



## Report of the Cabinet Member for Economy & Strategy

Cabinet - 19 July 2018

### Capital Outturn and Financing 2017/18

<b>Purpose:</b>	This report details capital outturn and financing for the year ended 31 March 2018.
<b>Policy Framework:</b>	Budget Plan 2017/18.
<b>Consultation:</b>	Cabinet Members, Executive Board, Legal Services and Access to Services
<b>Recommendation:</b>	It is recommended that the net under spending of the approved budget of £26.019m is carried forward to 2018/19. The main reasons for the underspend are outlined in Appendix C and should be noted
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#### 1. Background

- 1.1 The original capital budget approved by Council in February 2017 for 2017/18 totalled £106.944m (excluding the waste provision). During 2017/18 this figure was increased by £5.289m to give a revised budget of £112.233m (excluding waste provision), which represented one of the largest capital programmes approved by Swansea Council.

The net increase in the capital budget was the result of:

- a) The addition of both grant funded and Council funded schemes after Council approved the original programme,
- b) Delayed spending from 2016/17 carried forward into 2017/18.

## 2. **Outturn 2017/2018**

- 2.1 Capital outturn in 2017/18 on the approved budget was £86.214m, an under spend of £26.019m which is detailed in Appendix A. Apart from a small number of exceptions, the under spends in the capital budget represent delayed spending on approved schemes. As such, the unspent budget will need to be carried forward to 2018/19 in order to complete schemes in progress.
- 2.2 It should be recognised that capital schemes are complex projects which are often faced with a host of issues including legal issues (planning, procurement, lease terms etc.) and operational issues (budget, ground conditions, weather, supply chain), which can offer challenges to the delivery timetable. The main underspends are set out in Appendix C.
- 2.3 Appendix A shows the breakdown of Capital Expenditure and variances in respect of individual Directorates and highlights the sum of £45.835m spent on HRA properties during the year.
- 2.4 Notwithstanding the under spending mentioned above, the capital outturn represents a significant expenditure on a number of major projects. Appendix B lists projects with expenditure in excess of £0.5m.

## 3. **Financial Implications**

- 3.1 2017/2018 capital expenditure will be financed as follows:-

<b>Financing Requirement</b>	£'000
Unfinanced sundry creditors 2016/17	3,153
<b>2017/18 ledger capital spend</b>	<b>86,214</b>
To be financed sundry creditors 2018/19	-3,096
<b>Spend to be funded in 2017/18</b>	<b>86,271</b>

<b>Financing 2017/18</b>	£'000
Supported Borrowing	8,747
Unsupported Borrowing (GF plus HRA) 2017-18	19,220
GF capital receipts	5,145
Grants and Contributions	23,103
Revenue contributions to capital	29,742
Earmarked capital receipts	314
<b>Total financing 2017/18</b>	<b>86,271</b>

## 4. **Legal Implications**

- 4.1 There are no legal implications.

## **5. Equality & Engagement Implications**

- 5.1 There are no equalities implications arising from this report. A full analysis of equalities implications is carried out as part of the annual budget process and any expenditure detailed in this report is on approved schemes.

**Background Papers:** None

### **Appendices:**

Appendix A - 2017/18 Capital Programme Outturn Summary

Appendix B - Capital Projects

Appendix C - Capital Projects Underspent

## 2017/18 Capital Programme Outturn Summary

## Appendix A

Directorate Comparison	Original Budget 2017/18 £'000	Revised Budget 2017/18 £'000	Outturn 2017/18 £'000	Net Over / (Under) spending £'000
Resources	1,142	3,608	1,742	(1,866)
People	17,838	11,928	10,534	(1,394)
Place	87,964	96,697	73,938	(22,759)
<b>Total</b>	<b>106,944</b>	<b>112,233</b>	<b>86,214</b>	<b>(26,019)</b>

Budget Book Comparison	Original Budget 2017/18 £'000	Revised Budget 2017/18 £'000	Outturn 2017/18 £'000	Net Over / (Under) spending £'000
21st Century Schools	11,988	9,073	7,944	(1,129)
General Fund Services	35,697	51,274	32,435	(18,839)
HRA	59,259	51,886	45,835	(6,051)
<b>Total</b>	<b>106,944</b>	<b>112,233</b>	<b>86,214</b>	<b>(26,019)</b>

