

CAPITAL PROGRAMME MONITORING AS AT JULY 2022

1 - Statement of Budget Movement

The table below summarises the movement in budget from month 3 to month 4 22/23 and Capital programme budget position as at July 2022.

	2022/23	2023/24	Future	Total	Comments
Month 3 Approved Budget	299.2	171.4	430.8	901.4	The key changes to the programme from last month relate to:
Additions	0.2	0.0	0.0	0.2	ADDITIONS + £0.2m - Inclusion of feasibility budgets for next stage of schools Building Condition Works
Variations	2.1	0.1	0.0	2.3	VARIATIONS + £2.1m - Increase to Pounds Park Budget following agreed increase in funding from Combined Authority
Reprofile	0.0	0.0	0.0	0.0	+ £0.2m - variation to top up Primary Schools Emergency works pot
Slippage & Acceleration	0.0	0.0	0.0	0.0	
Month 4 Approved Budget	301.5	171.6	430.8	903.9	

2 - Top 20 Projects by value as at July 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

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	10,185	10,937	(752)	32,937	38,744	(5,807)	-15.0%	A	38,826	40,927	(2,102)	-5.1%	A	See Item 4.3
Heart of The City Palatine Chambers Block	3,402	5,197	(1,795)	23,161	27,216	(4,055)	-14.9%	A	35,888	35,707	180	0.5%	A	See Item 4.4
Major Sporting Facilities Finance	5,520	5,520	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 Single Staircase Tower Blocks Works	2,686	2,227	458	8,086	8,042	44	0.5%	G	32,837	32,837	(0)	0.0%	G	
Single Staircase Tower Blocks	1,562	3,566	(2,004)	7,928	7,894	34	0.4%	G	9,716	9,678	38	0.4%	G	
Council Housing Acquisitions Prog	2,835	2,384	450	7,563	7,152	411	5.7%	G	12,817	12,817	0	0.0%	G	See Item 5.6
Heart of The City - Pounds Park	1,257	1,665	(408)	6,699	6,699	0	0.0%	G	6,699	6,699	0	0.0%	G	
Silverdale School Expansion	66	147	(81)	6,700	6,697	4	0.1%	G	7,466	7,466	0	0.0%	G	
Council Housing External Wall Insulation 2	17	41	(24)	250	6,342	(6,092)	-96.1%	G	9,810	9,810	(0)	0.0%	G	See Item 4.2
New Council Housing Acquisition - Corker Bottoms	4	3,827	(3,823)	4,130	5,989	(1,860)	-31.0%	NR	8,336	8,336	-	0.0%	NR	See Item 4.8
Brownfield Site Development Acquisitions	0	0	0	5,882	5,881	0	0.0%	NR	5,882	5,881	0	0.0%	NR	
Heart of The City Leahs Yard	88	717	(629)	2,420	4,920	(2,501)	-50.8%	A	4,920	4,920	(0)	0.0%	A	See Item 4.5
New Council Housing Acquisition - Handsworth	-	450	(450)	4,733	4,733	-	0.0%	NR	4,733	4,733	-	0.0%	NR	
New Build Council Housing Daresbury / Berners	1,740	2,372	(632)	4,651	4,651	-	0.0%	G	4,651	4,651	-	0.0%	G	
Council Housing Electrical Upgrades Ph 2	1,546	1,134	412	4,152	4,143	9	0.2%	G	19,436	19,436	0	0.0%	G	
Heart of The City Block C Pepper Pot Building	1,731	2,989	(1,258)	4,335	3,983	351	8.8%	R	4,335	3,983	351	8.8%	R	See Item 5.10
King Egberts School Expansion	223	228	(4)	3,874	3,874	0	0.0%	G	5,596	5,596	0	0.0%	G	
Heart of The City - JLP Building works	70	580	(511)	3,485	3,485	0	0.0%	A	3,485	3,485	0	0.0%	A	
Future High Streets Fund Public Realm & Infrastructure	320	343	(23)	2,072	3,418	(1,346)	-39.4%	G	8,624	8,624	(0)	0.0%	G	Budgets for Contractor design, site works and contingency realigned with construction programme
Top 20 Value	33,251	44,324	(11,073)	149,759	180,508	(30,750)	-17.0%		488,081	493,056	(4,975)			
Rest of Programme	25,929	42,724	(16,796)	116,526	121,023	(4,498)	-3.7%		417,094	410,810	6,284			
Total Capital Programme Value	59,180	87,048	(27,869)	266,284	301,532	(35,247)	-11.7%		905,174	903,866	1,309			
% of Programme within the Top 20	56%	51%	40%	56%	60%	87%			54%	55%	-380%			

