

**CAPITAL PROGRAMME MONITORING AS AT November 2022****Section 1 – Statement of Budget Movement**

The table below summarises the movement in budget from month 7 to month 8 22/23 and Capital programme budget position as at November 2022.

	2022/23	2023/24	Future	Total	Comments
Month 7 Approved Budget	238.4	203.8	478.4	920.6	The key changes to the programme from last month relate to: <b>KEY ADDITIONS</b> + £8.6m - Inclusion of new Stocksbridge Towns Fund Schemes + £2.2m - Inclusion of Shalesmoor Gateway Feasibility stage <b>KEY VARIATIONS</b> + £10.5m - Variations to existing Stocksbridge Towns Fund Schemes + £1.8m - Net increase to Stock Increase Programme re: Newstead Enabling works + £0.1m - Parson Cross Pitch + £0.1m - Townhall Fuel Tank
Additions	1.5	6.4	3.1	11.0	
Variations	4.3	6.7	1.6	12.5	
Reprofile	0.0	0.0	0.0	0.0	
Slippage & Acceleration	-0.1	0.1	0.0	0.0	
Month 8 Approved Budget	244.0	217.0	483.0	944.1	

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**Section 2 – Top 20 Projects by value as at October 2022**

The table below summarises the Top 20 projects in the Capital Programme by budget value in 2022/23. This group accounts for 57% of the 2022/23 capital programme. The major in-year and all-year variations are explained below and in sections 4 and 5.

PROJECT Values in £000	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	18,732	19,089	(357)	29,285	29,321	(37)	-0.1%	A	38,755	38,755	0	0.0%	A		
Heart of The City Palatine Chambers Block	8,700	8,911	(211)	18,631	19,106	(475)	-2.5%	A	36,944	36,944	0	0.0%	A		
Major Sporting Facilities Finance	11,039	11,039	(0)	16,559	16,559	0	0.0%	NR	34,167	34,167	0	0.0%	NR		
Council Housing Acquisitions Programme	5,395	4,768	627	8,548	7,152	1,396	19.5%	G	16,858	12,817	4,041	31.5%	G	See Item 5.6	
Council Housing Single Staircase Tower Blocks Works	4,201	3,786	415	6,304	6,454	(150)	-2.3%	G	10,214	9,678	536	5.5%	G	A number of variation to the contract have been required i.e. non standard changes to windows and additional Fire Panels	
Heart of The City - Pounds Park	3,861	3,742	119	5,784	5,924	(140)	-2.4%	G	6,699	6,699	0	0.0%	G		
Brownfield Site Development Acquisitions	1,194	5,881	(4,687)	5,881	5,881	(0)	0.0%	NR	5,881	5,881	(0)	0.0%	NR		
New Council Housing Acquisition - Halsworth	460	450	10	470	4,733	(4,263)	-90.1%	G	4,733	4,733	-	0.0%	G	See Item 4.1	