**Capital Projects with spend in excess of £0.5m**
**Appendix B**

<b>Project</b>	<b>£'000</b>
Carriageway resurfacing and footways	2,069
Highways Invest to save schemes (carriageways and footways)	1,000
Highways LTF Baldwins Bridge interchange scheme	515
LTNF bus infrastructure, telematics and bus shelters	1,010
Waste generating station	1,135
Swansea Central Phase 1	2,304
Kingsway Infrastructure works	771
3G pitch Penyrheol LC	646
Pentrehafod Comprehensive School remodelling	6,951
Schools building capital maintenance	4,436
Housing Disabled Facilities Grants	4,412
Mini adaptation grants	545
Sandfields Renewal Area	675
Housing other grants and loans	826
Buildings capital maintenance (non-schools)	997
HRA new builds	1,718
HRA Improvements to British Iron & Steel Dwellings	789
HRA Wind & Weatherproofing (including Hi-rise flats)	8,805
HRA Refurbishment (mainly Kitchens & Bathrooms)	23,877
HRA regeneration	2,853
HRA Landscaping & Enhancement	2,512
HRA Energy Efficiency (including Boiler Replacements)	1,495
HRA Tenant Adaptations Programme	2,912
<b>Total of schemes in excess of £0.5m</b>	<b>73,253</b>

**Capital Projects Underspent in excess of £0.25m****Appendix C**

<b>Project</b>	<b>£'000</b>	<b>Comments</b>
<b><i>Education</i></b>		
YGG Lon Las New School	439	The School building is materially complete, the underspend relates in part to retentions and the sourcing of specialist brick materials for the retaining wall and is envisaged to be completed by Q3 2018. Any savings in overall scheme costs will remain within the C21st Schools funding envelope.
<b><i>Finance</i></b>		
Finance capital contingency	973	An historic underspend on DFGs was transferred to capital contingency for use in the future wider capital programme
<b><i>Highways</i></b>		
Van mounted access platforms	370	Contract Award approved 30th August and orders placed 28th Sept with a 24 week build & delivery time from order, following build delays expected delivery end of May 2018.
Bridges and retaining walls	350	The majority of the underspend relates to the allocation of funding to two schemes which will be delivered in 2018/19 - the A484 bridge painting works and Lone Road Highway Improvement scheme
<b><i>Corporate Property</i></b>		
Pipehouse Wharf Relocation	1,776	Delay in acquisition has impacted on the scheme, which will now be delivered during 2018-19.
Property investment portfolio	1,122	Delay in scheme completion was due to resolving lease issues. The scheme will be delivered early in 2018/19. We continue to review all investment opportunities and shall continue to progress where there are attractive returns.
<b><i>Economic Regeneration &amp; Planning</i></b>		
Swansea Central Phase 1	2,363	The budget covers Design and professional fees to pre-tender RIBA stage 3 for Swansea Central (Arena). This stage will be complete by August 2018
City centre match funding	1,396	This is match funding to support delivery of ongoing City Centre regeneration schemes which has not yet been allocated to a specific budget for delivery
Llys-Dewi Sant site	401	This budget is for relocation costs for Llys-Dewi Sant which will be spent during 2018/19

Kingsway offices design and planning	850	Budget for Design and professional fees for Kingsway Digital Village which will be spent in 2018-19
<b>Housing (GF)</b>		
Property Appreciation loans	754	Budget is committed with pipeline commitment from schemes approved and schemes with applications being processed. Underspend in 17-18 due to problems encountered with external contractor capacity and availability, will be remedied by introduction of new contractor framework this year.
National Home Imp scheme	857	Welsh Government ring-fenced funding scheme to be committed and spent by end of March 19. Take up of scheme very low, WG proposing changes to criteria of scheme to address these problems, subject to Council report in June 18.
Houses into Homes loans	456	Welsh Government ring-fenced funding scheme to be committed and spent by end of March 2019, scheme's remaining funding will be committed in 18-19. Scheme links to current City Centre Regeneration programme Homes Above Shops and Property Enhancement schemes.
Sandfields	1487	Contractual delay prevented commencement of Scheme 5 in 17-18, remaining budget will be committed in capital programme in 18-19, and release of retentions in 19-20.
<b>HRA</b>		
HRA flats Clyne / Jeffrey Court	1,003	Completion of contract not achieved until late April 2018 therefore large retention monies and balance of Final Account slipped to 18/19
Energy Efficiency schemes	374	Lon Y Felin delayed due to re-scoping of scheme and planning approval . Budget will be committed and spent in 18-19.
Kitchen & Bathrooms C1	1,326	Contractor programme delays and access issues/drop outs meant properties have slipped into 2018/19
Kitchen & Bathrooms C3	548	Contractor programme delays and access issues/drop outs meant properties have slipped into 2018/19
Pitched roof Gower	343	Original tender was over budget necessitating re tender through Sell2Wales and works slipped to 18/19
BISF West Cross	296	Additional works extending contract through to May 2018
More Homes (Parc Y Helig)	281	Site preparation works only carried out awaiting final decision on scheme detail
Matthew St Sprinkler system	250	Works programme amended with Jeffries Court being completed in 17/18. Matthew Street works commenced in April 2018

General Environ schemes	434	Final costs for some schemes were charged at significantly below estimated costs and two schemes were slipped into next financial year as works were not completed as programmed
External Facilities (Penlan)	651	Substantial access issues delayed design/scope of works being completed resulting in works not starting on site until December 2017 with works carrying through to 2018/19
<b>Total underspends greater than £250k 2017/18</b>	<b>19,100</b>	