

CAPITAL PROGRAMME MONITORING AS AT JULY 2023

Section 1 – Statement of Budget Movement

	2023/24	2024/25	Future	Total	Comments
Month 3 Approved Budget	315.4	134.1	269.1	718.6	The key changes to the programme from last month relate to: KEY ADDITIONS
Additions	2.7	8.6	38.3	49.6	+ £46.7m - Inclusion of major Council Housing Re-roofing programme + £0.9m - Inclusion of UK Shared Prosperity Fund Grant Schemes + £1.8m - Various investments into Education estate
Variations	-8.8	-6.9	-12.6	-28.3	KEY VARIATIONS
Reprofile	-13.1	12.3	0.8	0.0	+ £3m - Increase in grant to Urbo Developments via MCA funding + £1.2m - Increase in Council Housing Energy Efficiency Allocation due to grant income - £32.6m - Drawdown from Block Allocation to fund Council Housing Re-Roofing
Slippage & Acceleration	-4.0	4.0	0.0	0.0	KEY REPROFILES
Month 4 Approved Budget	292.2	152.1	295.6	739.9	- £4.9m - Reprofile of Council Housing Block Allocations - £8.2m - Reprofile of Council Housing External Wall Insulation Scheme SLIPPAGE - £4m - Slippage on Future High Streets Fund Public Realm Scheme

The table above summarises the movement in budget from month 3 to month 4 23/24 and Capital programme budget position as at July 2023. Showing an overall approved capital programme of **£739.9m** over the next 5 years.

Section 2 – 2023/24 Forecast Outturn Position and Movement From Prior Month

The forecast outturn position at the end of July 2023 is **£261.3m** against an approved budget of **£292.2m**. A variance of **£30.9m**.

This is a movement of £32.1m from the £63m below budget at Month 3.

£23.2m of this movement was due to the reduction in budgets, bringing these into line with reduced forecasts. However, forecast expenditure has also increased by £8.9m. This will continue to be monitored carefully as indications are that the final outturn position will be significantly less the currently forecast as outlined in section 4.

Details of the key variations and movements by Policy Committee area are shown in the table below.

Key areas to note:

Housing - £28.5m below budget

- Major reprofiling of Stock Increase Programme underway in response increased tender return costs and pressures on overall HRA budget.
- Identified slippage on External Wall Insulation Scheme

Transport, Regen & Climate Change - £4.5m below budget

- Delays to Future High Streets Fund Events Central Scheme due to tender returns requiring additional time to secure funding
- Reprofiling of expected delivery of Stocksbridge Towns Fund Programme
- Delays to Levelling Up Fund Castle Site programme again due to tender returns requiring additional time to secure funding

Adult Health & Social Care - £2.1m over budget

- There remains pressure withing the Disabled Facilities Grant Budgets due to the ongoing backlog which built up during COVID exacerbated by increased demand and rising construction prices. Work is ongoing to refine the data held by the service to estimate current liabilities. The previous level of overspend forecast overspend was thought to be manageable within one off Social Care grant funding. However, the current month's forecast indicates this may not be possible creating an additional pressure. Work will be on going with the service to validate this forecast.

