

CAPITAL PROGRAMME MONITORING AS AT SEPTEMBER 2023

Section 1 – Statement of Budget Movement

	2023/24	2024/25	Future	Total	Comments
Month 4 Approved Budget	315.4	134.1	269.1	718.6	The key changes to the programme from the last report relate to: KEY ADDITIONS + £2.2m - Inclusion of Youth Investment Fund Schemes at All Saints and Stocksbridge + £2.3m - Inclusion of expansions to Manor Lodge and Wharnccliffe Side Primary Schools + 2.0m - Inclusion £2m for Gleadless Valley Acquisitions programme + £1.6m - Inclusion of £1.6m for grant to Harmony Works as part of Levelling Up Fund + £1.0m - Inclusion of budget for Market Tavern Improvements part of Levelling up Fund + £0.75m - Inclusion of various Transport Schemes
Additions	6.8	14.7	38.3	59.8	
Variations	-8.2	-8.7	-12.7	-29.6	
Reprofile	-13.5	12.7	0.8	0.0	KEY VARIATIONS + £0.6m - Increase in budget for Nether Green Jnr Roof + £0.5m - Increase in budget for Nether Edge Crookes Active Travel - £2.4m - Reduction in Block Allocation for Gleadless Valley Masterplan for acquisitions and revenue contribution to operational team
Slippage & Acceleration	-4.0	4.0	0.0	0.0	
Month 6 Approved Budget	296.6	156.8	295.5	748.9	KEY REPROFILES - £0.4m - Reprofile of CAZ Back Office implementation expenditure

The table above summarises the movement in the capital budget from month 4 to month 6 23/24 and the Capital programme budget position as at September 2023. Showing an overall approved capital programme of **£748.9m** over the next 5 years.

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

The forecast outturn position at the end of September 2023 is **£231.6m** against an approved budget of **£292.6m**. A variance of **£65m**.

This is a movement of £34.1m from the £30.9m below budget at Month 4.

Overall the forecast outturn position has fallen by £29.7m following an exercise asking project managers to revisit the forecasts of key schemes in order to provide a more realistic position. These revised forecasts will form the basis for a set of budget variations that will be brought forward for approval.

The remaining movement is the result of the approval of budgets bringing these into line with project forecasts.

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

Key areas to note:

Housing - £31.6m 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 Schemes

Transport, Regen & Climate Change - £33.4m 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
- Lower than forecast uptake of Clean Air Zone Grants

Adult Health & Social Care - £0.9m 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 current level of forecast overspend for 23/24 is able to be contained within historic one off grant funding and £0.5m additional resources announced by government. Careful monitoring is required to establish the position for 24/25.

Strategy & Resources - £0.9m over budget

- This largely relates to budgets awaiting approval for GP Hubs schemes, which is dependent on signing of a funding agreement with the Integrated Care Board. Once complete this position will normalise.

