

CAPITAL PROGRAMME MONITORING AS AT SEPTEMBER 2024

Section 1 – Statement of Budget Movement

	2024/25	2025/26	Future	Total	Comments
Month 3 Approved Budget	255.6	159.1	469.6	884.4	The key changes to the approved budget in June 2024
Additions	3.6	1.3	1.4	6.3	ADDITIONS + 2.7m - Grant to Upperthorpe Health Living Centre +£1.1m - Investment in school estate + 0.9m - Inclusion of Rockingham Street Bus Works scheme + £0.8m - Investment in Transport Schemes +£0.6m - Passporting of Devolved Capital Funding to schools
Variations	4.1	5.3	5.1	14.6	VARIATIONS +£4.5m - Increase to TCF Magna - Tinsley Cycle Route Scheme +£2.6m - Increase to Council Housing Stock Increase Programme +£2.1m - Transforming Cities Fund design works Nether Edge / Darnall + £1.9m - Increase to Stocksbridge Hub Scheme + £1.6m - Increase to TCF City Centre Scheme Development stage + £0.85m - Increase to Low Carbon Grants scheme +£0.2m - Increase to Adelphi Square Budget
Reprofile	-58.9	45.5	12.2	-1.2	+£0.2m Investment in Parks estate +£0.2m - Increase in Upper Don Valley Flood Scheme +£0.2m - Additional grant funding for Brownfield Sites +£0.1m - Additional budget for Primary School emergency works
Slippage and Acceleration	-10.9	7.7	3.2	0.0	REPROFILES £45.9M - Housing Programme £13m - Transport Regen & Climate Change Schemes
Month 6 Approved Budget	193.6	219.0	491.4	904.0	SLIPPAGE £9.1M - Housing Programme £2.4m - Transport Regen & Climate Change Schemes

The table above summarises the movement in budget from month 3 to month 6 24/25 and the Capital programme budget position as at September 2024. This shows an overall approved capital programme of **£904.4m** over the next 5 years.

Section 2 – 2024/25 Forecast Outturn Position

The forecast outturn position at the end of September 2024 is **£155.9m** against an approved budget of **£193.6m**. This is a variance of **£37.8m** compared to a variance of **£68.7m** at the end of June.

As can be seen in section 1 the annual budget has been reduced by **£62m** since June largely as the result of the major reprofiling/slippage exercise approved at July Finance Committee

However, since that exercise the forecast outturn has fallen by a further **£31.1m**. A further consolidated re-profiling of budgets will be presented to Finance Committee for approval in December.

Key areas to note:

Housing - £19.2m below budget

- The majority of forecast slippage is now in the Housing Investment Programme rather than Stock Increase Programme, with issues on the External Wall Insulation package 2 and continuing delays to award of new roofing contract being the main drivers

Transport, Regen & Climate Change - £15.5m below budget

- Levelling Up Fund Castle Site - Latest construction plan submitted indicates completion now September 2026 slipped from January 2026
- Grants to mitigate the impacts if Clean Air Zone for HGVs and Buses and Coaches have suffered from low take up (for HGVs) and a moratorium due to investigations into retrofit technology for Buses/Coaches by central government.
- Delivery of later elements of Stocksbridge Towns Fund now planned for 25/26

A summary of all areas is provided in the table below.