Forecast 23/24 Outturn Position and movement

Capital Programme	FY Outturn	FY Budget	Month 04		Comments (where variance +/- 500k)	Month 03		Comments (where variance +/- 500k)
			FY Variance	Movement		FY Variance	Movement	
ADULT HEALTH & SOCIAL CARE	8,329	6,200	2,129		Key Variances + £2.1m - Work ongoing to refine data on outstanding cases and identified additional cases. Increase from prior month means previous identified funding may not be sufficient to cover revised forecast	795	1,334	Key Movements + £1.3m - Work ongoing to refine data on outstanding cases and identified additional cases. Increase from prior month means previous identified funding may not be sufficient to cover revised forecast
COMMUNITIES, PARKS & LEISURE	25,291	25,282	9			(8)	18	
ECONOMIC DEVELOPMENT & SKILLS	256	1,103	(847)		Key Variances - £0.9m - Forecasts not completed for Community & Cultural Assets and Low Carbon grants projects		(847)	Key Movements - £0.9m - Forecasts not completed for Community & Cultural Assets and Low Carbon grants projects
EDUCATION, CHILDREN & FAMILIES	21,382	21,179	203		Key Variances + £0.57m - Nether Green Jnr Roof - Forecast increased costs due to additional structural works: awaiting budget increase authorisation for +£0.55m +£0.14m - Manor Lodge Primary School Expansion - some slippage upon rephased budget upon request for an additional +£1.2m awaiting approval. +£0.12m - Wharnccliffe Side - some slippage upon rephased budget upon request for an additional +£1.4m awaiting approval. - £0.47m - Rushey Meadow Children's Home - anticipated slippage on scheme due to design issues -£0.11m - Tinsley Junior Green Space - slippage of expenditure into future years as project currently on hold.	625	(422)	Key Movements -£0.61m - Devolved Formula Capital - Approval of £0.61m Budget to bring in line with forecast -£0.13m - Pipworth Adaptations KS2 - Awaiting budget increase of +£0.13m -£0.11m - Tinsley Junior Green Space - slippage of expenditure into future years as project currently on hold. +£0.16m - Marcia School - recent Budget reduction of £160k (moved to Parks Balance Sheet) regarding a Playing Fields agreement. +£0.15m - Nether Green Jnr Roof - Forecast costs in 23-24 increased by £0.15m due to additional structural works: awaiting budget increase authorisation for +£0.55m +£0.14m - Manor Lodge Primary School Expansion - some slippage upon rephased budget upon request for an additional +£1.2m awaiting approval. +£0.12m - Wharnccliffe Side - some slippage upon rephased budget upon request for an additional +£1.4m awaiting approval.
HOUSING	70,561	99,019	(28,458)		Key Variances - £9.9m - Newstead OPIL - Scheme to be reprofiled as part of overall SIP reprofile - £8.4m - Stock Increase Block allocation - to be reprofiled as part of overall SIP reprofile - £3.8m - Hemsworth OPIL - Scheme to be reprofiled as part of overall SIP reprofile - £3.8m - Corker Bottoms New Builds - delays to scheme delivered by SHC - £1.5m - Newstead Enabling Works - Forecast underspend on works anticipated to be used for reinstatement works - £1.2m - General Council Housing Acquisitions - reprofiling due to increase volume to be delivered under Local Authority Housing Fund - £0.4m - External Wall Insulation package 3 - Investigating asbestos in roofs - £0.3m - Lift Replacement Programme - Slippage due to delay in procurement + £0.6m - Daresbury / Berners New Council Housing - Reflects worst case scenario of outcome of contract variations + £0.4m - Single Staircase Tower Blocks - Contractual completion is a 13 week extension of time on original contract dates	(54,369)	25,911	Key Movements + £15m - Block allocations - Approval of budgets to bring into line with forecast + £8.2m - External Wall Insulation 2 - Approval of revised budget to bring into line with forecast + £1.3m - General Acquisition Refurbishments - Approval of revised budget to bring into line with forecast following Contract Award + £0.8m - Infield Lane Apartments - Approval of budget to purchase these new build apartments
STRATEGY & RESOURCES	7,165	6,567	598		Key Variances +£0.75m - GP Hub - City - awaiting full budget approval for +£0.75m +£0.29m - GP Hub - SAPA - awaiting full budget approval for +£0.29m. +£0.28m - GP Hub - Foundry 2 - awaiting full budget approval for +£0.28m. +£0.26m - Woodhouse Hub - Forecast increased costs due to additional structural works. +£0.24m - GP Hub - Foundry 1 - awaiting full budget approval for +£0.24m. -£0.23m - Transport Efficiency - due to slight slippage of expected vehicles delivery dates on part of programme. -£0.19m - Spring St Kennels - currently no forecast expenditure in 23-24 as project on hold pending further investigation. - £0.6m - Other Corporate FRA works - reduction in costs due to omission of some works to be retendered.	(515)	1,113	Key Movements +£0.75m - GP Hub - City - awaiting full budget approval for +£0.87m, with some slipped into future years. +£0.29m - GP Hub - SAPA - awaiting full budget approval for +£0.29m. +£0.28m - GP Hub - Foundry 2 - awaiting full budget approval for +£0.28m. +£0.24m - GP Hub - Foundry 1 - awaiting full budget approval for +£0.24m. -£0.23m - Transport Efficiency - due to slight slippage of expected vehicles delivery dates on part of programme. -£0.19m - Spring St Kennels - currently no forecast expenditure in 23-24 as project on hold pending further investigation.
TRANSPORT, REGEN & CLIMATE	127,423	131,934	(4,511)		Key Variances - £2.5m - FHSF - Events Central - Forecast slippage on scheme due funding issues. All years overspend of £0.9m forecast. Budget amendment to be brought forward - £2.1m - LUF Castle Site - Slippage of scheme completion into 24/25 All years overspend of £2.3m now forecast - £1.5m - STocksbridge Towns Fund Programme - Slippage across programme. Mainly Hub. -£0.4m CAZ Back Office - Spend now profiled in 24/25 - £0.4m - Upper Don Flood Phase 2 - Slippage - £0.3m - HOCIL Block A - Slippage - £0.3m - Sheaf Valley Cycle Route - Slippage - £0.3m - TCF Nether Edge Wedge - Slippage + £1m - LUF S1 Artspace - Budget awaiting approval + £0.9m TCF City Centre - Forecast increased costs required to finalise design stage + £0.5m - Nether Edge Crookes ATN - Overspend on scheme - awaiting confirmation of additional funding + £0.4m - On street Charge points - Awaiting budget approval + £0.3m - TCF Housing Zone North - Forecast Acceleration	(9,495)	4,983	Key Movements + £4m - Future High Streets Fund Public realm - Approval of budget to bring in line with latest reprofile. + £1.2m - Barker Pool budget reduction
WASTE & STREET SCENE	912	907	5			(20)	25	
TOTAL	261,318	292,191	(30,873)			(62,988)	32,114	