3 - Current Year to date and Forecast Outturn Position

The forecast outturn position is £35.2m below budget. The key variance by policy area are explained below. This is a movement of £13.2m from the £22m reported last month. This movement is the result of an overall reduction in forecast outturn of £10.6m plus the approval of increased budgets in line with forecasts of £2.6m.

Policy Committee	YEAR TO DATE			FULL YEAR			Comments
	Actual	Budget	Variance	Forecast	Budget	Variance	
TRANSPORT, REGEN & CLIMATE	22,918	33,389	(10,471)	119,685	131,887	(12,202)	Key Variances - £5.8m - HOCL - Henrys Block Forecast underspend against budget however £2.1m anticipated saving overall on this scheme. - £4.1m - HOCL - Block A Forecast Slippage on scheme - £2.5m - HOCL - Leah's Yard Forecast Slippage on scheme - £3.4m - Slippage across Future High Streets Fund Programme + £0.9m - Forecast overspend on Upper Don Valley Flood Scheme (additional Environment Agency Funding sought) + £0.7m - Forecast Overspend on HOCL Blocks B&C (additional call on borrowing) + £1.5m - Various budgets awaiting approval + £0.4m - Increase to CAZ scheme costs + £0.2m - Acceleration on HOCL Strategic Development Fees
COMMUNITIES, PARKS & LEISURE	7,688	9,027	(1,339)	23,956	23,486	470	Key Variances + £0.39m - General Cemetery Scheme of which £165k is acceleration so forecast overspend is £225k. 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 S106 to be explored. + £0.06m - Woodbourn Road Football Hub - Budget awaiting approval + £0.05m - General Cemetery Cremators - Acceleration
HOUSING	20,375	32,051	(11,676)	78,928	104,409	(25,480)	Key Variances - £9.9m - Reprofitting of block allocation for Stock Increase Programme - £6.1m - Delays to External Wall Insulation package 2 - £2m - Delays to External Wall Insulation Package 3 - £2m - Reprofitting of Carbon Reduction Allocation - £1.9m - Delays to payments on SHC acquisitions at Corker Bottoms - £1.5m - Reprofitting of Health & Safety Allocation - £0.8m - Forecast slippage on Council Housing General Acquisitions Refurbishment budget. - £0.8m - Slippage on Tower Block Flat Roofing scheme - £0.8m - Reprofitting of Gleadless Valley Masterplan Allocation - £0.6m - Forecast underspend on LAD2 Private Sector Works - £0.5m - Reprofitting of Waste Management Allocation + £0.9m - Increased costs on Newstead new council housing enabling works + £0.4m - Acceleration of Council Housing General Acquisitions spend due to higher property costs + £0.4m - Acceleration on Elements contract
EDUCATION, CHILDREN & FAMILIES	3,036	6,358	(3,322)	25,300	25,052	248	Key Variances + £0.15m - Aldine House Extension overspend to be funded by revenue contribution from Aldine House Budget (already received) + £0.15m - Nether Green Junior Roof - Acceleration. + £0.05m - Broomhall Nursery Works - Forecast is for potential costs of scheme, but may not progress + £0.05m - Pipworth Structural Works - Further forecast cost increase - £0.17m - Astrea Sports Pitch - Forecast reduction in costs
STRATEGY & RESOURCES	1,988	3,407	(1,418)	8,348	8,366	(18)	
ADULT HEALTH & SOCIAL CARE	2,873	2,266	607	8,473	6,797	1,676	Key Variances + £2m - 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 + £0.26m - 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) + £0.13m - High Value Equipment - forecast spend below budget GENERAL - Pressure building on overall DFG budget. Current predicted overspend is manageable within current year resources plus previous underspends brought forward. However, work required to review emerging pressures
WASTE & STREET SCENE	16	80	(64)	858	853	5	
ECONOMIC DEVELOPMENT & SKILLS	285	471	(186)	735	681	54	
Grand Total	59,180	87,048	(27,869)	266,284	301,532	(35,247)	