Forecast 23/24 Outturn Position and movement

Capital Programme	FY Outturn	FY Budget	Month 06		Month 04		Comments (where variance +/- 500k)
			FY Variance	Movement	FY Variance	Movement	
ADULT HEALTH & SOCIAL CARE	7,108	6,200	908		2,129	(1,221)	<p>Key Variances</p> <p>+ £0.9m - Recovery from COVID backlog and increased demand are at the root of issues. Overspend can be contained within £0.6m resources c/f from prior year and £0.5m increase in grant recently announced. However pressure likely to remain in 24/25</p> <p>Key Movements</p> <p>- £1.2m - Previous months forecast included a number of cases that had been double counted. This now corrected.</p>
COMMUNITIES, PARKS & LEISURE	25,629	25,552	77		9	68	
ECONOMIC DEVELOPMENT & SKILLS	1,117	1,125	(9)		(847)	838	+ £0.8m - Forecasts now completed for Community & Cultural Assets and Low Carbon grants projects
EDUCATION, CHILDREN & FAMILIES	20,110	21,955	(1,845)		203	(2,048)	<p>Key Variances</p> <p>- £1.2m - Astrea Sports Pitch - Discussions on going with Trust regarding future of the scheme</p> <p>- £0.75m - SEND School Contribution - Scheme being delivered by DfE currently delayed therefore SCC contribution not expected to be made until 24/25</p> <p>- £0.47m - Rushey Meadow Children's Home - anticipated slippage on scheme due to design issues</p> <p>-£0.1m - Watercliffe Meadow Retaining Walls - slippage of expenditure into future years as project currently on hold.</p> <p>Key Movements</p> <p>- £1.2m - Astrea Sports Pitch - Discussions on going with Trust regarding future of the scheme</p> <p>- £0.8m - Approval of budgets bringing these into line with forecasts.</p> <p>- £0.75m - SEND School Contribution - Scheme being delivered by DfE currently delayed therefore SCC contribution not expected to be made until 24/25</p>
HOUSING	67,648	99,216	(31,568)		(28,458)	(3,110)	<p>Key Variances</p> <p>- £25.1m - SCC Stock Increase programme self delivery - Schemes at Newstead OPIL, Hemsworth OPIL and Block Allocation for the wider programme to be reprofiled as a result of affordability issues</p> <p>- £4.25m - Handsworth General Needs - Construction company SCC acquiring from has gone into receivership - scheme delayed until new owners found.</p> <p>- £3.8m - Corker Bottoms New Builds - delays to scheme delivered by SHC</p> <p>- £1.4m - Newstead Enabling Works - Forecast underspend on works anticipated to be used for reinstatement works</p> <p>- £1.4m - External Wall Insulation package 2 - Alternative programme of works just submitted</p> <p>- £1.1m - General Council Housing Acquisitions - reprofiling due to increase volume to be delivered under Local Authority Housing Fund</p> <p>- £0.5m - Private Sector Homes Upgrade Grant - Delay to contract award</p> <p>- £0.4m - External Wall Insulation package 3 - Investigating asbestos in roofs</p> <p>- £0.3m - Lift Replacement Programme - Slippage due to delay in procurement</p> <p>+ £4.5m - New Build Acquisitions Hackenthorpe - Full spend forecast budget to be approved October committee</p> <p>+ £2.2m - Local Authority Housing Fund - Full spend forecast budget to be approved October committee</p> <p>+ £1.1m - Daresbury / Berners New Council Housing - Reflects worst case scenario of outcome of contract variations</p> <p>+ £0.6m - Single Staircase Tower Blocks - Contractual completion is a 13 week extension of time on original contract dates</p> <p>Key Movements</p> <p>- £4.25m - Handsworth General Needs - Construction company SCC acquiring from has gone into receivership - scheme delayed until new owners found.</p> <p>- £3.0m - Stock Increase Programme Block Allocation - Further slippage anticipated in programme</p> <p>- £1.4m - External Wall Insulation package 2 - Alternative programme of works just submitted</p> <p>- £0.5m - Private Sector Homes Upgrade Grant - Delay to contract award</p> <p>- £0.4m - Kitchen & Bathrooms Contract - Forecast minor slippage</p> <p>- £0.3m - Local Authority Housing Fund Phase 1 - Forecast Minor slippage</p> <p>+ £4.5m - New Build Acquisitions Hackenthorpe - Full spend forecast budget to be approved October committee</p> <p>+ £2.2m - Local Authority Housing Fund Phase 2 - Full spend forecast budget to be approved October committee</p>