Section 3 – Top 10 Schemes forecasting to overspend over project life

The table below identifies the top 10 capital schemes forecasting to overspend over the life of the project by value and therefore potential risks to the authority.

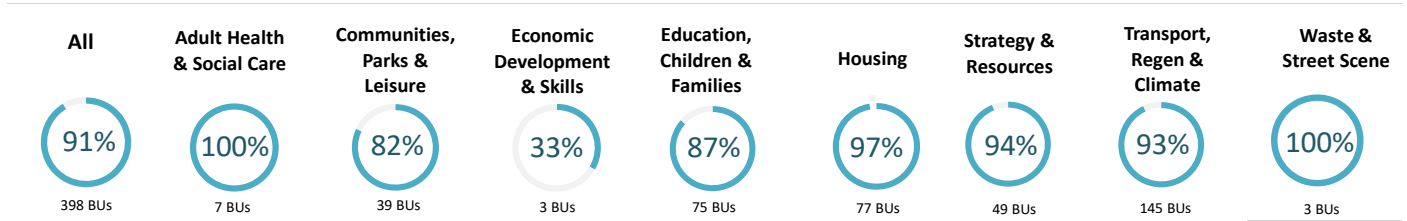
Items “Awaiting Approval” indicate that solutions are identified and variance will be removed when relevant budgets are approved.

The remaining items represent known issues on schemes which will require either additional funding or scope reductions to bring schemes back within funding envelopes.