4 - Top 10 Forecast Slippage against Full Year Budget

Of the main £37.3m forecasts below budget, £18.4m 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. Amended budget now brought forward for approval
4.2 Council Housing External Wall Insulation 2	HOUSING	6,342	(6,092)	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. Revised programme to be presented July 22
4.3 Heart of The City Henrys Block	TRANSPORT, REGEN & CLIMATE	38,744	(5,807)	SAVING /SLIPPAGE - contractor contingency reduced by £2m due to risks not being realised up to this point in construction. Forecast approx. £3.8m slippage of payments into 23/24
4.4 Heart of The City Palatine Chambers Block	TRANSPORT, REGEN & CLIMATE	27,216	(4,055)	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 Leahs Yard	TRANSPORT, REGEN & CLIMATE	4,920	(2,501)	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 programme and as part of the budget approval a revised budget profile will be updated.
4.6 Council Housing Heating, Energy Efficiency & Carbon Reduction	HOUSING	2,103	(2,003)	Reprofile - Block allocation for works not now expected to be utilised against specific schemes in year
4.7 Council Housing External Wall Insulation 3	HOUSING	2,379	(1,980)	Slippage - New Tender required. Revised programme now indicates completion September 24
4.8 New Council Housing Acquisition - Corker Bottoms	HOUSING	5,989	(1,860)	REPROFILE - Delay to final payment for acquisition of properties forecast.
4.9 Council Housing H & S Essential Work Block Allocation	HOUSING	1,983	(1,533)	Reprofile - Block allocation for works not now expected to be utilised against specific schemes in year
4.10 Clean Air Zone Infrastructure	TRANSPORT, REGEN & CLIMATE	2,673	(1,520)	AWAITING APPROVAL - Confirmation of costs and final funding allocations now received from government. Budget to be adjusted to reflect this
Total		102,435	(37,292)	

5 - Top 10 Forecast Overspends over Full Year Budget

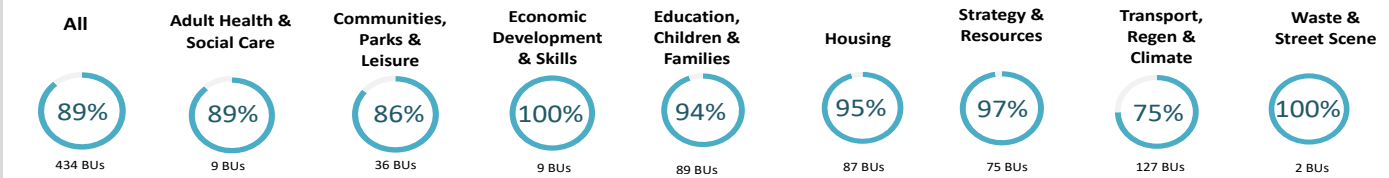
Of the main £8.1m forecasts over budget approx. £5.4m represent genuine overspends. Housing schemes will form an additional call on the HRA which is coming under increasing pressure ;the Upper Don Valley Flood scheme is seeking to secure additional Environment Agency funds, and these discussions are well advance 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. In relation to the General Cemetery Scheme further value engineering will be undertaken and the potential of further Section 106 monies is being explored