STRATEGY & RESOURCES	6,850	5,979	871		598	273	<p>Key Variances</p> <p>+£1.7m - 4 x new GP Hubs schemes - Awaiting signing of MoU with Integrated Care Board before budgets can be authorised</p> <p>+£0.26m - Woodhouse Hub - Forecast increased costs due to additional structural works.</p> <p>-£0.5m - Transport Efficiency - due to slight slippage of expected vehicles delivery dates on part of programme.</p> <p>-£0.19m - Spring St Kennels - currently no forecast expenditure in 23-24 as project on hold pending further investigation.</p> <p>- £0.1m - Public Sector Decarbonisation Schemes - saving on programme of works</p> <p>- £0.1m - Saving on previous structural works budget</p> <p>- £0.1m - Closed Churchyards Boundary Walls - Forecast slippage on repair works</p> <p>Key Movements</p> <p>Movement largely reflects approval of budgets to bring FRA budgets into line with forecasts.</p>
TRANSPORT, REGEN & CLIMATE	102,242	135,670	(33,428)		(4,511)	(28,916)	<p>Key Variances</p> <p>- £11.3m - Stocksbridge Towns Fund Programme - Work to refine programme ongoing. Anticipated slippage of expenditure</p> <p>- £8.3m - LUF Castle Site - Slippage of scheme completion into 25/26 - programme updated following receipt of Phase 1 programme All years overspend of £3.5m now forecast</p> <p>- £4m - Future High Streets Fund Programme - Forecast slippage on programme due funding issues. All years overspend of £0.9m forecast. Budget amendment to be brought forward.</p> <p>- £3.7m - Brownfield site Acquisitions - Anticipated acquisitions slipped into future years</p> <p>- £2.8m - CAZ Grants - Forecast slippage on grant awards</p> <p>- £1.5m - Shalesmoor Gateway Scheme - Delay from DfT awarding whole scheme funding</p> <p>- £1.2m - West Bar Enabling - Grant pass through to developer. Slightly behind schedule</p> <p>- £0.6m - Devonshire Quarter - reprofile of expected acquisition of property</p> <p>- £0.5m - Upper Don Flood Phase 2 - Slippage on feasibility stage</p> <p>+ £0.7m - TCF Programme development phases- Spnd currently exceeding funding allocations - to be recovered from construction phase funding</p> <p>Key Movements</p> <p>- £9.7m - Stocksbridge Towns Fund Programme - Work to refine programme ongoing. Anticipated slippage of expenditure</p> <p>- £6m - LUF Castle Site - Slippage of scheme completion into 25/26 - programme updated following receipt of Phase 1 programme</p> <p>- £3.7m - Brownfield site Acquisitions - Anticipated acquisitions slipped into future years</p> <p>- £2.5m - CAZ Grants - Forecast slippage on grant awards</p> <p>- £1.5m - Shalesmoor Gateway Scheme - Delay from DfT awarding whole scheme funding</p> <p>- £1m - LUF Market Tavern - Approval of budget to bring in line with forecast spend</p> <p>- £1.0m - West Bar Enabling - Grant pass through to developer. Slightly behind schedule</p> <p>- £1.0m - Future High Streets Fund - Further slippage on programme-</p> <p>- £0.6m - Devonshire Quarter - reprofile of expected acquisition of property</p> <p>- £0.9m - TCF Programme Development Phase - Reduction in forecast overspend</p>
WASTE & STREET SCENE	910	907	3		5	(2)	
TOTAL	231,613	296,604	(64,991)		(30,873)	(34,118)	