New Build Council Housing Daresbury / Burners	3,655	4,372	(717)	4,718	4,651	67	1.4%	G	5,709	4,651	1,058	22.7%	G	Latest estimate of final account based on contractor claims for delays.	
New Build Council Hsng Ph16 - Newstead Enabling Works	2,356	1,609	748	4,342	4,418	(76)	-1.7%	R	4,436	4,436	(0)	0.0%	R		
Council Housing Electrical Upgrades Ph 2	3,035	2,494	542	4,143	4,143	0	0.0%	G	19,436	19,436	0	0.0%	G		
King Egberts School Expansion	258	273	(14)	2,166	3,874	(1,707)	-44.1%	A	6,296	6,296	0	0.0%	A	See Item 4.3	
New Build Council Housing - Corker Bottoms	4	3,800	(3,796)	20	3,800	(3,780)	-99.5%	G	8,336	8,336	(0)	0.0%	G	See item 4.2	
Council Housing Roofing Replacements Prog	3,839	3,009	830	4,274	3,736	538	14.4%	G	4,714	32,837	(28,123)	-85.6%	G	See Item 5.4 - All years variation relates to contractor going into administration budget to be returned to block allocation pending reprourement	
Heart of The City Block C Pepper Pot Building	2,716	2,856	(139)	3,635	3,712	(77)	-2.1%	R	4,241	4,241	0	0.0%	R		
Future High Streets Fund Public Realm & Infrastructure	696	1,555	(859)	1,993	3,418	(1,425)	-41.7%	G	14,304	8,624	5,681	65.9%	G	See Item 4.4 and Key Issues Section below	
Talbot-seven Hills Send	2,417	2,740	(323)	3,347	3,297	50	1.5%	A	3,347	3,297	50	1.5%	A		
Upper Don Valley Flood Scheme Phase 1	2,527	2,398	128	3,959	3,209	750	23.4%	A	4,674	3,209	1,465	45.7%	A	See Item 5.3	
Silverdale School Expansion	88	78	10	3,175	3,175	(0)	0.0%	G	7,466	7,466	(0)	0.0%	G		
Council Housing Adaptations 2020-25 Contract	2,168	1,510	658	2,965	2,965	0	0.0%	G	8,612	8,612	0	0.0%	G		
<b>Top 20 Value</b>	<b>77,342</b>	<b>84,359</b>	<b>(7,017)</b>	<b>130,199</b>	<b>139,527</b>	<b>(9,328)</b>	<b>-6.7%</b>		<b>245,821</b>	<b>261,113</b>	<b>(15,292)</b>				
<b>Rest of Programme</b>	<b>45,341</b>	<b>61,851</b>	<b>(16,510)</b>	<b>99,937</b>	<b>104,487</b>	<b>(4,549)</b>	<b>-4.4%</b>		<b>633,429</b>	<b>682,970</b>	<b>(49,542)</b>				
<b>Total Capital Programme Value</b>	<b>122,683</b>	<b>146,210</b>	<b>(23,527)</b>	<b>230,137</b>	<b>244,014</b>	<b>(13,878)</b>	<b>-5.7%</b>		<b>879,250</b>	<b>944,083</b>	<b>(64,834)</b>				
<b>% of Programme within the Top 20</b>	<b>63%</b>	<b>58%</b>	<b>30%</b>	<b>57%</b>	<b>57%</b>	<b>67%</b>			<b>28%</b>	<b>28%</b>	<b>24%</b>				

