

CAPITAL PROGRAMME MONITORING AS AT AUGUST 2022

1 - Statement of Budget Movement

The table below summarises the movement in budget from month 4 to month 5 22/23 and Capital programme budget position as at August 2022.

	2022/23	2023/24	Future	Total	Comments
Month 4 Approved Budget	301.5	171.6	430.8	903.9	The key changes to the programme from last month relate to: ADDITIONS + £2.6m - Inclusion of budget for Woodbourn Road Football Hub + £3.5m - Inclusion of next phase of schools condition programme + £0.4m - Inclusion of Housing CCTV Upgrade Programme VARIATIONS + £1.6m - Variations to Transport Programme including 20mph zones + £0.7m - Increase to King Ecgberts Expansion Scheme REPROFILES Reprofiles relate to notional allocations across the Council Housing Capital Programme. The reduction of £3.7m indicates funds now moved beyond the 5 year horizon of this report.
Additions	2.2	4.4	0.0	6.5	
Variations	1.7	0.7	0.0	2.3	
Reprofile	-23.9	-28.2	48.4	-3.7	
Slippage & Acceleration	0.0	0.0	0.0	0.0	
Month 5 Approved Budget	281.5	148.4	479.2	909.1	

2 - Top 20 Projects by value as at August 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-

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	11,759	13,889	(2,129)	31,277	38,744	(7,467)	-19.3%	A	38,826	40,927	(2,102)	-5.1%	A	See Item 4.1
Heart of The City Palatine Chambers Block	4,932	7,453	(2,521)	21,032	27,216	(6,184)	-22.7%	A	35,896	35,707	188	0.5%	A	See Item 4.2
Major Sporting Facilities Finance	6,900	6,900	(0)	16,559	16,559	0	0.0%	NR	34,167	34,167	(0)	0.0%	NR	
Council Housing Roofing Replacements Prog	3,721	2,875	846	4,457	8,042	(3,585)	-44.6%	G	32,837	32,837	0	0.0%	G	See Item 4.3
Council Housing Single Staircase Tower Blocks Works	2,033	4,307	(2,274)	6,454	7,894	(1,440)	-18.2%	G	9,844	9,678	166	1.7%	G	See Item 4.8
Council Housing Acquisitions Prog	3,163	2,980	183	7,865	7,152	713	10.0%	G	12,406	12,817	(411)	-3.2%	G	See Item 5.4
Heart of The City - Pounds Park	1,957	2,342	(385)	6,411	6,699	(288)	-4.3%	G	6,699	6,699	0	0.0%	G	
Silverdale School Expansion	75	243	(168)	3,142	6,697	(3,555)	-53.1%	G	7,466	7,466	0	0.0%	G	See Item 4.4
Brownfield Site Development Acquisitions	27	0	27	5,882	5,881	0	0.0%	NR	5,882	5,881	0	0.0%	NR	
Heart of The City Leahs Yard	126	907	(782)	1,751	4,920	(3,169)	-64.4%	A	4,920	4,920	0	0.0%	A	See Item 4.5
New Council Housing Acquisition - Handsworth	1	450	(449)	4,733	4,733	-	0.0%	NR	4,733	4,733	-	0.0%	NR	
New Build Council Housing Daresbury / Berners	2,369	2,872	(503)	4,690	4,651	39	0.8%	G	4,690	4,651	39	0.8%	G	
Council Housing Electrical Upgrades Ph 2	1,924	1,474	450	4,143	4,143	(0)	0.0%	G	19,427	19,436	(9)	0.0%	G	
Heart of The City Block C Pepper Pot Building	2,116	3,359	(1,243)	3,943	3,983	(40)	-1.0%	R	4,335	3,983	351	8.8%	R	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.
King Ecgberts School Expansion	236	236	(0)	3,874	3,874	(0)	0.0%	A	6,296	6,296	0	0.0%	A	
New Build Council Housing - Corker Bottoms	4	4	-	3,805	3,800	5	0.1%	NR	8,336	8,336	-	0.0%	NR	
Heart of The City - JLP Building works	117	974	(856)	3,258	3,485	(227)	-6.5%	A	3,485	3,485	0	0.0%	A	
Future High Streets Fund Public Realm & Infrastructure	391	440	(48)	1,735	3,418	(1,683)	-49.2%	G	8,624	8,624	(0)	0.0%	G	See Item 4.7
Future High Streets Fund Front Door Interventions	19	1,311	(1,292)	2,057	3,395	(1,338)	-39.4%	G	4,775	4,775	(0)	0.0%	G	See Item 4.9
Talbot-seven Hills Send	1,059	1,528	(469)	3,297	3,297	(0)	0.0%	R	3,297	3,297	(0)	0.0%	R	
Top 20 Value	42,928	54,542	(11,614)	140,364	168,583	(28,219)	-16.7%		256,939	258,715	(1,776)			
Rest of Programme	31,741	48,186	(16,445)	104,168	112,899	(8,731)	-7.7%		655,683	650,351	5,332			
Total Capital Programme Value	74,670	102,728	(28,059)	244,532	281,482	(36,950)	-13.1%		912,622	909,066	3,556			
% of Programme within the Top 20	57%	53%	41%	57%	60%	76%			28%	28%	-50%			