APPENDIX 2 – 2024/25 Q2 Capital Programme Monitoring Report

Forecast 24/25 Outturn Position

Capital Programme	Month 06			Comments (where variance +/- 500k)	Month 03		Comments (where variance +/- 500k)
	FY Outturn	FY Budget	FY Variance		FY Variance	Movement	
ADULT HEALTH & SOCIAL CARE	5,211	6,187	(976)	Key Variances - £0.5m - Accelerated Adaptations Grant - More rigorous implementation of guidelines has resulted in reduced demand - £0.3m - Mandatory DFG - Some schemes now expected to deliver in 25/26. Total of £1.4m of works already identified to be delivered from 25/26 allocation - £0.14m Disabled Persons Relocation Loans - Fewer Loans than budgeted now expected	(260)	(716)	Key Movements - £0.5m - Mandatory DFG - Some schemes now expected to deliver in 25/26 - £0.1m - Accelerated Adaptations Grant - More rigorous implementation of guidelines has resulted in reduced demand - £0.14m Disabled Persons Relocation Loans - Fewer Loans than budgeted now expected
COMMUNITIES, PARKS & LEISURE	5,223	6,271	(1,048)	Key Variances - £0.4m - Stocksbridge Youth Club - Anticipated saving on scheme - £0.35m - Section 106 Allocation - Expected draw down to projects now revised - £0.16m - Upperthorpe Healthy Living Centre - Delay to grant agreement signing -£0.08m - Osgethorpe Youth Centre - Project on hold as building has suffered fire damage	978	(2,026)	Key Movements - £0.98m - Approval of budgets bringing these into line with forecasts - £0.4m - Stocksbridge Youth Club - Anticipated saving on scheme - £0.35m - Section 106 Allocation - Expected draw down to projects now revised - £0.16m - Upperthorpe Healthy Living Centre - Delay to grant agreement signing -£0.08m - Osgethorpe Youth Centre - Project on hold as building has suffered fire damage
ECONOMIC DEVELOPMENT & SKILLS	2,841	2,864	(23)		(208)	185	
EDUCATION, CHILDREN & FAMILIES	15,039	16,950	(1,911)	Key Variances -£1.4m - Beighton / Halfway Roof works - Pitched Roof works now commencing in 25/26 - £0.3m - Sheaf Training Centre Accessibility Scheme - Reprofile of overall project send following award of contract for external works - £0.2m - Halfway NI Walls - Slippage on scheme -£0.1m - Tinsley Jnr Green Space - Scheme currently on hold - £0.1m - Whole Family Case management System - Saving - £0.1m - Stocksbridge SEND Hub - Slippage +£0.16m - Limsfield Doors/Windows - Additional costs due to asbestos works +£0.1m Aldine House 2 bed extension - Forecast impact of final account on scheme. +£0.1m Watercliffe Meadow Retaining Walls - Identification of additional works required during ground works	(1,421)	(489)	Key Movements -£1.0m - Beighton NI Roof works - Works delayed due to discovery of bats -£0.3m - Halfway Roof works - Pitched Roof works now commencing in 25/26 - £0.2m - Halfway NI Walls - Slippage on scheme - £0.3m - Integrated Resource Grants - Schemes not forecast + £1m - Approval of revised budgets bringing these into line with forecasts +£0.16m - Limsfield Doors/Windows - Additional costs due to asbestos works +£0.1m Watercliffe Meadow Retaining Walls - Identification of additional works required during ground works + £0.1m - High Green FRA works - Additional requirement for the project has been agreed for ceiling and beam works.
HOUSING	49,527	68,720	(19,193)	Key Variances -£7.6m - External Wall Insulation Package 2- Very slow progress on site due to contractor failure to deliver - £2.3m - Roofing Replacement Programme 2024 - 29 - Scheme unlikely to be on site before March 25 - £2.2m - Stock Increase Programme Block Allocation - Smaller draw down anticipated in year -£2.0m - External Wall Insulation Package 3 - Scheme complete. Underspend due to fewer outputs being delivered -£1.7m - Local Authority Housing Fund (1&2) - Saving on scheme match funding -£1.7m - Hemsworth OPII - Scheme no longer progressing. Residual budget no longer required -£1.6m - Tower Blocks FRA Works - Delay due to decision required on potential new scope of scheme -£1.4m - Private Sector Homes Upgrade Grant - Likely underspend on grant due to difficulties with eligibility criteria from funder -£0.5m - Kitchen & Bathroom Refurbs - Issues with contractor performance leading to reduction in forecast outturn - £0.5m - Lift Replacements - Scheme likely to commence in 25/26 due to materials lead time - £0.4m - Handsworth General Needs - Acquisition no longer progressing - £0.4m Garages Block Allocation - Reprofiled to 25/26 +£1.9m - Newstead General Needs New Build - Acceleration based on revised contractor cash flow; +£1m - Adaptations - Overspend on annual allocation is being accelerated from future years. Is likely to require additional resources going forward. + £0.5m - Heating Breakdowns -Forecast overspend due to increasing demand	(56,210)	37,017	Key Movements +£52.2m - Approval of slippage across programme to bring these in line with forecasts -£6.7m - External Wall Insulation Package 2- Very slow progress on site due to contractor failure to deliver -£2.0m - External Wall Insulation Package 3 - Scheme complete. Underspend due to fewer outputs being delivered -£1.7m - Hemsworth OPII - Scheme no longer progressing. Residual budget no longer required -£1.6m - Tower Blocks FRA Works - Delay on progress on site - £1.5m - Roofing Replacement Programme 2024 - 29 - Scheme unlikely to be on site before March 25 -£0.9m - External Wall Insulation Package 2- Continuing slow progress on site due to contractor failure to deliver - £0.8m - Roofing Replacement Programme 2024 - 29 - Scheme unlikely to be on site before March 25 -£0.5m - Tower Blocks Flat Roofing - Awaiting HSE approval to continue
STRATEGY & RESOURCES	5,612	4,695	917	Key Variances +£1.4m - GP Hubs Schemes - Currently underwritten by ICB funding. Budget will be uplifted when NHS funding finalised -£0.4m - Capital Receipts Block Allocation - Funds now expected to be drawn down in 25/26	148	769	Key Movements +£1.1m - GP Hubs Schemes - Currently underwritten by ICB funding. Budget will be uplifted when NHS funding finalised -£0.42m - Essential Compliance Block Allocation - Forecast drawdown of funds for FRA works
TRANSPORT, REGEN & CLIMATE	71,958	87,500	(15,543)	Key Variances - £5.1m - LUF Castle Site - Slippage forecast on delivery profile - £3.0m - CAZ Grants HGV/Coaches - Spend reprofiled to reflect likely timescales on grant payments and ongoing issues re: technology on Bus Retrofits - £1.8m - Transforming Cities Fund - Forecast slippage on Magna and South West Bus Corridor schemes - £1.7m - Stocksbridge Towns Fund Programme - Second Phase schemes spend reprofiled to reflect likely delivery - £1.6m - Shalesmoor Gateway - Further slippage forecast due to delays in DfT decision for funding of scheme. - £1.4m - Northern Communities / UpperDon CRSTS - Design works now continuing into 25/26 - £1.0m - Devonshire Quarter Acquisitions - Further acquisitions now not expected until 25/26 - £0.9m - FHSF Front Door Interventions - Private sector grant funded projects slipping into 25/26 - £0.7m - Brownfield Sites - Slippage of intervention at Cornish Works into 25/26 - £0.3m - Rockingham St Bus Works - Slippage on scheme +£1.1m TCF - Housing Zone North- Scheme is in delivery and is forecasting overspend - requiring negotiations with SYMCA for increased funding + £0.5m - Upper Don Valley Flood Phase 2 - Initial Business Case stage has proved more complex. Additional external funding to be sought +£0.5m - Future High Streets Fuund Public Realm - Overall increased costs estimated at £1.4m additional Gainshare funding to be drawn down.	(11,805)	(3,738)	Key Movements - £5.1m - LUF Castle Site - Slippage now forecast on delivery profile - £5m - Brownfield Land / Devonshire Acquisitions - Further reprofiling to reflect revised timing of acquisitions - £3m - CAZ Grants HGV/Coaches - Spend reprofiled to reflect likely timescales on grant payments and ongoing issues re: technology on Bus Retrofits - £2.2m - Stocksbridge Towns Fund Programme - Second Phase schemes spend reprofiled to reflect likely delivery - £1.6m - Shalesmoor Gateway - Further slippage forecast due to delays in DfT decision for funding of scheme. - £1.4m - Northern Communities / UpperDon CRSTS - Design works now continuing into 25/26 - £0.8m - FHSF Front Door Interventions - Private sector grant funded projects slipping into 25/26 - £0.7m - Transforming Cities Fund - Increased slippage on South West Bus Corridor schemes - £0.3m - Asset Enhancement Works - Spend reprofiled in line with expected works +£15.6m - Approval of revised budgets bringing these into line with forecasts + £0.5m - Upper Don Valley Flood Phase 2 - Initial Business Case stage has proved more complex. Additional external funding has been secured.
WASTE & STREET SCENE	442	442	(0)		39	(39)	
TOTAL	155,853	193,629	(37,776)		(68,738)	30,962	