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**Section 3 – Current Year to date and Forecast Outturn Position.** - The forecast outturn position is £13.9m below budget. The key variances by policy area are explained below. This is a movement of £8.1m from the £5.8m reported last month. This movement has been due in the most part to further slippage in the Housing Programme with approx. £4m attributable to the delay in payments on the acquisitions at Corker Bottoms

Policy Committee	YEAR TO DATE			FULL YEAR			Comments
	Actual	Budget	Variance	Forecast	Budget	Variance	
TRANSPORT, REGEN & CLIMATE	50,942	63,023	(12,081)	105,031	108,433	(3,402)	<p><b>Key Variances</b></p> <ul style="list-style-type: none"> <li>- £1.7m - Slippage across Future High Streets Fund Programme <b>Despite slippage in current year overall forecast is for £5.6m overspend over the life of the programme.</b></li> <li>- £1.5m - Slippage across Heart Of The City Programme</li> <li>- £0.2m - Kelham Neepsend Parking Scheme - Forecast slippage on scheme</li> <li>- £0.3m - Clean Bus Technology Grants - Forecast underspend to be utilised toward Clean Air Zone</li> <li>- £0.2m - Little Kelham Bridge - Scheme no longer progressing</li> <li>- £0.2m - West Bar CPO - No forecast - assume error</li> <li>- £0.2m - Broadfield Road Junction - Forecast slippage</li> <li>- £0.1m - LUF Enterprise Centre - Approval of budget in line with forecast</li> <li>+£0.2m - Levelling Up Fund Castle Site - Initial Fees Higher than forecast. OBC to be submitted to uplift budget</li> <li>+£0.3m - Active Travel Schemes (Active Trave Neighbourhoods) - Review ongoing into costs and awaiting revised funding agreements</li> <li>+£0.7m - Upper Don Valley Flood Defence Scheme - Total forecast overspend is £1.5m. £0.7m in current year. However EA funding to cover this now secured.</li> </ul>
COMMUNITIES, PARKS & LEISURE	14,095	16,057	(1,963)	24,053	25,278	(1,225)	<p><b>Key Variances</b></p> <ul style="list-style-type: none"> <li>- 0.5m - General Cemetery - Forecast slippage on scheme - but overall £71k overspend forecast to be met from S106</li> <li>- £0.5m - Woodbourne Road Football Hub - Forecast slippage against in year budget</li> <li>- £0.2m - Mather Road Park Improvements - Slippage now forecast</li> </ul>
HOUSING	40,114	46,237	(6,123)	63,802	72,693	(8,891)	<p><b>Key Variances</b></p> <ul style="list-style-type: none"> <li>- £4.2m - Handsworth New Build Council Housing - forecast slippage on scheme</li> <li>- £3.8m - Corker Bottoms New Build Purchase - Payments now expected in 23/34</li> <li>- £0.7m - LAD 2 Private Sector Housing - Spend of grant below budgeted</li> <li>- £0.6m - Kitchen/Bathroom Refurbishment works - Slippage forecast</li> <li>- £0.3m - Lift Refurbishment works - Slippage forecast delay to OBC</li> <li>- £0.3m - Obsolete Heating Replacement - reduced outputs as engineers diverted to failed access programme</li> <li>- £0.3m - Private Sector Homes Upgrade Grant- due to drop out levels from programme not at grant forecast to be utilised</li> <li>- £0.2m - Right To Buy Refurb costs - Fewer refurbments than budgeted taking place this year</li> <li>- £0.2m - LAD 2 Council Housing Works - Fewer properties than anticipated involved in the programme</li> <li>- £0.2m - Demolition Programme - Demolition of outhouses delayed pending member decision</li> <li>- £0.1m - Single Staircase Towerblock Safety Scheme - Slippage forecast</li> <li>- £0.1m - Hemsworth OPIL - Delay due to contractor negotiations</li> <li>- £0.1m - Towerblock Flat Roofing - Delays due to queries re: potential; for solar panels and CDM responsibilities</li> <li>+ £0.5m - Newstead OPIL New Build - Forecast Acceleration</li> <li>+£1.4m - Council Housing Acquisition Programme - Acceleration of Purchase of more expensive properties</li> <li>+ £0.5m - Roofing Replacement Programme - Acceleration of final payments on terminated contract</li> </ul>
EDUCATION, CHILDREN & FAMILIES	7,476	10,871	(3,396)	18,458	20,524	(2,066)	<p><b>Key Variances</b></p> <ul style="list-style-type: none"> <li>- £1.7m - King Egberts Expansion Scheme - Forecast revised in line with latest anticipated programme</li> <li>- £0.6m - Contribution to new SEND Free School - Forecast not completed</li> <li>-£0.3m - New Integrated Resource Provision forecast not completed</li> <li>+ £0.3m - Aldine House 2 Bed Extension - Forecast overspend on scheme. May generate additional revenue pressure in year</li> <li>+ £0.2m - Nether Green Junior Roof - Forecast Acceleration</li> </ul>
STRATEGY & RESOURCES	3,868	4,945	(1,077)	6,272	6,478	(206)	
ADULT HEALTH & SOCIAL CARE	5,721	4,532	1,190	8,698	6,797	1,901	<p><b>Key Variances</b></p> <ul style="list-style-type: none"> <li>+ £2.8m - 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.</li> <li>- £0.65m - 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)</li> <li>- £0.2m - Disabled Persons Relocation Loans- Loan requests not at level expected</li> <li><b>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</b></li> </ul>
ECONOMIC DEVELOPMENT & SKILLS	367	377	(9)	2,964	2,957	7	
WASTE & STREET SCENE	100	168	(68)	858	853	5	
<b>Grand Total</b>	<b>122,683</b>	<b>146,210</b>	<b>(23,527)</b>	<b>230,137</b>	<b>244,014</b>	<b>(13,878)</b>	

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**Section 4 – Top 10 Forecast Slippage against Full Year Budget** - Of the main £15.2m forecasts below budget, £12.6m 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. The remainder is the result of a forecast not completed, reprofiling of the Disabled Facilities Top Up grant to meet pressures elsewhere and underpend on 2 schemes.

