

# CAPITAL PROGRAMME MONITORING AS AT JUNE 2022

## 1 - Statement of Budget Movement

The table below summarises the movement in budget from month 2 to month 3 22/23 and Capital programme budget position as at Jun22.

	2022/23	2023/24	Future	Total	Comments
Month 2 Approved Budget	329.0	164.7	403.4	897.1	The key changes to the programme from last month relate to:
Additions	7.4	0.3	0.0	7.7	<b>ADDITIONS</b> + £4.7m - Inclusion of purchase of apartments at Handsworth for Council Housing Stock Increase Programme + £1.3m - Inclusion of budget for JLP car park demolition + £1m - Inclusion of budget for 'Move On' accommodation at Fraser Road + £0.3m - Inclusion of 'Renew' grants budget + £0.25m - Inclusion of budgets for Integrated Resources at Acres Hill and Greenhill Schools
Variations	-5.3	0.0	1.9	-3.5	<b>VARIATIONS</b> - £3.6m - Reduction in Council Housing Temporary Accommodation allocation to be reallocated to specific scheme - £2.8m - Variations to Council Housing Stock Increase Programme Allocation + £1.4m - Increases to Transport Programme + £0.75m - Increases to Adlington Older Persons Independent Living Scheme + £0.3m - Increases to Green & Open Spaces schemes + £0.2m - Increases to school maintenance schemes
Reprofile	-31.8	6.4	25.4	0.0	<b>REPROFILE</b> Major budget reprofiling across Council Housing Stock Increase Programme
Slippage & Acceleration	0.0	0.0	0.0	0.0	
Month 3 Approved Budget	299.2	171.4	430.8	901.4	

