

**CAPITAL PROGRAMME MONITORING AS AT DECEMBER 2023****Section 1 – Statement of Budget Movement**

Month 6 Approved Budget	296.6	156.8	295.5	748.9	The key changes to the programme from the last report relate to: <b>KEY ADDITIONS</b> + £4.5m - Inclusion of Council Housing acquisitions at Hackenthorpe + £3.1m - Inclusion of Local Authority Housing Fund 2 acquisitions + £3.8m - Council Housing Capitalised Repairs Works + £1.2m - Acquisition of properties for council housing at Darnall +£1.7m - Approval of grant pass through re: Attercliffe Waterside Development + 0.9m - Inclusion of Window Door Replacement schemes at Limpsfield/Mossbrook schools + £0.6m - Inclusion of 4 x SEND Integrated Resource provisions + £0.5m - Inclusion of Brownfield Land Release Fund Demolitions +£0.5m - Inclusion of Manor OPIL Fire safety scheme + £0.4m Inclusion of On Street Electric Vehicle chargers <b>KEY VARIATIONS</b> + £0.7m - Magna Cycling Route Phase 1 +£0.5m - Approval of 3 x new Pedestrian Crossings - £3.3m - Housing Block Allocations - Reduction of allocations to fund capitalised repairs expenditure (budgets still to be approved)  <b>Reprofile / Slippage</b> - Major reprofiling of Council Housing Stock Increase Programme and key Regeneration Schemes including Future High Streets Fund / Levelling Up Fund
Additions	13.6	4.7	0.0	18.3	
Variations	-2.8	2.0	-1.7	-2.5	
Reprofile	-38.4	-6.2	44.6	0.0	
Slippage and Acceleration	-22.1	20.9	1.2	0.0	
Month 9 Approved Budget	246.9	178.2	339.6	764.6	

The table above summarises the movement in the capital budget from month 6 to month 9 23/24 and the Capital programme budget position as at September 2023. Showing an overall approved capital programme of **£764.6m** 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 December 2023 is **£210.2m** against an approved budget of **£246.9m**. A variance of **£36.7m**.

This is a movement of £28.3m from the £65m below budget at Month 6.

Overall the forecast outturn position has fallen by £21.4m as a result of continued requests for project managers to forecast more realistically regarding expenditure profiles.

The approved budget for the year has fallen by almost £50m as a result of the approval of slippage and reprofiling of the Council Housing Stock Increase Programme and major regeneration schemes within the Levelling Up Fund and Future High Streets Fund programmes

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

**Key areas to note:****Transport, Regen & Climate Change - £28.4m below budget**

- Delays to Future High Streets Fund Events Central Scheme due to tender returns requiring additional time to secure funding
- Slippage on final blocks of Heart of The City Programme
- 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

**Housing - £7.1m below budget**

- Delay to acquisition of properties at Corker Bottoms from Sheffield Housing Company
- Delay to acquisitions under Local Authority Housing Funding for refugee accommodation

