to anti social behaviour and dispute with contractor over piling works (total in year budget £8.5m) + £0.7 - West Bar Regeneration grant awaiting approval - See Item 5.5
HOUSING INVESTMENT	3,970	6,461	(2,492)	45,324	45,124	200	Key Variance - £5m - 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 4.1 - £0.6m - Recognised saving on historic Roofing contract. - See Item 4.8 - £0.5m - Lift replacement works TBC - £0.3m - Drawdown from Block Allocation for Energy Efficiency awaiting approval - £0.2m - Minor slippage forecast on Electrical Upgrade scheme as programme firmed up with contractor - £0.1m - Saving on Garage Strategy Improvements contract - £0.1m - Anticipated saving on programme management costs + £5.7m - External Wall Insulation scheme Budget awaiting approval See Item 5.1 + £0.7m - Kitchen/Bathroom replacements - Overspend forecast due to increased number of sundry and vacant properties requiring works. See Item 5.7 + £0.4m - Acceleration on programmed demolition works See item 5.8 + £0.4m - Extension to Stairlifts contract expected to require increased budget allocation. See Item 5.9
ECONOMIC GROWTH	1,614	2,612	(998)	12,031	13,015	(984)	Key Variances - £1.1m - Slippage on Upper Don Valley Flood Defence due to land owner objections (total in year budget £4.6m) See Item 4.5 + £0.1m - Overspend on anticipated development costs of Parkwood Access project development costs.
ESSENTIAL COMPLIANCE & MAINT	1,248	1,742	(494)	8,174	8,044	130	Key Variance + £0.15m - Budget awaiting approval for Tinsley Cemetery Lodge Works
TRANSPORT	2,025	2,903	(878)	12,241	11,452	789	Key Variances + £0.25m - Additional costs identified at Broadfield Road scheme - to be funded from Better Buses Funding secured. However there is uncertainty over wider scheme costs not yet forecast + £0.21m - Additional costs in TCF schemes development - to be funded from TCF/LTP funds budget variations to be brought forward. + £0.15m - Overspend on City Centre West Cycle Route - costs currently being challenged with Amey but provision made to claim from LTP + £0.06m - Overspend on Portobello Cycle Scheme - costs currently being challenged with Amey but provision made to claim from LTP +£0.05 - Overspend on Herries To Hillfoot cycle scheme feasibility budget which may now prove to be abortive works
PEOPLE CAPITAL & GROWTH	2,771	4,855	(2,084)	21,934	19,826	2,108	Key Variance + £0.9m anticipated Disabled Facilities Grant expenditure as back log begins to be addressed - See Item 5.4 + £0.6m - Allocation of DFC to schools budget awaiting approval - See Item 5.6 + £0.5m - Budget awaiting approval for next stage of Schools Fire Risk works See Item 5.10 + £0.2m - Forecast overspend re: Astrea Academy due to final account negotiations resulting in increased costs from original estimate
GREEN & OPEN SPACES	640	688	(48)	2,881	2,817	64	
Grand Total	32,537	50,725	(18,188)	257,746	262,448	(4,702)	

4 - Top 10 Forecast Slippage against Full Year Budget

Of the main £16.4m forecast below budget, £9.1m relate to slippage in schemes in delivery however the majority of this relates to the Council Housing Roofing scheme where procurement was delayed due to COVID. The savings identified will result in reduced Prudential Borrowing on HOCII and a saving to the HRA.

Business Unit	Board	FY Budget	FY variance on budget	Explanation
4.1 Roofing Replacements Prog	HOUSING INVESTMENT	10,762	(5,046)	SLIPPAGE - 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 (which had no budget allocated). Revised forecasts for 2021/22 reflects SCC QS cost report, with due consideration of contractor's forecast.
4.2 G Development Plots	HEART OF THE CITY II	4,057	(3,238)	SAVING - Saving on anticipated development costs of Block G as a result of Pocket Park Scheme (Budget to be removed in next cycle).
4.3 H Henrys Block	HEART OF THE CITY II	28,632	(1,958)	SLIPPAGE - Contractor Cashflow has proved far to optimistic. Now undergoing review
4.4 Stock Increase (chs)	HOUSING GROWTH	3,937	(1,649)	AWAITING APPROVAL - Budgets to draw down from this allocation for Baxter Court and Owlthorpe are awaiting approval
4.5 Udv Flood Scheme Phase 1	ECONOMIC GROWTH	4,631	(1,149)	SLIPPAGE - Difference between current full year budget and current full year forecast reflects the extension of the programme into early 2022/23. Once greater certainty of programme has been achieved, a slippage CAF will be processed to address the current imbalances
4.6 Nbch-p05-newstead-gn	HOUSING GROWTH	1,371	(960)	SLIPPAGE - Budget adjusted to reflect start on site date of August 2022, construction budget pushed into next financial year.
4.7 Council Hsg Acquisitions Prog	HOUSING GROWTH	7,904	(829)	REPROFILE - The out-turn position reflects a deceleration in the programme of nearly £829k which has been slipped equally across the next four years. Once again, there is significant uncertainty about the forecast at this stage given the current upward pressure on sales prices and the impact of the new Acquisitions Strategy. Increasing prices in the market and the potential to pay more for strategically important properties under the new strategy mean that the average purchase price of properties is likely to increase. The forecast is based on the average purchase price from the previous quarter. Because of the anticipated increase in purchase prices, an overspend would be forecast if the target 100 properties were forecast to be acquired.
4.8 Pitched Roofing & Roofline	HOUSING INVESTMENT	-	(565)	SAVING - Final account settlement less than anticipated and accrued for at year end.
4.9 General/rtb Acquisitions Chs	HOUSING GROWTH	1,514	(531)	REPROFILE - The current out-turn position is for slippage of £531k to be slipped equally across the next four years. This is because of the current market conditions affecting the number of properties acquired in this financial year. Again, there is significant uncertainty surrounding this forecast as it is dependent on the number of properties it is possible to acquire. The forecast may increase if it becomes possible to acquire properties at a faster rate. The current forecast is also based on assumed refurbishment costs for properties that have yet to be acquired.
4.10 Lift Replacements	HOUSING INVESTMENT	537	(487)	REPROFILE - No progress as yet in 2021/22. An Outline Business Case and a Procurement Strategy is being developed for RMS to purchase materials and a consultancy design service. Due to the timescales involved in the procurement process, it is unlikely that any actual installations will be completed in 2021/22 although it expected that some design work will be carried out in February and March 2022 with a potential value of approximately £50k.
Total		63,343	(16,412)	