APPENDIX 2 – 2024/25 Q2 Capital Programme Monitoring Report

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.

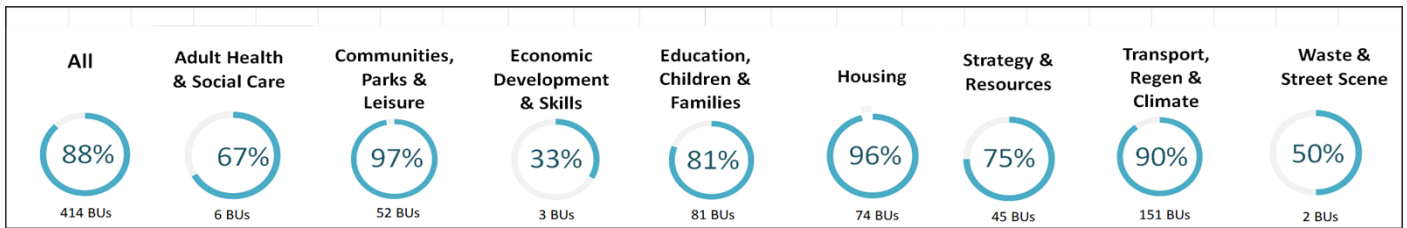
Items “Awaiting Approval” indicate that solutions are identified and variance will be removed when relevant budgets are approved.

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
3.1 Council Housing - Stock Increase Programme Block Allocation	HOUSING	175,384	5,965	Awaiting Approval - Handsworth General Needs acquisition project now being forecast as not proceeding and the abortive costs previously budgeted for Hemsworth OPIL are also now being forecast as not required. Both amounts therefore now being forecast in the block allocation as part of the contingency. Budgets will be updated to reflect this.
3.2 Local Authority Housing Fund Acquisitions Round 3	HOUSING	-	3,198	Awaiting approval - Final Business Case Budget awaiting October Finance Committee approval
3.3 Mandatory Disabled Facilities Grant	ADULT HEALTH & SOCIAL CARE	4,795	1,440	Overspend - This reflects overspend on mandatory DFG grants, but is partially offset by forecast underspend on Accelerated Adaptations Grant of £490.6k, due to increased future means-testing affecting demand. In year there is an anticipated £331k underspend against budget so this overall commitment will be funded from the expected 25/26 DFG grant allocation. Budget will be uplifted when confirmation of this is received.
3.4 Future High Streets Fund Public Realm and Infrastructure	TRANSPORT, REGEN & CLIMATE	14,479	1,400	Awaiting Approval - Original contingency now allocated to project costs due to stats diversions, delay to start on site and paving delay (4 weeks plus materials for temporary surfacing mitigation). Further contingency requirement forecast for remainder of works. SYMCA approval received on variation to add a further £1.4m of Gainshare funding to current grant award. This will allow a fully funded budget uplift of £1.4m to be submitted for approval into November 24 approvals cycle.
3.5 Levelling Up Fund - Castle Site	TRANSPORT, REGEN & CLIMATE	19,649	1,151	Overspend - Cash Flow now reflects what we understand the construction programme to be, but there are still a number of caveats with this including conclusion of work by the heritage consultants to feed into the response of the designs to the found archaeology, and the subsequent flow of information to the contractor to start construction in these affected areas. We are currently working to a completion date of September 26 but this is subject to ongoing review to mitigate against this delay. The costs have increased as a result of the extended programme, including contractor costs and fees (subject to finalisation) At this stage the costs of the works (regardless of archaeological impacts) have been assumed as being as the tendered sum. There is a piece of work ongoing at the moment to understand what the actual costs will be, and again this is subject to the conclusion of the heritage consultant commission, Environment Agency requirements, finalising designs for the deculverting etc. We are aiming to have more information from contractor and QS input over the next couple of weeks and will update construction cost when this exercise is concluded.
3.6 Stocksbridge Towns Fund Shop Fronts	TRANSPORT, REGEN & CLIMATE	604	1,021	Reprofile - This forecast represents the current anticipated cost of the scheme, however, it has not yet been tendered and so there is no formal commitment to the expenditure Through reprofiling of the Stocksbridge Towns Fund Programme by the Towns Fund Board, funds will be identified for the progression of the scheme
3.7 GP Hubs - SAPA 2	STRATEGY & RESOURCES	286	1,020	Awaiting Approval - This initial phase of the scheme is currently forecasting to overspend by £1m. This will be underwritten by funding from the Integrated Care Board. Approval of a Final Business Case for the scheme to uplift the budget to the required level has been approved by Finance Committee but is subject to finalisation of funding agreement from NHS England
3.8 Transforming Cities Fund - Housing Zone North	TRANSPORT, REGEN & CLIMATE	16,055	962	Overspend - The scheme is currently forecasting to overspend by £961k. Main reasons for this are client initiated design changes, the most significant of these is the Hollis Croft area, which has resulted in significant programme delays. Other reasons for the forecast overspend include delays as a result of the Yorkshire Water leak; redesign including the continuous footways and hotel lay by; poor condition of the gullies; redesign to meet client expectations; and weather delays Actions being taken to mitigate this are discussions with SYMCA to reprofile the City Region Sustainable Transport Funding in order to release additional funding for this scheme
3.9 Chesterfield Road Retaining Wall	EDUCATION CHILDREN & FAMILIES	28	825	Awaiting Approval - Increase in budget v waiting October Finance Committee approval.
3.10 Future High Streets Fund - Events Central	TRANSPORT, REGEN & CLIMATE	6,617	656	Overspend - Design to minimum scheme now in progress. Stage 2 cost plan received at £10.06m. Design development and further site information is required. Additional Gainshare funds to be sought to achieve likely required budget of £13.5m (including £1.7m purchase costs). Current financial forecast reflects agreed costs of Pre Services Contract design period and programme for that (complete March 2025) but does not include likely construction costs. Revised Outline Business Case required to uplift budget when costs are known.
Total		237,897	17,637	