3 - Current Year to date and Forecast Outturn Position

The forecast outturn position is £37m below budget. The key variance by policy area are explained below. This is a movement of £1.8m from the £35.2m reported last month. Overall since last month budget adjustments have reduced the in year programme by £20m. This would usually have move the outturn closer to budget. However, the review of forecasts requested has resulted in a further reduction in the outturn forecast of £21.8m, leaving the overall variance picture largely unchanged

Policy Committee	YEAR TO DATE			FULL YEAR			Comments
	Actual	Budget	Variance	Forecast	Budget	Variance	
TRANSPORT, REGEN & CLIMATE	28,923	43,765	(14,842)	111,131	133,739	(22,608)	Key Variances - £18.5m - Slippage across Heart Of The City Programme - £4.2m - Slippage across Future High Streets Fund Programme + £0.7m - Forecast overspend on Upper Don Valley Flood Scheme (additional Environment Agency Funding sought)
COMMUNITIES, PARKS & LEISURE	9,349	11,101	(1,752)	25,411	25,347	63	Key Variances + £0.3m - Woodbourn Road Football Hub - Current forecast funding gap on overall scheme. Solution to be identified by 21st September. - £0.25m - Hillsborough Library Entrance - Forecast slippage on this programme
HOUSING	25,946	31,872	(5,925)	71,466	80,550	(9,084)	Key Variances - £3.6m - Roofing Programme - forecast slippage as contractor has gone into administration - £2m - Delays to External Wall Insulation Package 3 - £1.5m - Slippage on Single Staircase Tower Blocks works - £0.9m - Underspend against LAD 2 grant schemes - £0.6m - Slippage on Gaunt Road New Build Council Housing - £0.5m - Slippage on Lift Replacement Scheme - £0.3m Slippage on Elemental Refurbs contract - £0.3m Slippage on Hemsworth OPIL project +£0.9m Acceleration/increased costs forecast on Newstead Enabling works
EDUCATION, CHILDREN & FAMILIES	4,250	8,576	(4,327)	20,184	25,147	(4,963)	Key Variances - £3.6m - Silverdale School Expansion - Re-profile of anticipated expenditure by Academy Trust - £1.8m - Schools Fire Risk Assessment programme - Reprofile of anticipated expenditure following review of programme + £0.3m - Aldine House 2 Bed Extension - Forecast overspend on scheme. May generate additional revenue pressure in year
STRATEGY & RESOURCES	2,391	3,926	(1,535)	6,237	8,366	(2,129)	Key Variances - £1.4m - Corporate Estate Fire Risk Assessment Programme - forecast slippage across the programme - £0.3m - Disabled Persons Relocation Loans - slippage - £0.2m - underspend on Public Sector Decarbonisation Schemes
ADULT HEALTH & SOCIAL CARE	3,491	2,832	659	8,522	6,797	1,725	Key Variances + £2.6m - 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) - £0.2m - Disabled Persons Relocation Loans- Loan requests not at level expected GENERAL - Pressure building on overall DFG budget. Current predicted overspend is manageable within current year resources plus previous underspends brought forward. Work ongoing to review emerging pressures
WASTE & STREET SCENE	17	133	(116)	858	853	5	
ECONOMIC DEVELOPMENT & SKILLS	303	523	(220)	722	681	41	
Grand Total	74,670	102,728	(28,059)	244,532	281,482	(36,950)	