Business Unit		Policy Committee	FY Budget	FY variance on budget	Explanation
4.1	New Council Housing Acquisition - Handsworth	HOUSING	4,733	(4,263)	<b>REPROFILE</b> - 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. Linked to this - the developer was reluctant to progress with the ordering of the Council's requested 'specification extras' until the Council was contractually committed to the completed development (i.e. contracts exchanged, which happened in September). Furthermore, current supply chain issues within the construction sector have led the developer to review the delivery programme to ensure that it remained realistic/ deliverable. As such, the revised contractual Long Stop Date is now 30th June 2023. Overall project budget on track, subject to success of AHP bid resulting in no SDLT liability. Once AHP bid is submitted/ confirmed, some variation between 'budget headings' required in order to account for higher cost of 'specification extras'.
4.2	New Build Council Housing - Corker Bottoms	HOUSING	3,800	(3,780)	<b>REPROFILE</b> - £3,800,000 is the majority of the 50% deposit to be paid to SHC on contract signing. The delay with the project has meant that the deposit has been reprofiled into 2023/34
4.3	King Ecgberts School Expansion	EDUCATION, CHILDREN & FAMILIES	3,874	(1,707)	<b>Reprofile</b> - Payments for scheme reprofiled due to delay of contract award
4.4	Future High Streets Fund Public Realm & Infrastructure	TRANSPORT, REGEN & CLIMATE	3,418	(1,425)	<b>SLIPPAGE / OVERSPEND</b> - Budget will not be sufficient to deliver scope of works. Significant cost increase overall due to inflation, design detail, working around stats and stats diversion costs. Presentation of budget cost and proposals to Regeneration Board for discussion and decision on way forward. Initial steer is for project to focus on Fargate only - Outturn forecast all years now reflects that figure. Final figure TBC pending final RIBA 4 costs. Project is proceeding on assumption that additional budget can be secured and will be approved by external funder. Client seeking further guidance/approval from Regen & Transport and finance sub committee.
4.5	Heart of The City - Block D	TRANSPORT, REGEN & CLIMATE	1,075	(846)	<b>SLIPPAGE</b> - Remaining forecast for costs associated with securing letting and reconfiguring vacant units, including expected capital contributions for all remaining units. Letting and Capital Contribution allowances slipped to end of this FY/into next FY.
4.6	Disabled Facilities Grant Top Up	ADULT HEALTH & SOCIAL CARE	1,666	(803)	<b>Reprofile</b> - 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
4.7	Local Authority Decarbonisation 2 Private Sector Housing	HOUSING	2,597	(689)	<b>UNDERSPEND</b> - 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 be opportunities to re-distribute the funding underspend to the SCC workstream if necessary and appropriate. This will be reviewed over the coming period
4.8	Council Housing Refurbishments	HOUSING	2,510	(605)	<b>UNDERSPEND</b> - A number of empty properties have required extensive repairs and structural works increasing the average unit costs at this early stage of the contract. The cost of materials and labour has risen by circa 28% impacting on project costs, The ability of the contractor to engage with subcontractors at tender rates has been extremely challenging. Although the overall number of completed properties remains low, so does current spend with a predicted slippage of around £800k in 2022/23. The average cost of a void property is higher due to the excessive scope of works to each property. it is anticipated that this issue will ease over the forthcoming period and into the new year.
4.9	Special Free School - North	EDUCATION, CHILDREN & FAMILIES	600	(600)	<b>Forecast not completed</b>
4.10	General Cemetery Uplift	COMMUNITIES, PARKS & LEISURE	2,443	(534)	<b>Slippage / Overspend</b> - Works have been resequenced to allow time to resolve issue in relation to original construction of steps to Samuel Worth Chapel and solution to rebuild and address levels/access which has impacted on programme and costs/cash flow. Potential variations and claims has been included in the current f/cast. Value Engineering options have been further explored to arrive at a current budget position and work to refine and agree the VE options continues. Section 106 being explored and correction of revenue/capital split to be rectified
<b>Total</b>			<b>26,716</b>	<b>(15,251)</b>	

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### Section 5 – Top 10 Forecast Overspends over Full Year Budget - Of the main £7.5m forecasts over budget approx. £4.5m represent genuine overspends. The Upper Don

Valley Flood scheme has now secured additional Environment Agency funding and approval of an uplift to the budget will be brought forward

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.