## 2 - Top 20 Projects by value as at June 2022

The table below summarises the Top 20 projects in the Capital Programme by budget value in 2022/23. This group accounts for 60% 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	7,762	8,250	(488)	33,454	38,744	(5,291)	-13.7%	A	38,826	40,927	(2,102)	-5.1%	A	See Item 4.2
Heart of The City Palatine Chambers Block	2,381	3,559	(1,178)	24,046	27,216	(3,170)	-11.6%	A	35,730	35,707	22	0.1%	A	See Item 4.4
Major Sporting Facilities Finance	4,140	4,140	0	16,559	16,559	0	0.0%	NR	34,167	34,167	(0)	0.0%	NR	
Council Housing Stock Increase Allocation	-	-	-	144	10,085	(9,941)	-98.6%	G	229,859	233,303	(3,443)	-1.5%	G	See Item 4.1
Council Housing Roofing Replacements Programme	2,237	1,580	657	8,413	8,042	371	4.6%	G	32,837	32,837	(0)	0.0%	G	See Item 5.8
Council Housing Single Staircase Tower Blocks Works	1,160	2,624	(1,464)	8,390	7,894	496	6.3%	G	10,178	9,678	500	5.2%	G	See Item 5.5
Council Housing Acquisitions Prog	1,632	1,788	(156)	7,848	7,152	696	9.7%	G	12,817	12,817	(0)	0.0%	G	See Item 5.4
Silverdale School Expansion	57	94	(37)	6,620	6,697	(76)	-1.1%	G	7,386	7,466	(80)	-1.1%	G	
Council Housing External Wall Insulation 2	15	31	(16)	2,649	6,342	(3,694)	-58.2%	G	9,810	9,810	0	0.0%	G	See Item 4.3
New Council Housing Acquisition - Corker Bottoms	4	3,827	(3,823)	5,130	5,989	(860)	-14.4%	NR	8,336	8,336	0	0.0%	NR	See Item 4.8
Brownfield Site Development Acquisitions	0	0	-	5,881	5,881	-	0.0%	NR	5,881	5,881	-	0.0%	NR	
Heart of The City Leas Yard	87	521	(434)	2,510	4,920	(2,411)	-49.0%	A	4,920	4,920	(0)	0.0%	A	See Item 4.5
New Council Housing Acquisition - Handsworth	-	-	-	4,733	4,733	0	0.0%	NR	4,733	4,733	0	0.0%	NR	
New Build Council Housing Daresbury / Berners	1,721	1,772	(51)	4,665	4,651	15	0.3%	G	4,665	4,651	15	0.3%	G	
Heart of The City - Pounds Park	833	1,564	(731)	6,701	4,629	2,073	44.8%	G	6,701	4,629	2,073	44.8%	G	See Item 5.1
Council Housing Electrical Upgrades Ph 2	1,178	794	384	4,143	4,143	0	0.0%	G	19,436	19,436	0	0.0%	G	
Heart of The City Block C Pepper Pot Building	1,509	2,245	(736)	4,331	3,983	348	8.7%	A	4,331	3,983	348	8.7%	A	See Item 5.9
King Egberts School Expansion	217	206	11	3,574	3,874	(300)	-7.7%	G	5,296	5,596	(300)	-5.4%	G	Missing forecast. Will be corrected next month
Heart of The City - JLP Building works	61	221	(160)	3,485	3,485	(0)	0.0%	A	3,485	3,485	(0)	0.0%	A	
Future High Streets Fund Public Realm & Infrastructure	226	267	(40)	3,418	3,418	(0)	0.0%	G	8,624	8,624	0	0.0%	G	
<b>Top 20 Value</b>	<b>25,218</b>	<b>33,482</b>	<b>(8,263)</b>	<b>156,694</b>	<b>178,438</b>	<b>(21,744)</b>	<b>-12.2%</b>		<b>488,018</b>	<b>490,985</b>	<b>(2,968)</b>			
<b>Rest of Programme</b>	<b>20,991</b>	<b>32,319</b>	<b>(11,328)</b>	<b>120,513</b>	<b>120,781</b>	<b>(268)</b>	<b>-0.2%</b>		<b>413,933</b>	<b>410,407</b>	<b>3,526</b>			
<b>Total Capital Programme Value</b>	<b>46,209</b>	<b>65,800</b>	<b>(19,591)</b>	<b>277,207</b>	<b>299,219</b>	<b>(22,012)</b>	<b>-7.4%</b>		<b>901,950</b>	<b>901,392</b>	<b>558</b>			
<b>% of Programme within the Top 20</b>	<b>55%</b>	<b>51%</b>	<b>42%</b>	<b>57%</b>	<b>60%</b>	<b>99%</b>			<b>54%</b>	<b>54%</b>	<b>-531%</b>			

## 3 - Current Year to date and Forecast Outturn Position

The forecast outturn position is £22m below budget. The key variance by policy area are explained below. This is a movement of £27.9m from the £49.9m reported last month. This movement has largely been driven by a reprofiling of budgets in the Stock Increase in line with revised forecasts