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.

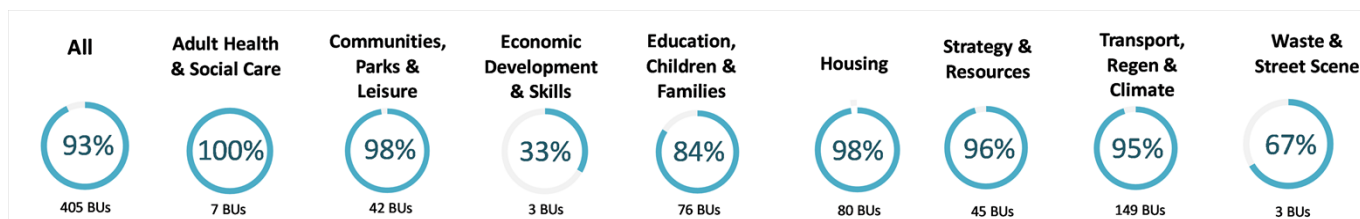
Items “Awaiting Approval” indicate new projects or projects moving from feasibility to delivery stages where the anticipated revised costs have been forecast in anticipation of formal budget approval and funding is identified.

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

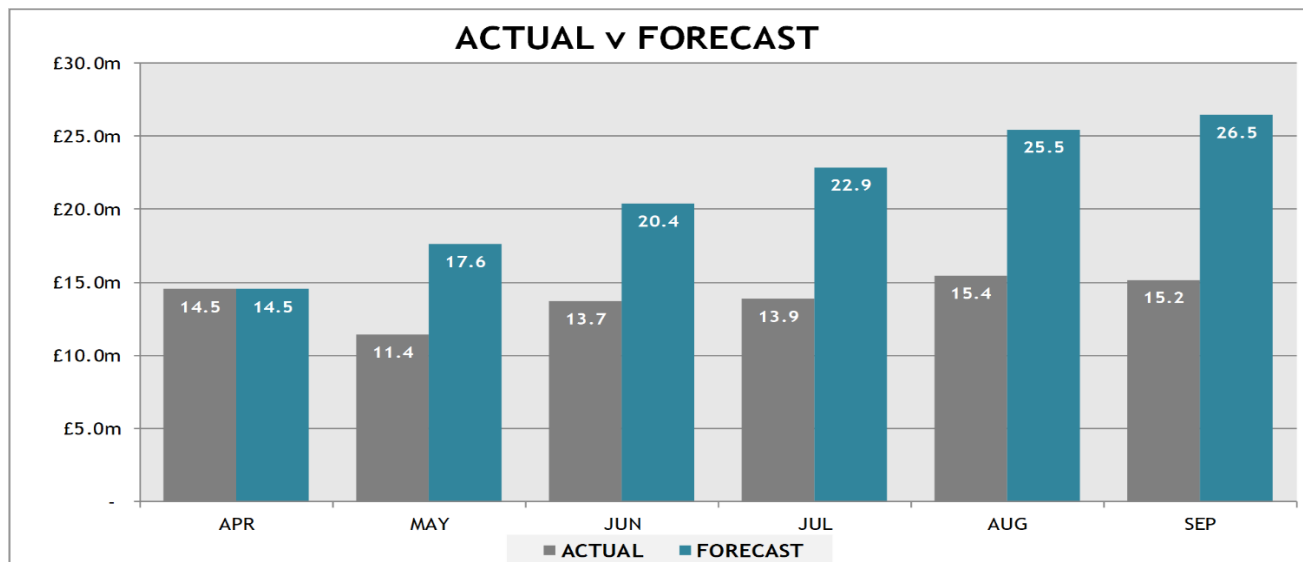
Business Unit	Policy Committee	All Years Budget	Forecast Variance on all years budget	Explanation
4.1 Council Housing - Main Street Hackenthorpe Acquisitions	HOUSING	-	4,466	Awaiting Approval - Business Case approved at September Housing Programme Group, full budget due to be approved at Finance Committee 16.10.23. Expecting completion of purchases to happen in Q3 and Q4 of 2023/24 financial year.
4.2 Levelling Up Fund: Castlegate Public Realm & Enabling Works	TRANSPORT, REGEN & CLIMATE	13,400	3,493	Overspend - 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. The current forecast indicates level of cost of preferred option An additional £3.5m is anticipated from SYMCA Gainshare funding to address part of this variance. Outturn Expenditure: As pre-tender cost plan. To be updated further upon agreement of Stage 1 costs and update to Stage 2 cost plan
4.3 Local Authority Housing Fund Acquisitions Phase 2	HOUSING	-	3,120	Awaiting Approval - Business Case approved at September Housing Programme Group, full budget due to be approved at Finance Committee 16.10.23.
4.4 Accelerated Adaptations Grant (AAG)	ADULT HEALTH & SOCIAL CARE	998	1,498	Overspend - Forecast reflects latest figures based on a review of project manager source data from newly developed spreadsheet, together with wages/Occupational Therapist fees etc.. Senior management are looking at widening means-based-testing to try to reduce net demand on some services. e.g. Stairlifts were previously provided through AAG, but will now have to be applied for through a DFG means-tested application, thus reducing pressure on the currently reported forecast overspend going forward. This overspend is partly offset by underspends in other areas of activity reducing overall overspend on DFG to £0.9m
4.5 Newstead Site Reinstatement	HOUSING	37	1,323	Awaiting Approval - Spend profile updated to reflect the scope of works and total estimated costs included in the outline business case (OBC). A formal capital Budget variation will be submitted on completion of approval of the OBC. Spend profiled in line with limited programme information from the consultants and so will be subject to variation when detailed information is obtained. Outline Business Case approved at September Homes Programme Group with full budget due to be approved at Finance Committee 16.10.23. Project will be funded from a saving on the site enabling works.
