

## CAPITAL PROGRAMME MONITORING AS AT OCTOBER 2022

Policy Committee: Housing

### 1 - Programme Summary

The table below summarises the overall position over the life of the current approved capital programme difference between the budget.

	2022/23 (FY)	2023/24 (Y1+)	Future Years (2024/25+)	All Years
Current Approved Budget	70,367	111,493	477,390	659,250
Current Forecast	69,662	122,916	472,766	665,344
Variance	-705	11,423	-4,624	6,094

### 2 - Programme Life Overspends

The table below summarises the 10 projects currently forecasting to over spend against their approved budgets for the life of the scheme potentially requiring mitigations or additional funding

Business Unit	Total Budget	Variance on Total Budget	Explanation
97571 Nbch-p15-gaunt Rd-gn	6,515,129	4,051,608	No revised OBC submitted, but Budget Variation paper submitted to Housing Growth Board indicating project could be £9-£11M depending on outcome of VE and Risk reduction. Approval given to proceed. Outturn Forecast indicates overall project cost at £11M. Although soil engineering exercise was successful and opportunities accepted, current levels of inflation could increase cost closer to £11m
97572 Nbch-p16-newstead-enable	2,954,801	2,469,811	As last report- Works forecast to exceed the approved budget. Forecast overspend £2,469,812, excluding the additional works from the GN phase. Variation report for the uplift going through November approvals and is within overall allocation in the current SIP
97578 Nbch-p18-bole Hill-gn	5,407,000	785,714	Approval for demolition costs to date, forecast overspend in error
97497 Knowle Hill-ta	81,542	672,220	CE02 issued by CDS to reflect additional CDS/RLB fees on project to-date. Revised total cost of £81,542 up to mid-phase report providing three delivery options and recommendations. OBC for demolition received but waiting appropriation approval scheduled for 04.01.23 before budget will be approved
97480 Single Staircase Tower Blocks	10,222,003	298,747	Extract from latest Cost Report (November 22)... The overall expenditure is £165,398 more than the current approved amount. The Contract Administrator has notified the client of the expected overspend. The main reasons for the change since the last report are as follows: 1) The Contractor has provided quotations for a number of variations, the value of these have been included in full. 2) Further to the previous cost report a number of variations have now been verified and the values agreed with the contractor. 3) Since the last cost report, it has been discovered that the windows at Cliffe and potentially Parkside need fixing differently as the blocks are not constructed as per Woodlands. An allowance has been made for the additional works that are anticipated to be required to the differing construction method. 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.
97338 Programme Management Costs Rtb	7,404,649	143,000	These costs depend on how many RTBs are processed at £1,300 per property and therefore can vary
97564 Nbch-p10-daresbury/berners-gn	12,606,643	58,501	Following CPG approval CAF has been updated to £12,606,642
97561 Nbch-p07-small Sites Mmc-gn	15,000	18,483	Projected costs of current planning inspections has increased. Forecast spend has been increased to reflect this Actuals running significantly behind forecast due to internal recharges not getting posted. Also need to interrogate actuals as fees being charged by CDS against the project
97147 Adaptations	0	0	
97465 Adamfield Tower Block Roof	92,758	7,242	Project finished and at year end 2021/22 on the basis that there would not be any more costs so no budget provision in 2022/23. Funding will need to be put in place to fund the final costs that have been charged to the project .
Total (Of Top 10 Listed)	45,299,526	8,505,327	

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

The current year forecast indicates an underspend against budget of £705k. The key projects making up this figure are analysed in sections 4 and 5 below.

Actual	Year-To-Date		Forecast	Full Year	
	Budget	Variance		Budget	Variance
34,418.8	41,729.3	-7,310.5	69,661.6	70,367.0	-705.3

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

The schemes below represent the 10 largest underspends against budget in the current financial year. This does not necessarily mean a project is underspending; in most cases expenditure will have slipped into future years. Explanations of variances are drawn from the Capital Highlight Reports completed by project managers.

Business Unit	FY Budget	FY variance on budget	Explanation
97587 Nbch-p27-handsworth-gn	4,733,000	-4,263,000	Slippage due to: Negotiation of the contract with the developer has taken longer than expected due delays related to both parties. From a Council perspective, this additional time was required to ensure we have a contract that manages risk to the Council, as well as to ensure that we could agree the specification extras which will bring the development more in line with the Council specification across a number of important areas.