**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 - £0.7m 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 09 FY Variance	Comments (where variance +/- 500k)	Month 06 FY Variance	Movement	Comments (where variance +/- 500k)
ADULT HEALTH & SOCIAL CARE	7,013	6,200	813	<b>Key Variances</b> + £0.8m - 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	908	(95)	
COMMUNITIES, PARKS & LEISURE	25,938	25,913	25		77	(52)	
ECONOMIC DEVELOPMENT & SKILLS	996	1,125	(130)		(9)	(121)	
EDUCATION, CHILDREN & FAMILIES	18,908	21,374	(2,466)	- £0.8m - Contribution to new SEN School - Delivery of school by DfE has been delayed - £0.5m - Rushey Meadow Children's Home - anticipated slippage on scheme due to design issues - £0.4m - King Egberts School Expansion - Slippage on scheme due to additional drainage works - £0.2m - Nether Green School Roof - Forecast saving - £0.2m - Silverdale School Expansion - Minor Slippage on final payments - £0.2m - Aldine House Internal Door Replacement - Potential incorrect forecast - £0.1m - Parkwood Springs Canopy contribution - Procurement by academy trust has slipped	(1,846)	(621)	<b>Key Movements</b> +£1.2m - Approval of budgets bringing these into line with forecasts - £0.8m - Contribution to new SEN School - Delivery of school by DfE has been delayed - £0.4m - King Egberts School Expansion - Further slippage on scheme due to additional drainage works - £0.2m - Aldine House Internal Door Replacement - Potential incorrect forecast - £0.1m - Parkwood Springs Canopy contribution - Procurement by academy trust has slipped
HOUSING	66,367	73,456	(7,089)	<b>Key Variances-</b> - £4.6m - Corker Bottoms New Builds - delays to scheme delivered by SHC - £1m - Local Authority Housing Fund Acquisitions 2- slippage of completion of some purchases and refurbishments into 24/25 - £0.7m - External Wall Insulation package 2 - Slippage on programme - £0.8m - Private Sector Homes Upgrade Grant 2 - Take up lower than expected - £0.8m - Stock Increase Block Allocation - Awaiting approval of budget draw down - £0.3m - Lift Replacements - Delay on procurement - £0.2m - Fire Suppression Systems - Demand lower than expected - £0.2m - Gleadless Valley Acquisitions - Potential purchases now unlikely to complete in year - £0.2m - Demolition Programme - Expected saving on budget - £0.2m - Kitchen & Bathroom replacements - Saving following over accrual of costs  + £0.8m - Electrical Upgrades Programme - Partly acceleration but overall £0.2m overspend forecast + £0.6m - Adaptations - Forecast overspend on contract for disabled adaptations + £0.6m - Council Housing Acquisitions - Acceleration on programme	(31,568)	24,479	<b>Key Movements</b> + £29.6m - Approval of budget adjustments largely in relation to slippage in Stock Increase Programme - £4.6m - Corker Bottoms New Builds - delays to scheme delivered by SHC
STRATEGY & RESOURCES	6,024	5,307	718	<b>Key Variances</b> +£1.6m - 4 x new GP Hubs schemes - Awaiting signing of MoU with Integrated Care Board before budgets can be authorised +£0.26m - Woodhouse Hub - Forecast increased costs due to additional structural works.  - £0.3m - Carr Forge Dam Repairs - Project no longer progressing -£0.19m - Spring St Kennels - currently no forecast expenditure in 23-24 as project on hold pending further investigation. - £0.13m - Glen Howe Retaining Wall Works - Scheme no longer progressing - £0.13m - Public Sector Decarbonisation Schemes - saving on programme of works - £0.1m - Saving on previous structural works budget - £0.11m - Closed Churchyards Boundary Walls - Forecast slippage on repair works -0.1m - Mount Pleasant Park FRA - Scheme no longer progressing	871	(153)	
TRANSPORT, REGEN & CLIMATE	84,249	112,627	(28,378)	<b>Key Variances</b> - £10.3m - Heart Of The City - Slippage on completion of remaining blocks - £14m - Stocksbridge Towns Fund Programme - Work to refine programme ongoing. Anticipated slippage of expenditure - £0.9m - LUF Castle Site - Slippage on overall LUF programme - £1.4m - Future High Streets Fund Programme - Forecast slippage on programme due funding issues. All years overspend of £0.9m forecast. Additional funding will need to be secured. - £1.4m - CAZ Grants - Forecast slippage on grant awards -£1.7m - West Bar CPO Programme - Delays on anticipated purchases  + £0.7m - TCF City Centre Development costs- Spnd currently exceeding funding allocations - to be recovered from construction phase funding + £0.8m - TCF Housing Zone North - Scheme now forecasting to be £1m over budget over all years	(33,428)	5,049	<b>Key Movements</b> + £21.1m - Approval of slippage budgets bringing these into line with forecasts (Including £8.8m Leveling Up Fund Programme, £3.5 m Future High Streets Fund, £3.6m Borwinfield Acquisitions, £2.8m CAZ grants ) + £0.4m - TCF Housing Zone North - Forecast increase in costs Scheme now forecasting to be £1m over budget over all years  -£10m - Heart Of The City Programme - Delays to final payments largely on Blocks A, H & Leahs Yard - £2.7m - Stocksbridge Towns Fund Programme - Slippage on programme -£1.3m - Future High Streets Fund -Slippage on Public Realm scheme & Front Door Grants - £0.5m - LUF Programme - Further slippage on programme -£1.4m - West Bar CPO Programme -Further delays on anticipated purchases -£0.3m - Asset Enhancement Works -Slippage on programme of works to prepare assets for sale -£0.1m - Upper Don Valley Flood Phase 1 -Slippage on final stage of works
WASTE & STREET SCENE	735	907	(173)		3	(175)	
<b>TOTAL</b>	<b>210,230</b>	<b>246,910</b>	<b>(36,680)</b>		<b>(64,991)</b>	<b>28,311</b>	