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

Further funding is expected from the combined authority to meet the additional costs of the Transforming Cities Fund & Active Travel schemes when next stage of funding is released.

Business Unit	Policy Committee	FY Budget	FY variance on budget	Explanation
5.1 Disabled Facilities Accelerated Adaptations Grant	ADULT HEALTH & SOCIAL CARE	2,230	2,839	<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 reviewing expenditure on major extensions
5.2 Council Hsg Acquisitions Prog	HOUSING	7,152	1,396	<b>Acceleration</b> - The current forecast is for an overspend of £1.374 million against in year budget. 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. However the overall programme expenditure across the life of the programme is not forecast to exceed budget.
5.3 Upper Don Valley Flood Scheme Phase 1	TRANSPORT, REGEN & CLIMATE	3,209	750	<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). Total forecast overspend over all years is £1.465m. Additional external funding has now been secured from the Environment Agency to fund this.
Page 49 5.4 Council Housing Roofing Replacements Prog	HOUSING	3,736	538	<b>Acceleration</b> - 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). This payment now forecast to be made in current financial year.
5.5 New Build Council Housing Newstead OPIL	HOUSING	1,101	521	<b>Acceleration</b> -
5.6 Council Housing Stock Increase Programme Allocation	HOUSING	-	370	<b>Awaiting Approval</b> - Budget to be uplifted as part of Housing Programme Refresh
5.7 Aldine House 2 Bed Extension & MUGA	EDUCATION, CHILDREN & FAMILIES	1,050	318	<b>Overspend</b> - The overall expenditure is now forecast to be £176,177 over the current approved budget, however it should be noted whilst this includes allowances for known change, it does not include any project contingency. This has been fed back to the Head of Project Delivery who will be reporting this to the client. The overall forecast overspend includes £45k allowances for works which have moved from this contract to the current corner infill project, those works being bespoke bedroom furniture and smartboard enclosures. It is hoped that those items can be funded from the contingency budget on that scheme which would reduce the forecast overspend on this scheme. Approximately £140k additional funds are required to meet the overspend.
5.8 Nether Edge & Crookes Active Travel Neighbourhood	TRANSPORT, REGEN & CLIMATE	524	301	<b>OVERSPEND</b> -Increasing costs on communications, programme management and monitoring. Additional £206k due to be claimed from SYMCA. Remainder to be claimed from Local Transport Plan funding.
5.9 Transforming Cities [TCF] Housing Zone North	TRANSPORT, REGEN & CLIMATE	889	249	<b>Overspend</b> - Budget forecast updated to reflect the current estimated ECI costs. Negotiations are ongoing with regards to their allowance for provisional sum design costs. If successful, this cost may come down. Budgets will be uplifted to cover this when final scheme approved by SYMCA
5.10 Levelling Up Fund - Castle Site	TRANSPORT, REGEN & CLIMATE	560	194	<b>Awaiting Approval</b> - Budget approval for full value of scheme submitted for approval in current cycle.
<b>Total</b>		<b>20,450</b>	<b>7,476</b>	

## Section 6 – Key Risks and Issues

### 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 - Formal offer of funding now received from Environment Agency
- **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
- **Future High Street Fund Programme** - Tender returns indicate this project will cost £5.5m more than the £20.5m available budget to complete despite undergoing a reduction of scope as a result of inflation and uncertainty in construction market. Bids are underway to SYMCA to secure additional funds.
- **Daresbury/ Berners & Gaunt Road Council Housing New Build Schemes** - Now forecasting potential overspends of £1m and £4m respectively. Stock increase programme under review.

### 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 - informal confirmation from MCA that spend deadline will be flexed to 31/03/23 - However this may still prove an issue for some elements of Active Travel Programme

**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