Policy Committee	YEAR TO DATE			FULL YEAR		Comments	
	Actual	Budget	Variance	Forecast	Budget		Variance
TRANSPORT, REGEN & CLIMATE	17,342	24,391	(7,049)	124,194	129,816	(5,622)	<b>Key Variances</b> + £2.3m - HOCH - Henrys Block Forecast underspend against budget however £2.8m anticipated saving overall on this scheme + £1m - HOCH - Block A Forecast Slippage on scheme + £2.4m - HOCH - Leas Yard - Forecast Slippage on scheme + £2.1m - Awaiting Budget increase HOCH Block G Pocket Park (funding confirmed) + £1.3m - Forecast overspend on Upper Don Valley Flood Scheme (additional Environment Agency Funding sought) + £2.7m - Forecast Overspend on HOCH Blocks B&C (additional call on borrowing) + £0.7m - Various budgets awaiting approval + £0.2m - Acceleration on HOCH Strategic Development Fees
COMMUNITIES, PARKS & LEISURE	5,990	6,874	(884)	24,028	23,486	541	<b>Key Variances</b> + £2.5m - General Cemetery Scheme of which £1.75m is acceleration so forecast overspend is £325k. Forecast reflects current estimates of potential variations and contractor claims. These to be revisited with design team to minimise impact. Further funding from NLHF and S100 to be explored. + £0.5m - General Cemetery Crematoria - Acceleration
HOUSING	16,271	24,856	(8,585)	87,168	104,409	(17,241)	<b>Key Variances</b> + £3.2m - Reprofiling of block allocation for Stock Increase Programme + £2.7m - Delays to External Wall Insulation Package 2 + £2m - Delays to External Wall Insulation Package 3 + £0.7m - Delays to payment of SPC acquisitions at Corker Bottoms + £0.8m - Forecast slippage on Council Housing General Acquisitions Refurbishment budget. + £0.7m - Slippage on Tower Block Flat Roofing scheme + £0.6m - Forecast underspend on LAD2 Private Sector Works + £0.7m - Acceleration of Council Housing General Acquisitions spend due to higher property costs + £0.5m - Forecast overspend on Single Staircase Tower Block Safety Works
EDUCATION, CHILDREN & FAMILIES	2,719	5,058	(2,338)	24,061	24,809	(748)	<b>Key Variances</b> + £1m - Incorrect forecasts re: Free school contribution and recently approved budget for King Egberts expansion overspend due to additional works required. Budget increase in approvals process. + £0.16m - Aldine House Extension overspend to be funded by revenue contribution from Aldine House Budget (already received) + £0.07m - Nether Green Junior Roof - Increased scheme costs. Budget increase in approvals process. + £0.05m - Broomhall Nursery Works - Forecast is for potential costs of scheme, but may not progress
STRATEGY & RESOURCES	1,645	2,481	(836)	8,369	8,366	2	<b>Key Variances</b> + £1.7m - 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 + £0.6m - 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) + £0.07m - Pressure building on overall DFG budget. Current projected overspend is manageable within current year resources plus proposals underspend against forecast. However, work required to review emerging
ADULT HEALTH & SOCIAL CARE	2,032	1,699	333	7,847	6,797	1,049	
WASTE & STREET SCENE	13	58	(45)	855	853	2	
ECONOMIC DEVELOPMENT & SKILLS	196	384	(188)	685	681	4	
<b>Grand Total</b>	<b>46,209</b>	<b>65,800</b>	<b>(19,591)</b>	<b>277,207</b>	<b>299,219</b>	<b>(22,012)</b>	

## 4 - Top 10 Forecast Slippage against Full Year Budget

Of the main £29.9m forecast below budget, £16.6m 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