4 - Top 10 Forecast Slippage against Full Year Budget

Of the main £31.6m forecasts below budget, £21.1m 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	Heart of The City Henrys Block	TRANSPORT, REGEN & CLIMATE	38,744	(7,467)	SAVING /SLIPPAGE - contractor contingency reduced by £2m due to risks not being realised up to this point in construction. Forecast approx. £5.4m slippage of payments into 23/24
4.2	Heart of The City Palatine Chambers Block	TRANSPORT, REGEN & CLIMATE	27,216	(6,184)	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.
4.3	Council Housing Roofing Replacements Prog	HOUSING	8,042	(3,585)	Reprofile - The forecast for an underspend of £3.35M in the year 2 phase of the works is a result of the contract being terminated due to the Main Contractor entering into administration. The forecast profile has taken into account any potential outstanding valuations due to Avonside and costs of completing outstanding works to 3 houses and 3 blocks of flats. A new procurement will be required to deliver the remaining properties originally included in the project. This is anticipated to be presented in the November cycle for the HPG and CPG.
4.4	Silverdale School Expansion	EDUCATION, CHILDREN & FAMILIES	6,697	(3,555)	Reprofile - Delivered by PFI/school. SCC only involved in an overseeing role. Reliant on notification of actual costs
4.5	Heart of The City Leahs Yard	TRANSPORT, REGEN & CLIMATE	4,920	(3,169)	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 External Wall Insulation 3	HOUSING	2,379	(2,010)	Reprofile - Delay to tender due to change in scope and additional design work
4.7	Future High Streets Fund Public Realm & Infrastructure	TRANSPORT, REGEN & CLIMATE	3,418	(1,683)	Reprofile - Delay due to Significant cost increase announced in Stage 3 and again in Stage 4 cost plan. Budget will not be sufficient to deliver scope of works. Works ongoing to fine a budget figure for delivery of full scope, as well as identification of reduced scope to meet budget. Presentation of budget cost and proposals to Regeneration Board for discussion and decision on way forward. Amended FBC will be required once final costs are agreed due to uplift required
4.8	Council Housing Single Staircase Tower Blocks Works	HOUSING	7,894	(1,440)	SLIPPAGE / OVERALL OVERSPEND While work remains behind schedule, a number of significant variations have been agreed and instruction in this reporting period. These include: •Roof replacement works. •Electrical upgrade to consumer units. The overall expenditure is forecast at £166k more than the current approved amount. The Contract Administrator has notified the client of the expected overspend and it has been indicated that as the project progresses if the need for further funding remains, then a submission will be made to the housing board for additional funding to complete the required works. 1)The forecast expenditure for direct costs and fees has been updated to include the latest position. 2)The Contractor has provided quotations for a number of variations, the value of these have been included in full. Further to the previous cost report a number of these variations have now been agreed with the contractor and these are below the contractors initial submissions.
4.9	Future High Streets Fund Front Door Interventions	TRANSPORT, REGEN & CLIMATE	3,395	(1,338)	Reprofile - SCC funding 3rd parties for work completed and reliant on notification of actual costs.
4.10	Future High Streets Fund Events Central Building	TRANSPORT, REGEN & CLIMATE	1,616	(1,179)	Slippage - Further slippage of project start due to fire safety issue. Fee only expenditure 22/23.
Total			104,321	(31,611)	

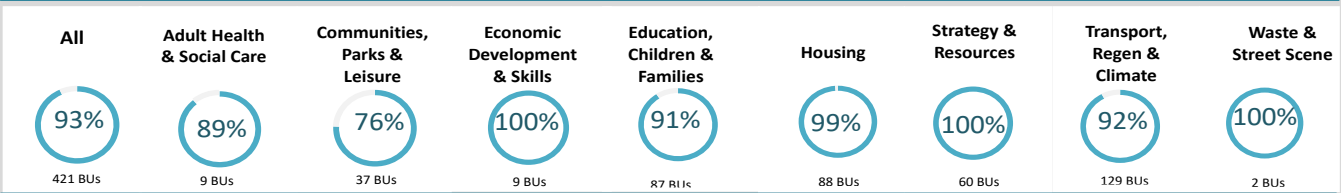
5 - Top 10 Forecast Overspends over Full Year Budget