## 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.

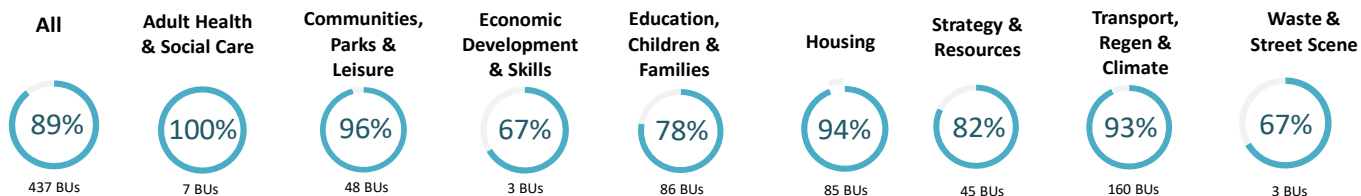
Items “Awaiting Approval” indicate new projects or projects moving from feasibility to delivery stages where the anticipated revised costs have been forecast in anticipation of formal budget approval and funding is identified.

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

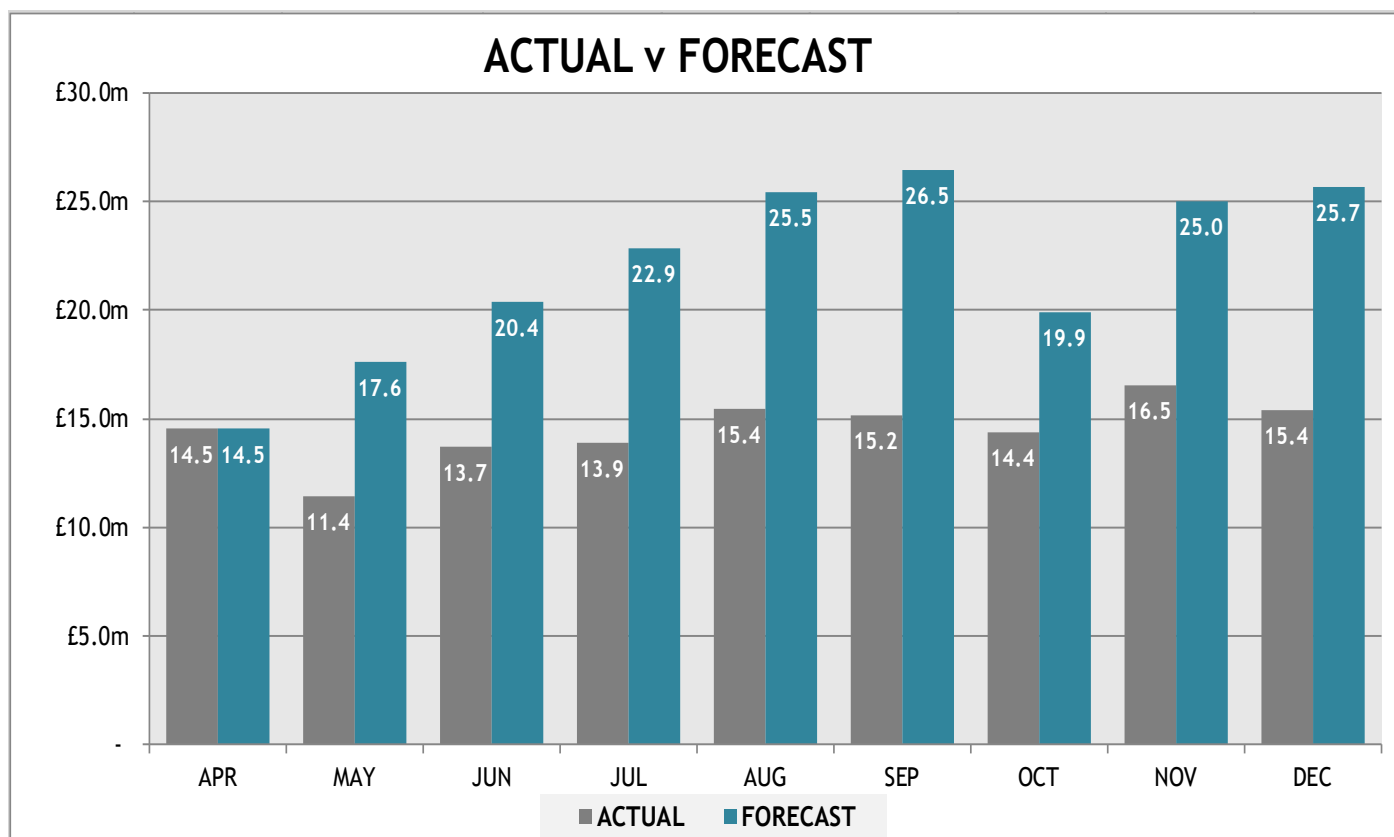
Business Unit	Policy Committee	All Years Budget	Forecast Variance on all years budget	Explanation
4.1 Levelling Up Fund: Castlegate Public Realm & Enabling Works	TRANSPORT, REGEN & CLIMATE	13,400	3,510	<b>Overspend</b> - Castle Site Project to be delivered through a 2 stage process. This will provide 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
4.2 Stocksbridge Towns Fund Manchester Road Hub	TRANSPORT, REGEN & CLIMATE	9,955	1,738	<b>Awaiting Approval</b> - Original construction was programmed commence this Financial Year, due to changes regarding Café, Entrance and core location, Contract Award is now programmed for May 24. Towns Fund budgets have recently been reviewed with the Towns Board. Budget increase to cover increased costs due at January Finance Committee
4.3 Accelerated Adaptations Grant (AAG)	ADULT HEALTH & SOCIAL CARE	998	1,497	<b>Overspend</b> - Pressure continues in this area to deal with COVID backlog, increasing demand and rising costs. One off historic grant and anticipated additional government funding will alleviate pressure in 23/24. As a result of underspending in other areas overall overspend in approx £900k
4.4 Stocksbridge Towns Fund Manchester Road Arcade Shop Fronts	TRANSPORT, REGEN & CLIMATE	604	1,066	<b>Awaiting Approval</b> - Towns Fund budgets have recently been reviewed with the Towns Board. In December, slippage approval was requested for £566k slippage. The current estimated costs of the Shop Front Scheme is £1.7m, £1,066k greater than the current allocated budget. However, Towns Fund budgets have recently been reviewed with the Towns Board which included an increased allocation for the Shop Fronts Scheme and a formal request for a budget increase is due to be submitted.