4.6 Berners/Daresbury-General Needs New Council Housing	HOUSING	13,764	1,122	OVERSPEND - New Capital Variation Report submitted to September Housing Programme Group requesting an increased budget of £1,139,573 which was approved. Full revised budget due to be approved at Finance Committee 16.10.23. New programme issued identifying December 23 completion of final units Project Manager and Cost Manager to review implications to overall cost and Completion Date of project
4.7 Transforming Cities Fund: Cross City Bus	TRANSPORT, REGEN & CLIMATE	1,759	960	Overspend - Budget spend profile updated to reflect contractors design completion forecast of Jan 24. Resulting in an increase in 23/24 spend. Full year overspend forecast. This is as a result of additional fees incurred resulting from the client's decision to update the RIBA 2 plan and the additional contract costs as a result. GPR fees are also an additional cost from the original budget. The client is aware of the forecast overspend and the need to identify additional funds. YTD overspend as a result of increased design costs. Negotiations continue and the contractor is putting a proposal together with regards to the approach to the contract going forward. It is anticipated that additional funding to cover these costs will be released on submission of Final Business Case to the COMbined Authority for the construction phase
4.8 Future High Street Fund - Events Central 20-26 Fargate	TRANSPORT, REGEN & CLIMATE	6,617	908	OVERSPEND - Budget is unlikely to be sufficient to deliver scope of works. Tender quotation is £7m construction cost, vs. a £4.4m cost estimate within the existing budget forecast. Final cost is likely to be somewhere between the two under a more competitive process. Gainshare has been allocated to the project but will be subject to final business case on tender receipt. Costs being incurred against business unit to divert stats and provide drainage infrastructure via Sisk contract (FHSF Public Realm) to enable Event Central works. This derisks the Building project.
4.9 GP Transformational Hubs - City Centre	STRATEGY & RESOURCES	-	868	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 Single Staircase Tower Blocks - Fire Risk Assessment Works & Comminals	HOUSING	11,122	619	Overspend - Variation Report requesting £500K more funding and slippage of £127,178 into 24/25 will be going to October Housing Programme Group and November Finance Committee. This variance includes sums being cross charged to separate Electrical budgets for works that fall into maintenance/repairs. These are to be sorted shortly
Total		47,698	18,378	