Of the main £6.4m forecasts over budget approx. £6m 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 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 Woodbourn Road Football Hub, this project is funded via grant from The Football Foundation and SCC borrowing, additional funding is being sought for the current forecast shortfall.
At the outset of the Aldine House Expansion it was agreed that any overspends would be met from the revenue surplus generated. While revenue contributions have been received towards the scheme, a further £140k is now required to meet the forecast costs.

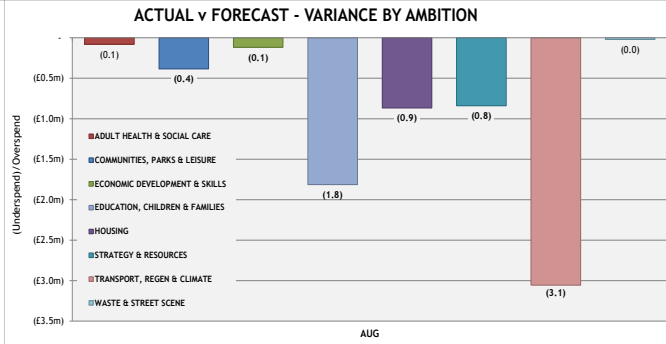
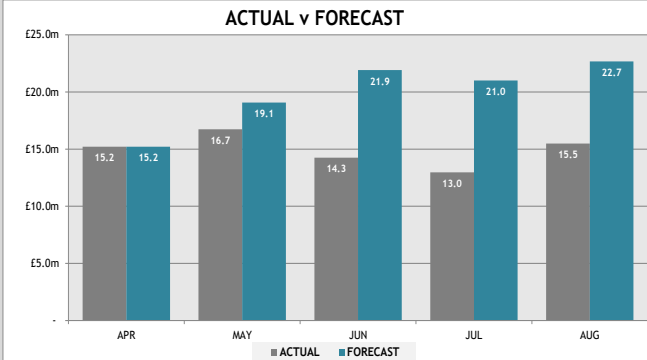
	Business Unit	Policy Committee	FY Budget	FY variance on budget	Explanation
5.1	Disabled Facilities Accelerated Adaptations Grant	ADULT HEALTH & SOCIAL CARE	2,230	2,560	OVERSPEND - Increased assessment capacity, backlog demand from COVID alongside increasing general demand and increasing prices are placing 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	New Build Council Housing -Newstead-enabling works	HOUSING	1,948	875	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. Forecast overspend £1,406,139 over all years. This forecast cost increased includes inclusion of a notional allowance for the transfer of works from Newstead GN- £350k. Cost for additional prolongation costs due to street lighting works delaying NPG disconnections and extending programme. An opportunity has been identified by the contractor to avoid some of the Severn Trent diversions, thereby saving money. The engineer is looking at the fall of the road to be constructed to see if this is possible. It seems likely there will be a resulting saving.
5.3	Upper Don Valley Flood Scheme Phase 1	TRANSPORT, REGEN & CLIMATE	3,209	762	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 can be secured from the EA to address this (agreed in principle with EA) and, once secured, this will be confirmed via a CAF
5.4	Council Housing Acquisitions Prog	HOUSING	7,152	713	OVERSPEND - 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.
5.5	Woodbourn Rd Football Hub	COMMUNITIES, PARKS & LEISURE	1,861	327	OVERSPEND - Tender returns higher than budget. Delay to contract award and start on site
5.6	Aldine Hse- 2 Bed Extn & Muga	EDUCATION, CHILDREN & FAMILIES	1,050	317	OVERSPEND -The overall expenditure remains as last month with the overspend forecast to be £317k due to delay of site completion works. This has been fed back to the Head of Project Delivery who has reported this to the client.
5.7	Mandatory Disabled Facilities Grants	ADULT HEALTH & SOCIAL CARE	922	236	OVERSPEND - 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)
5.8	Heart of The City - Block B Laycock House	TRANSPORT, REGEN & CLIMATE	2,043	229	OVERSPEND - liquidated damages have not been enforced at this stage; however, in accordance with contract clause 2.29.1.2, the Employer reserves the right to deduct liquidated damages from future payments. A 5 week delay in completion of Section 2 has now been confirmed, which at the contract rate of £15,000 per week, would equate to £75,000
5.9	Heart Of The City- Strategic Development	TRANSPORT, REGEN & CLIMATE	568	177	ACCELERATION - Budget allocation for financial year 2022/23 did not allow for current estimated costs for Communications, IT systems, marketing and SCC fees, therefore need to accelerate some of budget from 2023/24 to cover these.
5.10	Nether Green Jnr School Roof	EDUCATION, CHILDREN & FAMILIES	1,114	158	ACCELERATION - Payments expected slightly ahead of budgeted profile
Total			22,097	6,354	