4.5 Transforming Cities Fund: Housing Zone North	TRANSPORT, REGEN & CLIMATE	1,759	985	<b>Overspend</b> - The project is now forecasting an overspend. The 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. A briefing note is being prepared for the client team to provide further details. Additional funding may need to be sourced by re-prioritisation of the City Region Sustainable Transport Fund allocation.
4.6 Transforming Cities Fund: Cross City Bus	HOUSING	1,759	985	<b>OVERSPEND</b> - 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. Ground Penetrating Radar 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. Costs should be recovered from the Mayoral Combined Authority when the Final Business Case is submitted for the delivery stage of the scheme
4.7 Future High Street Fund - Events Central 20-26 Fargate	TRANSPORT, REGEN & CLIMATE	1,759	960	<b>Overspend</b> - 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 GP Transformational Hubs - City Centre	TRANSPORT, REGEN & CLIMATE	6,617	908	<b>Awaiting Approval</b> - Full budget conditionally approved at Finance Committee August 23 - awaiting signing of funding agreement with Integrated Care Board before budget can be formally approved.
4.9 Heart Of The City Development Costs	STRATEGY & RESOURCES	-	868	<b>Awaiting Approval</b> - A reallocation of budgets across the Heart of The City Programme due to be approved at January Finance committee with no increase to the overall funding envelope
4.10 Stocksbridge Towns Fund High Street Accessibility	HOUSING	350	360	<b>Awaiting Approval</b> - Towns Fund budgets have recently been reviewed with the Towns Board. In December, slippage approval was requested for £200k slippage. The current estimated costs of the Accessibility Scheme is £710k, £360 greater than the current allocated budget. However, Towns Fund budgets have recently been reviewed with the Towns Board which included an increased allocation for the Accessibility Scheme and a formal request for a budget increase is due to be submitted.
<b>Total</b>		<b>37,203</b>	<b>12,879</b>	