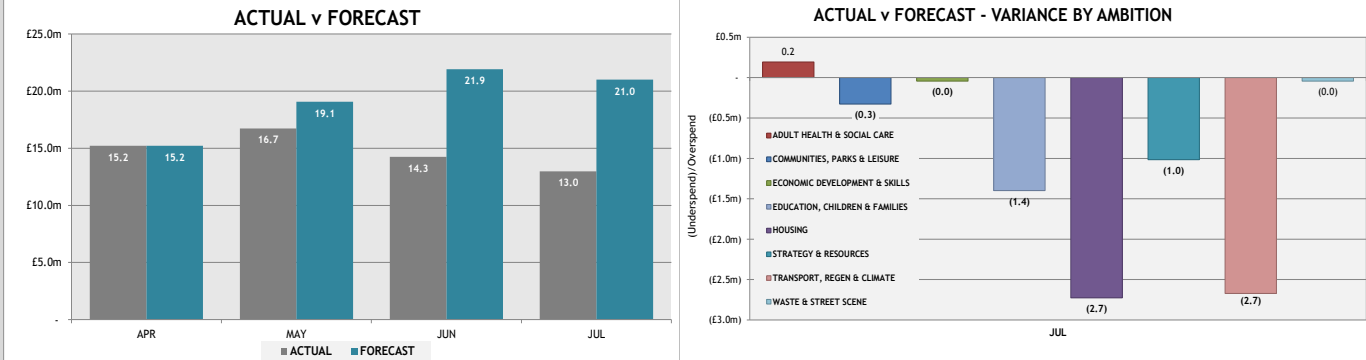
Business Unit	Policy Committee	FY Budget	FY variance on budget	Explanation
5.1 Disabled Facilities Accelerated Adaptations Grant	ADULT HEALTH & SOCIAL CARE	2,230	2,052	OVERSPEND- Increased assessment capacity, backlog demand from COVID alongside increasing general demand and increasing prices are placing strain on budget for non means tested smaller adaptations. Targeted work is ongoing to review longer term impact. Impact partly mitigated by rationing of expenditure on major extensions
5.2 Clean Air Zone Back Office	TRANSPORT, REGEN & CLIMATE	40	1,907	Awaiting Approval - Confirmation of final funding allocations now received from government. Budget to be uplifted to reflect this
5.3 New Build Council Housing -Newstead-enabling works	HOUSING	1,948	936	OVERSPEND - Works forecast to exceed the approved budget. Ongoing negotiation with contractors re affect of delays, changes in earthworks modelling and phasing of works; to be better understand cost impact.
5.4 Upper Don Valley Flood Scheme Phase 1	TRANSPORT, REGEN & CLIMATE	3,209	883	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). Additional external funding can be secured from the EA to address this (agreed in principle with EA) and, once secured, this will be confirmed via a CAF variation.
5.5 Mandatory Disabled Facilities Grants	ADULT HEALTH & SOCIAL CARE	922	418	Reprofile - This budget linked to Disabled Facilities Grant Top Up - Net £0.25m saving across these used to mitigate overspend on Accelerated Adaptations Grant (see above 5.1)
5.6 Council Housing Acquisitions Prog	HOUSING	7,152	411	Acceleration - 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 further reduced to £410k due a reduction in the cost of the 5 agreed sales in period 4. There is currently no proposal to increase the overall budget for this element of the Stock Increase Programme
5.7 General Cemetery Improvements Ph2	COMMUNITIES, PARKS & LEISURE	2,443	391	OVERSPEND - contractors estimate of potential variations and claims has been included in the current f/cast. Value Engineering options are being explored to reduce the forecast overspend and it is assumed that NLHF will approve the use of contingency. £165k of the in year overspend is acceleration of the scheme with the potential overspend standing at £225k
5.8 Heart of The City - Block B Laycock House	TRANSPORT, REGEN & CLIMATE	2,043	390	OVERSPEND - 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.
5.9 Council Housing Elemental Refurbs 2021-26	HOUSING	2,864	383	OVERSPEND- The cost of materials and labour has risen by 16% forcing the prices to increase on the programme. The current kitchen supplier deliver from Scotland each week, the fuel cost is added to the kitchen price. Each kitchen is on average £200 more that it was tendered for. This could result in reduced volumes delivered
5.10 Heart of The City Block C Pepper Pot Building	TRANSPORT, REGEN & CLIMATE	3,983	351	OVERSPEND- 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.
Total		26,834	8,124	