Business Unit	Policy Committee	FY Budget	FY variance on budget	Explanation
4.1 Council Housing Stock Increase Allocation	HOUSING	10,085	(9,941)	REPROFILE - Following a review of the profile of the Stock Increase programme the majority of expenditure is now likely to be in future years.
4.2 Heart of The City Henrys Block	TRANSPORT, REGEN & CLIMATE	38,744	(5,291)	SAVING /SLIPPAGE - contractor contingency reduced by £2m due to risks not being realised up to this point in construction. Forecast approx £3m slippage of payments into 23/24
4.3 Council Housing External Wall Insulation 2	HOUSING	6,342	(3,694)	SLIPPAGE - Latest outturn forecast current year is behind current full year budget due to delays to the programme as a result of CDS investigating the implications of PAS 2035 compliance.
4.4 Heart of The City Palatine Chambers Block	TRANSPORT, REGEN & CLIMATE	27,216	(3,170)	SLIPPAGE - Delays to work on site as a result of the Yorkshireman Pub demolition. Work has been rescheduled and will not impact on completion date.
4.5 Heart of The City Leas Yard	TRANSPORT, REGEN & CLIMATE	4,920	(2,411)	SLIPPAGE - There have been delays in the progress of the project due to budget pressures, a way forward has now been agreed and a revised budget is to be submitted for approval. Once we have a revised
4.6 Council Housing External Wall Insulation 3	HOUSING	2,379	(2,021)	Slippage - New Tender required
4.7 Disabled Facilities Grant Top Up	ADULT HEALTH & SOCIAL CARE	1,666	(892)	REPROFILE - Overall forecast £1m overspend across all Disabled Facilities Grant spend. This potential underspend against budget achieved by rationing of expenditure on major extensions in order to deliver back
4.8 New Council Housing Acquisition - Corker Bottoms	HOUSING	5,989	(860)	REPROFILE - Slight delay to final payment for acquisition of properties forecast.
4.9 Council Housing General Acquisitions Refurbishment	HOUSING	1,547	(849)	REPROFILE - The forecast position is for an underspend in year of nearly £849k which is as a result of 2 factors. Firstly, the total number of acquired properties is forecast to be 70 rather than 80 resulting in fewer properties to refurbish. Secondly, the forecast is based on current average refurbishment costs of just under £12k against a budgeted amount of over £18k. This is subject to change as the work required in future acquired properties is unknown. This funding is being reprofiled for use in future years on the scheme.
4.10 Sheffield SEND Free School contribution	EDUCATION, CHILDREN & FAMILIES	752	(752)	Forecast not completed - Full spend expected in September 2022. Will be corrected next month
<b>Total</b>		<b>99,641</b>	<b>(29,880)</b>	

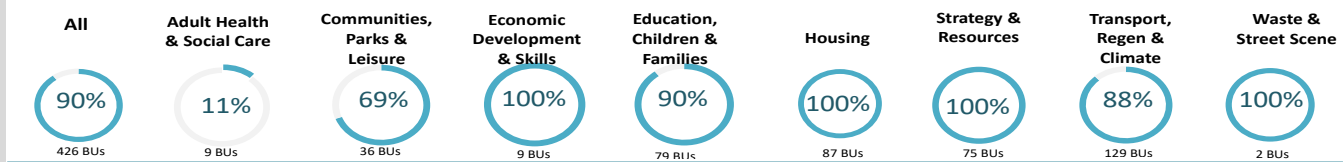
5 - Top 10 Forecast Overspends over Full Year Budget

Of the main £8.2m forecasts over budget approx. £5.4m 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 Pepper Pot and Laycock House schemes will form an additional call on the Prudential Borrowing funding Heart of The City 2 but remain within the overall planned expenditure envelope for the programme; 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.