6 - Forecast 2021/22

6.1 - Capital Projects with Forecasts Committed



6.2 - Forecasting Summary



Section 6.1 indicates 93% 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 August was £7.2m less than had been forecast. Key projects making this up are as follows:

Transport Regeneration & Climate Change (-£0.9m) - Slippage across Heart of The City II programme - (-£0.9m) - Slippage on Future High Streets Fund Front Door Interventions (-£0.2m) slippage on TCF schemes, (-£0.3m) slippage on ULEV chargers scheme, (-£0.2m) slippage on Westbar Highways Enabling payments, (-£0.1m) slippage on Town Hall Square animation payments

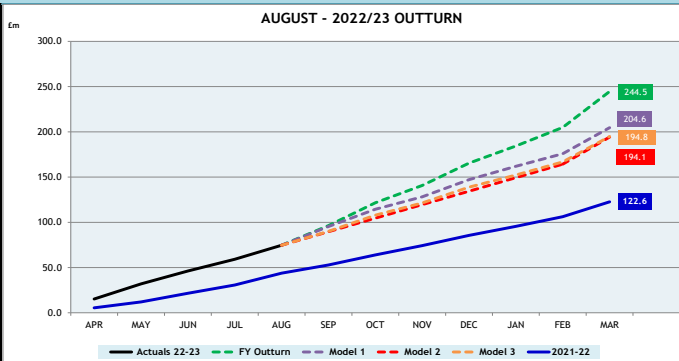
Housing (-£0.6m) - Slippage across Stock Increase Programme Schemes (including acquisitions), (-£0.3m) - Slippage on Elementals contract,

Education Children & Families (-£0.6m) Delay on expected payment of Devolved Formula Capital Grant to schools, (-£0.4m) delays on payment re: Silverdale School Expansion; (-£0.3m) Astrea Sports Pitch scheme delayed is not being reforecast correctly, (-£0.25m) delays on FRA programme payments, (-£0.1m) slippage on Nether Green roof payments, (-£0.1m) slippage on Pipworth Structural works payments, (-£0.1m) correction of King Edwards gate payment

Strategy & Resources (-£0.3m) - Slippage on Corporate FRA programme, (-£0.3m) 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 5 (73%)
Model 2	<ul style="list-style-type: none"> Extrapolating the average rates of cash spend (£14.93m per month) (rather than % of spend against budget) for April - Aug. 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 23.4% below that forecast Therefore expenditure figures extrapolated at 76.6% 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.

While the forecast outturn position still exceeds that predicted by the various models, due to work undertaken to prompt a review of forecasting levels the outturn position fell by a further £21.8m this month, which we believe is starting to reflect a more accurate picture, although still requires a significant increase in expenditure rates for the remainder of the year.

The intention is now to undertake an exercise to rebase the budget to the current forecast level. The approvals for this will be brought as part of the Capital Approvals process

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.

- **Aldine House Secure Children's Home** - Latest forecasts indicate a shortfall in revenue contributions required to deliver the scheme of approximately £140k - Current revenue position at Aldine House means this will cause an additional revenue pressure

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**

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 Egberts school expansion scheme, Hemsworth New Build Council Housing Scheme

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