97475 Elemental Refurbs 2021-26	2,509,726	-609,244	A number of void properties require structural work and building surveys. This has meant the average property cost has increased at this early stage of the contract. a lot of the Void scope of works is outside of the usual program so requires separate quotes for the work The cost of materials and labour has risen by 28% impacting on project costs, Novus are struggling to employ sub-contractors on existing contract rates.
97968 Lift Replacements	500,000	-324,000	We are planning a series of surveys on numerous sites around the city including the installation of fire safe lifts that stop at every floor level in High rise flat blocks. The costs are for consultancy and feasibility works. There has been a delay in the procurement process and therefore the project budget is proposed to be slipped into 2023/24 •#3 x low rise blocks studies £88K •#2 X studies at Wentworth block and Elm Tree £3440.00 •An additional fee of £88K on further addresses to follow.
97993 Lad 2 Private Sector Works	2,597,307	-305,679	As detailed in the summary of progress, there is presently a high degree of volatility and variability in the current forecast (this will be resolved in the next reporting period). Taking a reasonable and prudent projection, the project will underspend by approx £600k if we are unable to complete a significant proportion of the identified EWI properties (27 in total). There may still however been opportunities to re-distribute the funding underspend to the SCC workstream if necessary and appropriate. This wil be reviewed over the coming period
97127 Obsolete Heating	1,938,730	-283,980	Due to RMS now prioritising their workload and resources to address the gas 'no access' properties, a variation to this project has been necessary. The revised installation programme numbers will be 885 units at a overall cost of £1,654,751. This is a financial reduction of £283,979 and an output reduction of 171. This will be under regular review going forward.
97991 Lad 2 Council Housing Works	1,418,366	-179,656	The contract value is forecasting an underspend of approximately £200K. This will be confirmed based on the final valuation submitted by Equans for the remaining works. The underspend is explained by the fact that a number of properties have been omitted from the programme due to fewer works being required than originally anticipated and due to a lower number of outputs delivered subsequently.
Q0087 Stock Increase (chs)	143,543	-143,543	Total £126,848,388 - £120,400 = £126,727,988 "Newstead OPIL OBC £26,820,436 Bole Hill View IBC £60,141 Walkley School IBC £61,946 "Current Month End Forecast including the drawdown of £2,555,099 for Owlthorpe E and £1,340,325 for Baxter Court Acquisitions 24/25 Budget £82,319,866 - £987,400 = £81,332,466 Total Budget £236,130,946 + £987,400 = £235,143,546 "22/23 52,333,203 - 40,510,366 = £11,822,837 23/24 55,338,519 - 20,281,156 = £35,057,362 24/25 66,632,425 + 16,418,096 = £83,050,521 25/26 37,990,905 + 11,570,367 = £49,571,272 26/27 24,071,153 + 30,321,925 = £54,393,078 " Budget drawdown done for the Knowle Hill demolition but not approved yet, see entry for Knowle Hill TA 97497
97483 Tower Block Flat Roofing	148,868	-123,430	Contract start delayed until Early Spring 2023. The remainder of the 2022/23 budget will be required over the three year duration of the contract, followed by a retention in 2026/27.
97555 Nbch-p04a-adlington Rd-opil	2,784,156	-119,778	Programme slippage - now handed over and final account to agree
97348 Hra Programme Management	250,000	-91,500	Budget set at £250K per year but information from the Housing Growth Team shows recharges this year likely to be £158.5K.
<b>Total (Of Top 10 Listed)</b>	<b>17,023,695</b>	<b>-6,443,809</b>	

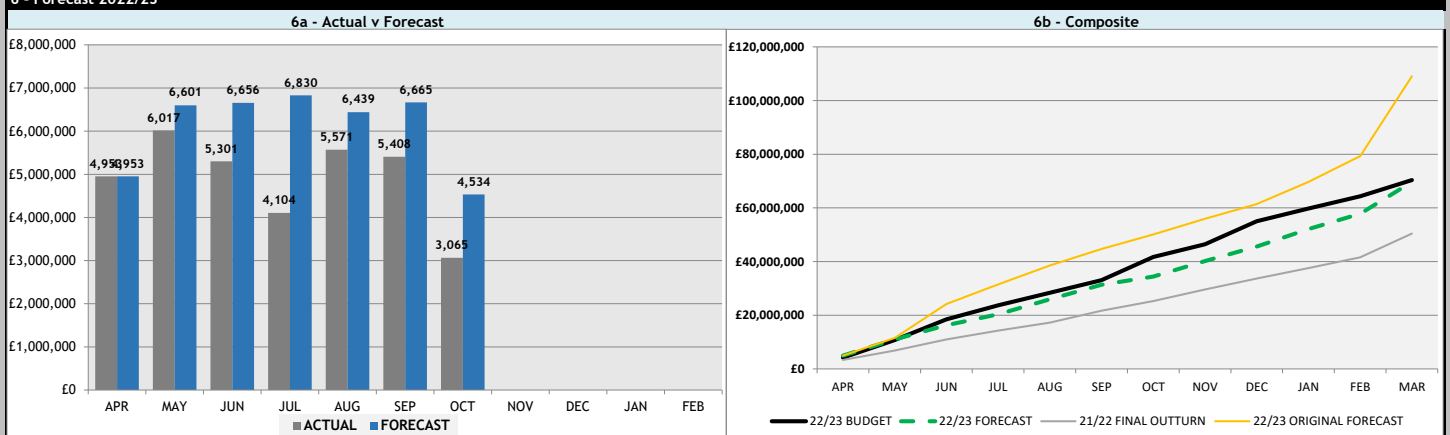
#### 5 - Top 10 Forecast Overspends over Full Year Budget

The schemes below represent the 10 largest overspends against budget in the current financial year. Explanations of variances are drawn from the Capital Highlight Reports completed by project managers.