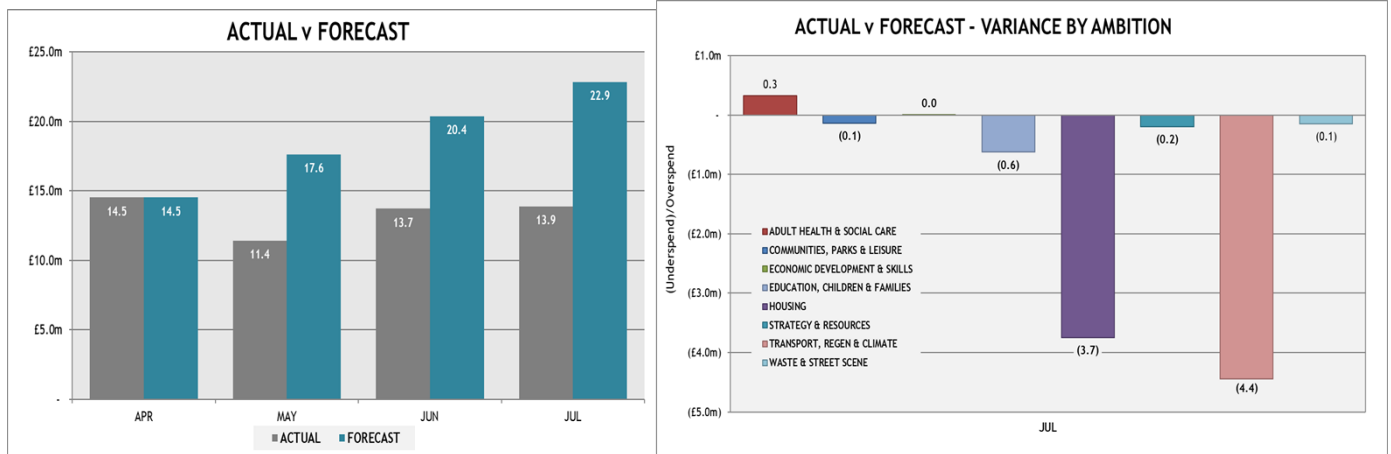
Business Unit	Policy Committee	All Years Budget	Forecast Variance on all years budget	Explanation	
4.1	Levelling Up Fund Castle Site	TRANSPORT, REGEN & CLIMATE	13,400	2,182	OVERSPEND - Due to market conditions and period of time since budget was initially estimated, the current forecast exceeds the budget. Castle Site Project to be delivered through a 2 stage process. This will provide an opportunity to review current estimates and align delivery to the available funding. Additional funding bid has also been submitted by SCC. No risk of overspend by SCC and forecasts will be updated prior to Contract Award for the full works.
4.2	Accelerated Adaptations Grants	ADULT HEALTH & SOCIAL CARE	2,735	1,736	Overspend - Ongoing issues in management of COVID backlog of works to private households, increased demand and construction inflation. Also ongoing work to refine data with service to confirm full extent of liability. Funding brought forward from previous financial year and expected announcement of additional funding from central government may partially mitigate, but accuracy of forecast to be reviewed.
4.3	Wharnclyffe Side Primary School Expansion	EDUCATION, CHILDREN & FAMILIES	50	1,415	Awaiting Approval - Full costs of scheme forecast in advance of anticipated budget approval September 23
4.4	Manor Lodge Primary School Expansion	EDUCATION, CHILDREN & FAMILIES	192	1,004	Awaiting Approval - Full costs of scheme forecast in advance of anticipated budget approval September 23
4.5	Levelling Up Fund - Market Tavern	TRANSPORT, REGEN & CLIMATE	192	1,004	Awaiting Approval - Full budget formally approved at Finance Committee August 23 - awaiting completion of budget by project manager
4.6	Transforming Cities Fund - City Centre	TRANSPORT, REGEN & CLIMATE	1,759	898	OVERSPEND - Based on the current information, the cost manager estimates an Early Contractor Involvement project shortfall to end detailed designs. This is as a result of post contract design changes. Which have resulted in an increase in internal and external fees. In addition, costs have been incurred for a GPR survey. The project sponsor has instructed that the work on the project progresses and they have noted the need to identify additional funds which is likely to be from Transforming Cities Fund at Final Business Case Stage but remains a potential risk until this is approved
4.7	Future High Streets Fund Events Central	TRANSPORT, REGEN & CLIMATE	6,617	908	Overspend - Latest cost estimate indicates £900k overspend. Additional funding has been identified to cover this. However, the anticipated outcome of the current tender process is a further increase in cost. Additional SYMCA funding is being identified to meet this eventuality
4.8	New Build Council Housing - Daresbury & Berners	HOUSING	13,764	584	OVERSPEND - Current forecast is for worst case scenario based on potential delays on connection of utilities. Cost will need to be met from Stock Increase Programme contingency budget.
4.9	GP Transformational Hubs - City Centre	STRATEGY & RESOURCES	-	746	Awaiting Approval - Full budget conditionally approved at Finance Committee August 23 - awaiting signing of funding agreement with Integrated Care Board before budget can be formally approved.
4.10	Nether Green Junior School Roof	EDUCATION, CHILDREN & FAMILIES	1,670	550	Awaiting Approval - Various site issues leading to cost increases which will put additional pressure on Schools' Condition Funding. Variation being presented for approval September 23
Total			40,379	11,027	

