



## Report of the Director of Finance and S.151 Officer

Cabinet – 21 July 2022

### Capital Outturn and Financing 2021/22

<b>Purpose:</b>	This report details capital outturn and financing for the year ended 31 March 2022.
<b>Policy Framework:</b>	Budget Plan 2021/22.
<b>Consultation:</b>	Cabinet Members, Corporate Management Team, Legal and Access to Services
<b>Recommendation(s):</b>	It is recommended that:  1) The net under spend of the increased capital budget of £51.922m is carried forward to 2022/23.
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#### 1. Background

- 1.1 The original capital budget approved by Council in February 2021 for 2021/22 totalled £163.596m (excluding the waste provision). During 2021/22 this figure was increased by £33.674m to give a revised budget of £197.27m (excluding waste provision).

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

1. The addition of both grant funded and Council funded schemes after Council approved the original programme,
2. Delayed or reprofiled spending from 2020/21 carried forward into 2021/22.

## 2. Outturn 2021/2022

- 2.1 Capital outturn in 2021/22 on the approved budget was £145.348m, which is a significant level of spend across all service areas. There was an under spend on the approved and reprofiled budget of £51.922m which is detailed in Appendix A. Apart from a small number of exceptions, the under spends in the capital budget represent delayed or reprofiled spend on approved schemes. As such, the unspent budget will need to be carried forward to 2022/23 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 (planning, procurement etc.) and operational (budget, ground conditions, weather), which can offer challenges to the delivery timetable.
- 2.3 The main underspends are set out in Appendix C. Some schemes were overspent compared with budget but these were mainly profiling issues where spend was delivered ahead of the original profile.
- 2.4 Appendix A shows the breakdown of Capital Expenditure and variances in respect of individual Directorates and highlights the sum of £44.717m spent on HRA properties during the year.
- 2.5 Notwithstanding the under spending mentioned above, the capital outturn represents significant expenditure on a number of major projects. Appendix B lists projects with expenditure in excess of £0.5m.

## 3. Financial Implications

- 3.1 2021/2022 capital expenditure has been financed as follows:

<b>Financing Requirement</b>	£'000
Unfinanced sundry creditors 2020/21	12,972
<b>2021/22 ledger capital spend</b>	<b>145,348</b>
To be financed sundry creditors 2021/22	-7,626
<b>Spend to be funded in 2021/22</b>	<b>150,694</b>

<b>Financing 2021/22</b>	£'000
Supported Borrowing	6,372
Unsupported Borrowing (GF plus HRA)	42,192
Grants and Contributions	63,791
Revenue contributions to capital	32,260
Capital receipts	6,079
<b>Total financing 2021/22</b>	<b>150,694</b>

#### **4. Legal Implications**

4.1 There are no legal implications.

#### **5. Integrated Assessment Implications**

5.1 The Council is subject to the Equality Act (Public Sector Equality Duty and the socio-economic duty), the Well-being of Future Generations (Wales) Act 2015 and the Welsh Language (Wales) Measure, and must in the exercise of their functions, have due regard to the need to:

- Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Acts.
- Advance equality of opportunity between people who share a protected characteristic and those who do not.
- Foster good relations between people who share a protected characteristic and those who do not.
- Deliver better outcomes for those people who experience socio-economic disadvantage
- Consider opportunities for people to use the Welsh language
- Treat the Welsh language no less favourably than English.
- Ensure that the needs of the present are met without compromising the ability of future generations to meet their own needs.

The Well-being of Future Generations (Wales) Act 2005 mandates that public bodies in Wales must carry out sustainable development. Sustainable development means the process of improving the economic, social, environmental and cultural well-being of Wales by taking action, in accordance with the sustainable development principle, aimed at achieving the 'well-being goals'.

Our Integrated Impact Assessment (IIA) process ensures we have paid due regard to the above. It also takes into account other key issues and priorities, such as poverty and social exclusion, community cohesion, carers, the United Nations Convention on the Rights of the Child (UNCRC) and Welsh language.

5.2 There are no 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. Individual capital schemes approved will be subject to IIA process.