6 - Forecast 2021/22

6.1 - Capital Projects with Forecasts Committed



6.2 - Forecasting Summary



Section 6.1 indicates 89% of Capital Business Units forecast by deadline. 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 £7m less than had been forecast. Key projects making this up are as follows:

Transport Regeneration & Climate Change (-£2m) - Slippage across Heart of The City II programme - (-£0.25m) - Slippage CAZ Programme (-£0.15m) slippage on TCF schemes, (-£0.1m) Slippage on Upper Don Valley Flood payments, (-£0.1m) - Delay on final Grey To Green 2 payments

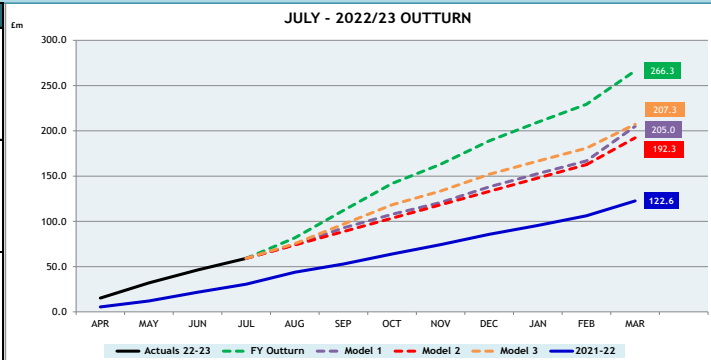
Housing (-£1.1m) - Slippage across Stock Increase Programme Schemes, (-£0.7m) delay/forecast underspend on LAD2 schemes, (-£0.25m) - Slippage on Elementals contract, (-£0.2m) slippage on Single Staircase Tower Block works, (-£0.1m) slippage on Roofing Replacement payments

Education Children & Families (-£0.45m) Slippage on Aldine House Extension contract, (-£0.2m) Astrea Sports Pitch scheme delayed, (-£0.15m) delay on payments re: Greenhill & Acres Hill Integrated Resource Provision, (-£0.1m) delays on payment re: Silverdale School Expansion, (-£0.1m) slippage on Nether Green roof payments, (-£0.1m) slippage on Pipworth Structural works payments

Strategy & Resources (-£0.3m) - Slippage on transport fleet replacement, (-£0.2m) Slippage on Town Hall CCTV relocation, (-£0.2m) - Slippage on Corporate FRA programme, (-£0.1m) Slippage on Abbeydale and Carr Dam repairs, (-£0.1m) Delay on final payments of Public Sector Decarbonisation Scheme

6.3 - Forecasting Models 1

MODEL	HOW CALCULATED
Model 1	<ul style="list-style-type: none"> Extrapolating the percentage of spend against budget as at Month 4 (68%)
Model 2	<ul style="list-style-type: none"> Extrapolating the average rates of cash spend (£14.9m per month) (rather than % of spend against budget) for April - Jul. Adjusting for increased spending in month 12.
Model 3	<ul style="list-style-type: none"> Based on accuracy of forecasting on average actual expenditure per month is 28.5% below that forecast Therefore expenditure figures extrapolated at 71.5% of Jun rest of year forecast figures



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 has fallen by £10.6m from July but would still seem to be significantly overstated unless there is a doubling in the monthly spend rate for the remainder of the year. With Heart of The City Schemes

The review of projects forecasting to spend over £1m this year (making up 80% of the total forecast outturn), has resulted in an overall reduction of £14m in the outturn for these schemes. This month we will prompt a more detailed review of projects on a per Committee basis to attempt to correct the forecast further and undertake a general realignment of budgets.

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 - **Update - In principle decision from Environment Agency for additional funding received**

- **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. Nether Green School roof replacement, King Ecgberts school expansion scheme, Hemsworth New Build Council Housing Scheme

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