## Section 4 - Forecasting

### 4.1 – Capital Business Unit forecasting performance – December 2023



### 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. Cumulatively over last 3 months forecasts have exceeded actual expenditure by £24.3m.

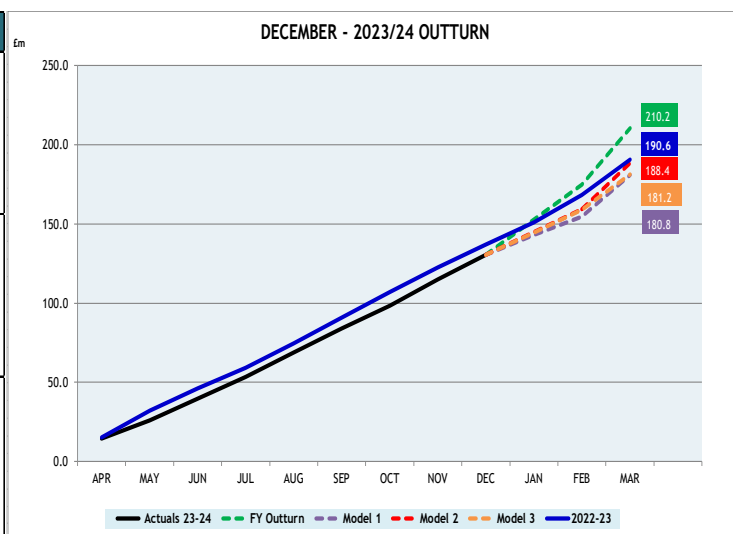
The key areas have been:

- Housing - £10.9m
- Transport Regen & Climate Change - £7.3m
- Education, Children & Families - £3.3m
- Essential Compliance - £1.3m

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

MODEL	HOW CALCULATED
Model 1	<ul style="list-style-type: none"> <li>Extrapolating the percentage of spend against budget as at Month 9 (73%)</li> </ul>
Model 2	<ul style="list-style-type: none"> <li>Extrapolating the average rates of cash spend (£14.49m per month) (rather than % of spend against budget) for April - December.</li> <li>Adjusting for increased spending in month 12.</li> </ul>
Model 3	<ul style="list-style-type: none"> <li>Based on accuracy of forecasting on average actual expenditure per month is 36.4% below that forecast</li> <li>Therefore expenditure figures extrapolated at 63.6% of December rest of year forecast figures</li> </ul>



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.

As noted in Section 2, above, the forecast outturn position has fallen by a further £21.4m from the position in September. This was expected based on levels of over-optimism evident in forecasting

Forecasting models and historic data suggest that the final outturn position will be around £15m lower than currently forecast

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 additional government funding is expected to alleviate pressure in 23/24. 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 of £5m is allocated within the Gainshare Programme and a Business Case submitted to secure this with a decision expected March 24. Extension of timescales for completion to 2026 has alleviated risk to completion date.

- **Future High Street Fund Programme** - Failure of tender exercise on Events Central scheme to bring in designed scheme within budget will require a cost led retendering exercise.

- **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. In addition, indications are that the final scheme values will exceed funding currently allocated which will require a reprioritisation of City Region Sustainable Transport Funding.

#### 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.

**Corporate Estate Maintenance** - There is a risk of current funding resources not being enough to address the works identified as programme priority works from the current backlog of corporate replacements and longer-term capital repair works required within the SCC estate. Building closures and risk to people, both staff and the public are potential effects.

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