Section 4 - Forecasting

4.1 – Capital Business Unit forecasting performance



4.2– Capital Business Unit Forecasting Accuracy



The graph at 4.2 compares the actual expenditure incurred each month against that which was forecast in the prior month. As can be seen month on month overall actual expenditure is consistently less had been forecast in the previous month. This continues the trend seen in previous financial years 22/23. Key schemes that have spent significantly below forecast in the current month are:

Under TRC: -£2.5m (Stocksbridge Towns Fund Programme), -£0.6m (Clean Air Zone programme) , - £0.5m (Transforming Cltities Fund Programme) - £0.2m (Future High Streets Fund Public Realm)

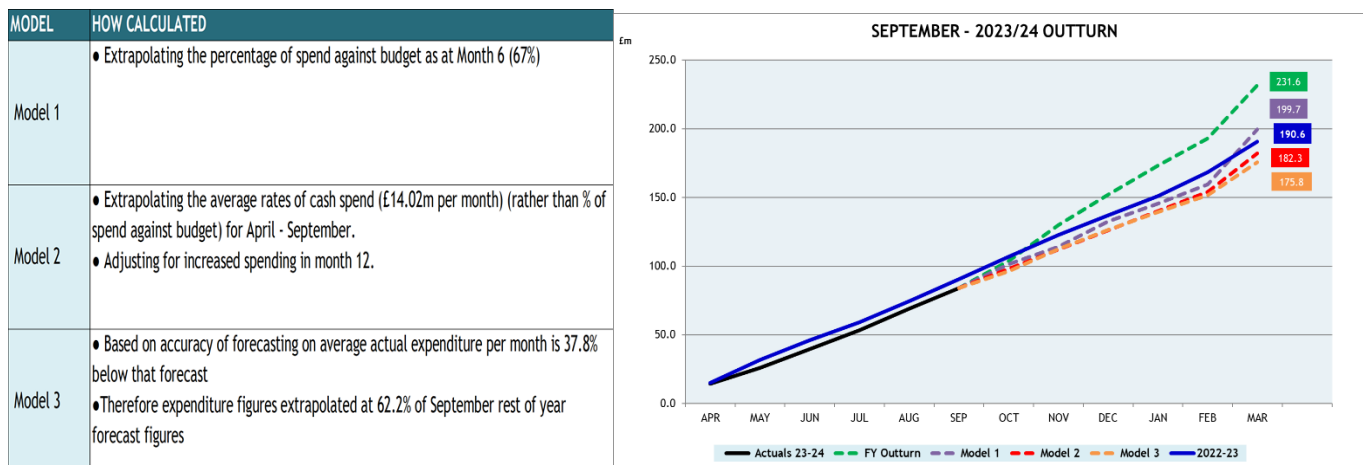
Under Housing: -£1m (Local Authority Housing Fund Acquisitions), -£0.8m (New build Council Housing Gaunt Road) - £0.7m (Heating Breakdowns) - £0.6m (External Wall Insulation Package 2)

Under Education Children & Families: -£0.75m (Silverdale School Expansion), -£0.75m (Expected payment to DfE re: new SEND School)-£0.3m (Astrea School Pitch), - £0.3m (Fire Risk Assessment Programme works)

Under Strategy & Resources - £0.8m (Vehicle Replacement Programme)

We continue to work 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.

On going work and a focussed exercise to review 40 key schemes last month resulted has resulted an overall reduction in forecast outturn of £29.7m from month 4 which gives a more realistic picture of likely expenditure.

However, the level of over-forecasting identified at 4.2 suggests this remains over optimistic.

Forecasting models and historic data suggest that actual spend will be at least £30-£50m lower than currently forecast and we will continue to work with project managers to refine these forecasts

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.

- Council Housing Stock Increase Programme - The affordability of the current Stock Increase Programme remains an ongoing issue due to high levels of tender returns for schemes which has provided the opportunity to review current specifications and standards and allow more time for elected member and resident consultation. Decisions regarding future size and shape of the programme will be considered as part of the Council HRA Business Plan 2024/25 and the updated 5 year Housing Investment Programme (capital).

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

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.

Council Housing Right To Buy (RTB) Receipts - The current profile of Stock Increase Programme (SIP) could have an impact on loss of RTB receipts being used to support The SIP programme. A review of The SIP Programme is underway to revise The profile to protect spending of RTB receipts.