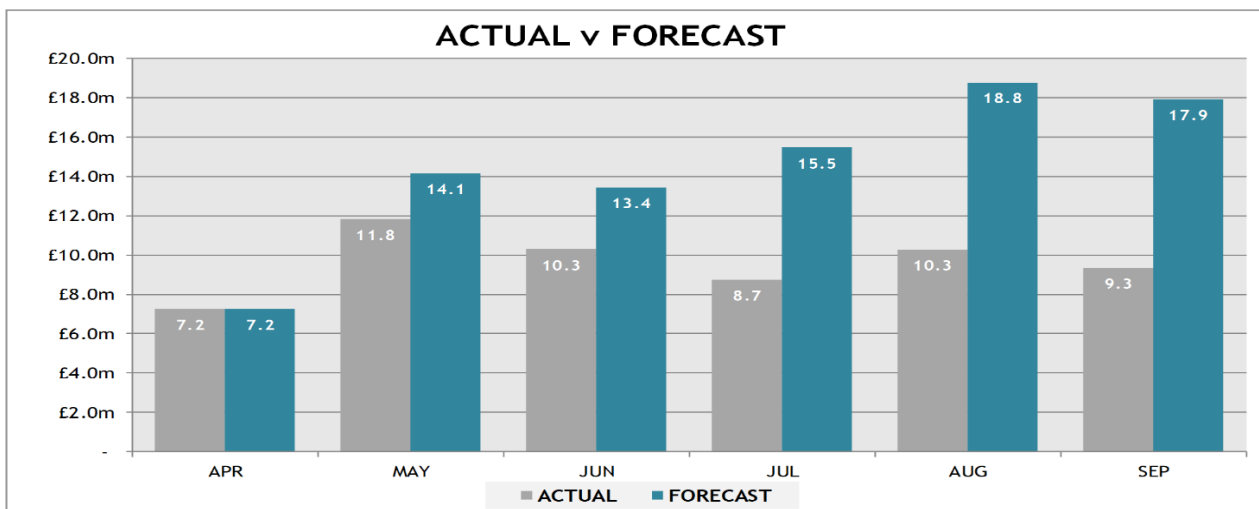
Section 4 - Forecasting

4.1 – Capital Business Unit forecasting performance



The average level of forecasting across the capital programme in the first 3 months was 88% which is below the 90% target level.