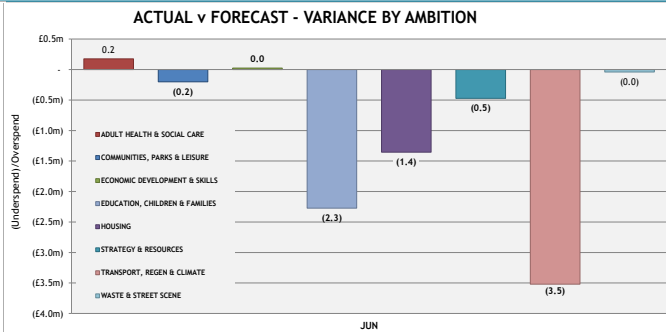
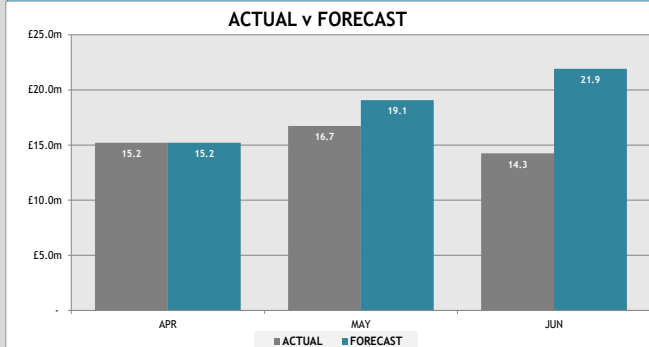
Business Unit	Policy Committee	FY Budget	FY variance on budget	Explanation
5.1 Heart of The City - Pounds Park	TRANSPORT, REGEN & CLIMATE	4,629	2,073	<b>AWAITING APPROVAL</b> - Variation between approved all years budget and outturn forecast for all years due to proposed budget increase to cover the increased contract cost covered by additional funding from the MCA. A revised Capital Approval Form has been submitted for approval in the period.
5.2 Disabled Facilities Accelerated Adaptations Grant	ADULT HEALTH & SOCIAL CARE	2,230	1,728	<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 rationing of expenditure
5.3 Upper Don Valley Flood Scheme Phase 1	TRANSPORT, REGEN & CLIMATE	3,209	1,315	<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). Additional external funding can be secured from the EA to address this (agreed in principle with EA)
5.4 Council Housing Acquisitions Prog	HOUSING	7,152	696	<b>ACCELERATION</b> - The purchase of strategically important 4 bedroom homes means there are 15 properties with agreed sales which are being purchased for £170k+ nearly double the average budgeted amount per property. Average purchase continue to be over budgeted limits but the projected overspend has been reduced to £696k due a reduction in the cost of the 10 agreed sales in period 3. There is currently no proposal to increase the overall budget for this element of the Stock Increase Programme
5.5 Council Housing Single Staircase Tower Blocks Works	HOUSING	7,894	496	<b>OVERSPEND</b> - The Contractor has provided quotations for two significant variations that fall outside of the original scope of works, these are the replacement of the full roofs at Stannington instead of just an overlay and the provision of a higher specification consumer unit, to meet new electrical safety standards in high rise/high risk properties. The value of these have been included in full. However some of these are currently being challenged and are anticipated to reduce. The variations include removal of asbestos, fire clipping to
5.6 General Cemetery Improvements Ph2	COMMUNITIES, PARKS & LEISURE	2,443	491	<b>Overspend</b> - contractors estimate of potential variations and claims has been included in the current f/cast. To be reviewed with design team with aim to instruct minimal variations. Dialogue has commenced with Heritage Lottery Fund for additional funding and potential of further Section 106 funding is also being
5.7 Heart of The City - Block B Laycock House	TRANSPORT, REGEN & CLIMATE	2,043	372	<b>OVERSPEND</b> - 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
5.8 Council Housing Roofing Replacements Programme	HOUSING	8,042	371	<b>ACCELERATION</b> - 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 until the end of 2025/26. There is contingency for the fitting of PV, the volume of which is still to be defined. Average cost of re-roofing blocks of flats found to be higher than estimated. An inflation uplift of 16.2% has been agreed for Year 2, in accordance with the BEIS index for rise in construction material costs. The rise in inflation will affect forecasted costs until a further review of the
5.9 Heart of The City Block C Pepper Pot Building	TRANSPORT, REGEN & CLIMATE	3,983	348	<b>OVERSPEND</b> - 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.
5.10 Mandatory Disabled Facilities Grants	ADULT HEALTH & SOCIAL CARE	922	317	<b>Reprofile</b> - This budget linked to Disabled Facilities Grant Top Up (see item 4.7) - Net £0.6m saving across these used to mitigate overspend on Accelerated Adaptations Grant (see above 5.1)
<b>Total</b>		<b>42,547</b>	<b>8,205</b>	

6 - Forecast 2021/22

6.1 - Capital Projects with Forecasts Committed



6.2 - Forecasting Summary



Section 6.1 indicates 90% of Capital Business Units forecast by deadline. It should be noted that the failure to forecast by deadline in the Adult Social Care area was due to staff illness and additional work required to address emerging issues discussed in section 7 (below)