Section 4 - Forecasting

4.1 – Capital Business Unit forecasting performance

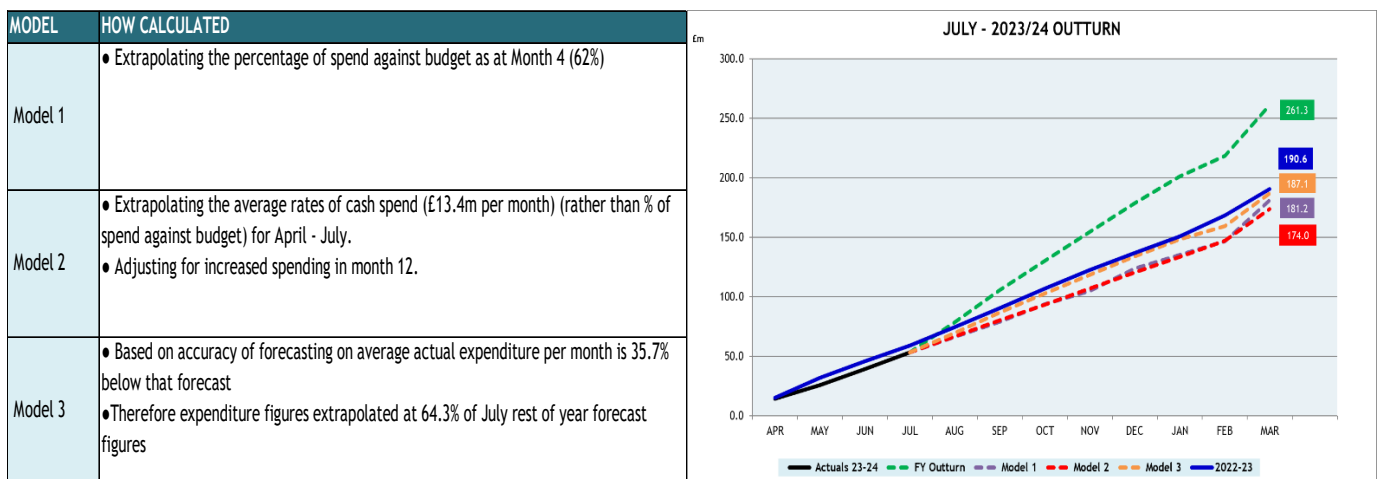


4.2– Capital Business Unit Forecasting Accuracy



Graphs at 4.2 compare the actual expenditure incurred each month against that which was forecast in the prior month. As can be seen overall actual expenditure in July was £9m less than had been forecast in the previous month. This continues the trend seen in previous months and back into 22/23. Key schemes that have spent significantly below forecast in July are -£0.5m (Heart of The City schemes), -£0.7m (Future High Streets Fund Programme), -£1.1m (TCF Programme), -£0.6m (Clean Air Zone programme), -£0.6m (Stocksbridge Towns Fund Programme), -£1m (External Wall Insulation Package 3), -£0.8m (New Build Council Housing Gaunt Road), -£0.7m (Local Authority Housing Fund Acquisitions), -£0.7m (Heating Breakdowns), -£0.6m (Newbuild Council Housing Newstead General Needs). We are working closely with colleagues in the Capital Delivery Service to identify key drivers behind the regular high levels of over optimistic forecasts.

4.3 – Forecasting Models



The graph at 4.3 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 2022/23 as a comparator.

While the work to improve the accuracy of forecasting has reduced the overall forecast outturn by £44.5m since April, the level of over-forecasting identified at 5.2 suggests that the estimated position remains over optimistic. Historic data and the extrapolation models used suggest that we expect to see this reduce by a further £70m as the year progresses.

Section 5 – Key Risks and Issues

Key Issues

- **Disabled Facilities Grant** - Pressure continues in this area to deal with COVID backlog, increasing demand and rising costs. One off historic grant and anticipated additional government funding was expected to alleviate pressure in 23/24 but latest forecast indicates a potential further issue. Further close work to be undertaken with service to review accuracy of latest forecast.

- **Levelling Up Fund - Castle Site** - Current designed scheme exceeds approved funding and there is a risk that a) savings have to be identified post tender b) additional funding is required for recent cost estimates. Additional funding is being explored but the timescales are currently unknown and there is no guarantee of success. Extension of timescales for completion to 2025 has alleviated risk to completion date.

- **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, outcome of this to be confirmed shortly, but currently underwritten from CIF.

- **Daresbury/ Berners Council Housing New Build Schemes** - Now forecasting potential overspend of £0.6m placing further pressure on Stock Increase Programme Budget

High levels of inflation and supply issues re: construction materials - This is having a significant impact on cost and delivery timescales of capital schemes as evidenced by Future High Streets Programme, Levelling Up Programme and challenges faced on Council Housing Stock Increase Programme as contractors price in these risks to tender returns.

Key Risks

Key risk areas -

Schemes funded via time limited grants:

- **Active Travel Fund** - Due to a failure to finalise change requests and Stage 3 agreements for Sheaf Valley Cycle Route there is currently over £300k spent at risk on this scheme that we are unable to claim funds for until the issue is resolved. Failure to do so will require these to be funded from other sources – potentially LNCTP.

- **Transforming Cities Fund Schemes** – Extended design periods are leading to increased costs on these phases which are exceeding the funding released under staged agreements with SYMCA. While these costs should be recoverable when schemes progress to full delivery, timescales on this remain unclear.

Other Issues

Schools Condition Allocation - Works already committed and proposed pipeline indicate the majority of 24/25 allocation (not yet confirmed) is already allocated, which may mean difficult choices to be made should further urgent works be identified.

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