5 - Top 10 Forecast Overspends over Full Year Budget

Of the main £12.9m forecasts over budget approx. £1m 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.

Business Unit	Board	FY Budget	FY variance on budget	Explanation
5.1 Ewi Non-traditional 2	HOUSING INVESTMENT	113	5,674	AWAITING APPROVAL - Full costs of scheme included in forecast. Budget due to be approved at July Co-op Exec
5.2 A Palatine Chambers Block	HEART OF THE CITY II	10,552	1,977	ACCELERATION - Revised appraisal by cost managers based on latest contractor cash flow indicates acceleration of expenditure on scheme
5.3 Nbch-p22-	HOUSING GROWTH	-	1,340	AWAITING APPROVAL - Budget for purchase of Baxter Court due to be approved July Co-op Exec.
5.4 Accelerated Adaptations Grant	PEOPLE CAPITAL & GROWTH	1,600	967	OVERSPEND - Latest forecast represents anticipated works required for post COVID backlog
5.5 West Bar Highways & Enabling	HOUSING GROWTH	-	655	AWAITING APPROVAL - Full costs of scheme included in forecast. Budget due to be approved at July Co-op Exec
5.6 Sf Devolved Capital	PEOPLE CAPITAL & GROWTH	-	640	AWAITING APPROVAL - Full costs of scheme included in forecast. Budget due to be approved at July Co-op Exec

5.7	Kitchen/bathrm Planned Replmt	HOUSING INVESTMENT	506	562	OVERSPEND - Final spend in 2020-21 was £1.374m. This excludes the March valuation of £417K, which was paid in April. The April valuation was agreed at £129K, paid in May. The June Valuation is £13,915. Current predicted outturn 2021-22 is £1.068m, this equates to an overspend of £562K. There are now only 9Nr Long Term Sundry (LTS) voids properties included within the 2021-22 extension programme. The forecasted cost for these 9 properties exceeds the original estimated costs and current project budget due to the extensive works required to these properties and is anticipated to be circa £450k. This figure is still subject to any unforeseen extra costs for unidentified structural/making safe works. Work to the RMS fire damaged properties has been completed and costs have been agreed to be recharged to RMS. These costs exceed the original estimate provided by RMS due to the extent of the repairs that needed to be undertaken to meet the lettable standard. The original estimated cost of these works is £85,792 and this was recharged in March 2021. A further recharge to cover additional and unforeseen works (up to circa £30,000) is to be agreed with RMS. Analysis has been undertaken by CDS on the contract projected overspend and will be reported to the next Homes Board.
5.8	Demolition Programme	HOUSING INVESTMENT	578	423	OVERSPEND/ACCELERATION - Programmed works to be completed this financial year. Accelerated spend of allocated budget, therefore allocated budget of £358,057 to be brought forward from 2022/23. This leaves total of £64,538 projected overspend for this financial year if all programmed works completed as planned. This is a 3 year contract, with all identified demolition included in the programme up to December 2021.
5.9	Adaptations	HOUSING INVESTMENT	74	387	OVERSPEND - There is still to be charged to this budget 38k pension deficit, 23k equipment, 8k stairlifts, 151k extensions & 42k retentions from the previous Wates Contract. The Cost manager to produce cost report and propose budget increase. Cost manager still waiting for Wates to complete final valuation
5.10	Fra Works 20-21 Coit	PEOPLE CAPITAL & GROWTH	2	264	AWAITING APPROVAL - Full costs of scheme included in forecast. Budget due to be approved at July Cabinet
Total			13,425	12,891	

6 - Key Issues and Risks

Key Issues

- **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 at £3m. Exacerbated by new forecast overspend re: Astrea Academy
- **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. Work ongoing to clarify this.
- **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.
- **Parkwood Springs Access Road** - Scheme now abandoned - potential £434k hit to CIF if SCR will not fund.

Key Risks

Key risk areas -

Schemes funded via time limited grants

- **Get Britain Building Funded Projects** - Pocket Park HOCII (£4m) - Deadline 31/03/22
- **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 Dec 2021 - already supply chain and contractor availability issues identified.
- **Public Sector Decarbonisation Grant Schemes** - £1m of work to be complete before 30th September 2021 - already supply chain and contractor availability issues identified
- **Transforming Cities Fund** - Up to £67m programme currently not deliverable by March 2023 deadline - Discussions underway with SCR regarding impacts and mitigations

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.