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 June was £7.6m less than had been forecast. Key projects making this up are as follows:

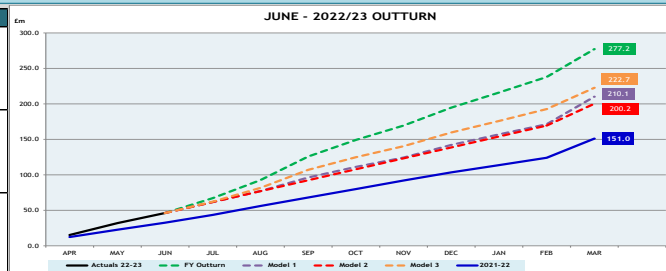
**Transport Regeneration & Climate Change** (-£2.5m) Slippage across Heart of The City II programme - (-£0.2m) - Slippage CAZ Programme, (-£0.3m) - Crookes/ Nether Edge Active Travel Neighbourhood, (-£0.2m) - Slippage Upper Don Valley Flood scheme (-£0.1m) - slippage on Clean Bus Technology Grant, (-£0.1m) slippage on TCF Nether Edge Wedge Cycling

**Housing** (-£0.35m) - Delay on payment re: Owlthorpe property purchases, (-£0.3m) slippage on Elementals Contract payments (-£0.25m) slippage on Adaptations contract payments, (-£0.25m) slippage on Single Staircase Tower Block payments, (-£0.2m) slippage on Roofing Replacements scheme payments

**Education Children & Families** (-£0.8m) - Delay on payment re: new SEND Free school, (-£0.7m) - Slippage on King Ecgnerts expansion scheme, (-£0.4m) Slippage on Talbot expansion scheme, (-£0.2m) slippage on Astrea Sports Pitch scheme, (-£0.1m) slippage on Mercia School payments, (-£0.1m) slippage on Gleadless Valley SEND scheme

6.3 - Forecasting Models

MODEL	HOW CALCULATED
Model 1	<ul style="list-style-type: none"> <li>Extrapolating the percentage of spend against budget as at Month 2 (84%)</li> </ul>
Model 2	<ul style="list-style-type: none"> <li>Extrapolating the average rates of cash spend (£15.98m per month) (rather than % of spend against budget) for April - May.</li> <li>Adjusting for increased spending in month 12.</li> </ul>
Model 3	<ul style="list-style-type: none"> <li>Based on accuracy of forecasting on average actual expenditure per month is 12.24% below that forecast</li> <li>Therefore expenditure figures extrapolated at 87.76% of May rest of year forecast figures</li> </ul>



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. As in previous years the forecast at this stage of the year far outstrips the predictions of the models which indicates continued over optimism in forecasting. The overall forecast outturn remains consistent with the prior month despite expenditure in June being only approximately 65% of the amount forecast.

Average monthly spend across the capital programme has been at £13.1m over the past 15 months. Current forecast require that to rise by 195% to £25.7m over the remaining 9 months of the year. Without a substantial recovery in spend rate in the next month projections would suggest the current forecast is still overstated by approximately £50m

Of all projects forecasting to spend over £1m this year (making up 80% of the total forecast outturn), just half of these by value of these are behind what would be a linear profile. A specific review of these 32 projects by project managers will be requested this month.

## 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 - work ongoing with the Environment Agency to secure additional contribution to meet this,
- **Schools Condition Allocation** - All School Condition Allocations received (up to 22/23) potentially fully committed may require reprioritisation if further urgent works identified.

### 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 discussions underway with SYMCA to further extend funding deadline**
- **LAD II Green Homes Grant** - Approx. £4m of work to be delivered before 30 June 2022 (Deadline extended)- already supply chain and contractor availability issues identified. Tender returns on SCC/SYHA element of contract higher than available grant. Private sector contract now signed - regular monitoring meetings in place **UPDATE - Deadline now extended to end of September, this should provide sufficient time to deliver schemes.**

**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

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