Business Unit	FY Budget	FY variance on budget	Explanation
97560 Nbch-p06-newstead-opil	1,100,711	2,714,690	Due to lack of info from PM inputter assumed start date in December was still on track meaning there would be 5 months of valuations/payments for building works still to come. Start on site will actually be February so forecast should be around £1.5m
97551 Council Hsg Acquisitions Prog	7,152,240	1,374,600	The current forecast is for an overspend of £1.374 million. This is as a result of the purchase of 13 strategically important 4 bedroom homes at nearly double the budgeted amount as well as increasing property purchase costs in the Sheffield market.
97572 Nbch-p16-newstead-enable	1,947,791	933,047	As last report- Works forecast to exceed the approved budget. Forecast overspend £2,469,812, excluding the additional works from the GN phase. Variation report for the uplift going through November approvals and is within overall allocation in the current SIP
97464 Roofing Replacements Prog	3,736,226	537,396	The forecast for an underspend of £3.5M in the year 2 phase of the works is a result of the contract being terminated due to the Main Contractor entering into administration. Slippage done last month but now showing an overspend. Accrual taken for payment owed to Contractor, but Cost Manager has now highlighted other costs to pay that weren't accrued for when the slippage was done Work is underway with the appointed administrator to finalise liabilities to the Avonside contractor (outstanding payments for works completed minus incurred costs).Arrangements are being put in place for properties that are partway through the reroofing works by means of a variation to the Novus Elementals contract to maintain these properties as weathertight and for H&S reasons (scaffolding still erected on these properties). Next steps are to start to review and develop a procurement plan for the remaining properties that were originally included in the Avonside contract and put in place the appropriate financial approvals which will take into account the balance of the budget for this and future years.
97338 Programme Management Costs Rtb	377,000	143,000	These costs depend on how many RTBs are processed at £1,300 per property and therefore can vary

97480 Single Staircase Tower Blocks	6,453,905	100,577	The overall expenditure is £165,398 more than the current approved amount. The Contract Administrator has notified the client of the expected overspend. The main reasons for the change since the last report are as follows: 1) The Contractor has provided quotations for a number of variations, the value of these have been included in full. 2) Further to the previous cost report a number of variations have now been verified and the values agreed with the contractor. 3) Since the last cost report, it has been discovered that the windows at Cliffe and potentially Parkside need fixing differently as the blocks are not constructed as per Woodlands. An allowance has been made for the additional works that are anticipated to be required to the differing construction method. 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.
97564 Nbch-p10-daresbury/berners-gn	4,650,760	58,501	Following CPG approval CAF has been updated to £12,606,642
97581 Nbch-p21-owlthorpe Omv-so	1,298,031	35,015	Other fees (spec extras) forecast at £35k in January 2023 that had previously been profiled in 23/24
97578 Nbch-p18-bole Hill-gn	361,031	28,789	Approval for demolition costs to date, forecast overspend in error
97561 Nbch-p07-small Sites Mmc-gn	11,843	18,483	Projected costs of current planning inspections has increased. Forecast spend has been increased to reflect this Actuals running significantly behind forecast due to internal recharges not getting posted. Also need to interrogate actuals as fees being charged by CDS against the project
<b>Total (Of Top 10 Listed)</b>	<b>27,089,539</b>	<b>5,944,099</b>	

#### 6 - Forecast 2022/23



Slippage in the capital programme has been a recurring issue therefore monitoring has been put in place to analyse the accuracy of forecasting. Graphs at 6a compare the actual expenditure incurred in each month with the forecast expenditure for that month. As can be seen while expenditure lags behind forecasts each month indicating over optimistic budgets and forecasting. Project managers are requested to review accuracy of forecasts.

The graph at 6b compares the original forecast for the current financial year with the current approved budget and forecast, with the prior year final outturn position provided for reference. As can be seen the current forecast outturn has fallen significantly from that originally anticipated and a recent exercise was undertaken to align budgets more closely to this. It should be noted however that the trend for over optimistic forecasting would suggest the final outturn will be below the £69.6m currently forecast

#### 7 - Key Issues and Risks

##### 7a) Key Issues

##### 7b) Key Risks

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. This is having significant impact across all New Build schemes

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