4.2 – Capital Business Unit Forecasting Accuracy

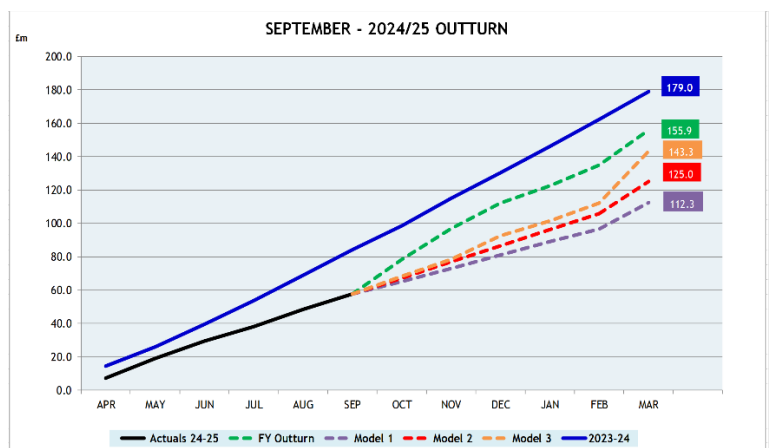


An ongoing issue in the capital programme has been levels of slippage, therefore the accuracy of monthly forecasting is monitored to give an early indication of emerging slippage.

The graph at 4.2 compares the actual expenditure incurred each month against that which was forecast in the prior month. Month 1 is not forecast but as can be seen actual expenditure has continued to fall behind forecast continuing the trend from previous years. Areas proving the most difficult to forecast accurately are property acquisitions due to changes in completion dates and grant payments to 3rd parties reliant on information being received from claimants. However, there remains an ongoing level of over optimism within traditional schemes. The detail of these variances are provided to the Capital Delivery Service to support their drive to improve forecasting.

4.3 – Forecasting Models

MODEL	HOW CALCULATED
Model 1	<ul style="list-style-type: none"> Extrapolating the percentage of spend against budget as at Month 6 (58.0%)
Model 2	<ul style="list-style-type: none"> Extrapolating the average rates of cash spend (£9.62m per month) (rather than % of spend against budget) for April - Sep. 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 29% below that forecast Therefore expenditure figures extrapolated at 71% of Sep rest of year forecast figures



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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 2023/24 as a comparator.

Spend levels have been low in the first 6 months of the year at £9.6m per month which is below the £14.9m average in 23/24. This is reflected in the forecast outturn position of model 2. Even the most optimistic model indicates potential further slippage of £12m. We were expecting an increase in spend levels to begin in Aug/Sep but this has not occurred and what appeared to be an improving position on month on month forecasting seems to have regressed again. It is a concern that approx. 63% of the forecast outturn still remains to be spent with 50% of the year remaining. A list of key schemes with high levels of forecast spend still to achieve was reviewed resulting in a further reduction in forecast outturn of £8m this month. Further slippage / reprofiling will be brought forward in November to more closely align the budget to the revised outturn.

Section 5 – Key Risks and Issues

Key Issues

Levelling Up Fund - Castle Site - Latest forecast now indicates a £1.1m shortfall in funding to deliver the scheme. Value engineering or additional funding now required.

Higher construction costs 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

Council Housing Investment - The outputs of the APEX stock condition system continue to indicate a Housing Investment programme which is unaffordable. Additional stock condition surveys have been commissioned and a review of investment priorities is being undertaken as part of the annual HRA Business plan refresh.

Key Risks

Schools Condition Allocation - Works already committed and proposed pipeline indicate the majority of 24/25 allocation is already allocated, which may mean difficult choices to be made should further urgent works be identified.

Corporate Estate Maintenance - Of £14.6m capital funding that has been made available since 20/21 approx. £3.3m is not formally committed, however estimates of schemes in the feasibility stage indicate £2.4m of this will be required to address these leaving £900k. The current estimate of remaining demand for the estate is £85.7m based on historic condition data covering 50% of the estate with an expectation that this figure will increase significantly as more surveys are completed.

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. A revised Stock Increase Programme has now been endorsed focussed on delivering key schemes, however costs will still need to be carefully monitored as these are still exceeding the anticipated value of the completed units in some cases. The impact of this on the revenue account in terms of viability of borrowing will need to be monitored.

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