**Background Papers:** None

#### **Appendices:**

Appendix A	Capital Programme Outturn Summary
Appendix B	Capital Projects with spend in excess of £500k
Appendix C	Capital Projects underspend in excess of £500k
Appendix D	IIA

## 2021/22 Capital Programme Outturn Summary

Directorate Comparison	Original Budget 2021/22	Revised Budget 2021/22	Outturn 2021/22	Net Over / (Under) spending
	£'000	£'000	£'000	£'000
Finance	9,169	2,027	75	(1,952)
Corporate Services	3,887	3,433	1,593	(1,840)
Education	19,456	23,015	18,064	(4,951)
Social Services	0	1,646	833	(813)
Place	131,084	167,149	124,783	(42,366)
<b>Total</b>	<b>163,596</b>	<b>197,270</b>	<b>145,348</b>	<b>(51,922)</b>

Budget Book Comparison	Original Budget 2021/22	Revised Budget 2021/22	Outturn 2021/22	Net Over / (Under) spending
	£'000	£'000	£'000	£'000
Education (including 21st Century Schools)	19,456	23,015	18,064	(4,951)
General Fund Services	85,060	126,831	82,567	(44,264)
HRA	59,080	47,424	44,717	(2,707)
<b>Total</b>	<b>163,596</b>	<b>197,270</b>	<b>145,348</b>	<b>(51,922)</b>

<b>Capital Projects with spend in excess of £500k</b>	<b>Appendix B</b>	
<b>General Fund Schemes</b>	<b>£'000</b>	
Carriageway resurfacing and footways (including Highways Invest to save schemes and Patch schemes)	4,344	
Active Travel strategic and local schemes (highways)	4,736	
LTF schemes including South Wales Metro, Dyfatty interchange, sustainable transport improvements and Baldwins bridge	2,873	
Seawall repairs Mumbles	555	
Highways Drainage works	622	
Vehicle replacement programme	854	
Swansea Central Phase 1 construction (Arena and associated schemes)	32,855	
Palace Theatre	1,004	
Copper Powerhouse	2,827	
71-72 Kingsway Offices	2,507	
Castle Square regeneration	625	
Transforming Towns Placemaking schemes	1,683	
Community hub (former BHS)	2,446	
Wind Street reimaged scheme	2,318	
Agile and Mobile IT equipment	714	
YGG Tan y Lan new build primary school	3,996	
YGG Tirdeunaw new build primary school	5,509	
YG Gwyr Secondary school extension	1,714	
Bishopston Comprehensive school refurbishment	4,404	
Schools building capital maintenance	4,453	
Buildings capital maintenance (non-schools)	2,550	
Community Play Schemes	873	
Housing Disabled Facilities Grants and MAGs	3,844	
<b><i>HRA: various schemes</i></b>		
HRA More Homes programme	12,713	
HRA Fire and Gas Safety improvements	1,129	
HRA Wind & Weatherproofing (including Hi-rise flats)	5,845	
HRA Refurbishment (mainly Kitchens & Bathrooms)	12,140	
HRA External facilities	6,595	
HRA Energy Efficiency (including Boiler Replacements)	1,374	
HRA Chimney repairs	630	
HRA Tenant Adaptations Programme	2,601	
<b>Total of schemes in excess of £0.5m</b>	<b>131,333</b>	

<b>Capital Projects Underspent in excess of £500k</b>		<b>Appendix C</b>
<b>Project</b>	<b>£'000</b>	<b>Comments</b>
<b>Education</b>		
Bishopston Comprehensive (Band B)	1,240	The extension of the construction phase has resulted in the profile spend not being achieved during the 2021/22 financial year.
YG Gwyr Secondary (Band B)	1,017	The bond held by the authority on behalf of Kier has not been released and elements of construction work have been delayed which has resulted in the profile spend not being achieved during the 2021/22 financial year.
YG Tan-y-Lan (Band B)	657	The revaluation and agreement of the value for the HRA land have only recently been concluded, and delays in the Highways works has resulted in the profile spend not being achieved during the 2021/22 financial year.
<b>Corporate Services</b>		
Agile IT	721	The underspend is because of delays in the supply of goods.
<b>Finance</b>		
Finance contingency fund	1,952	The unspent balance will be carried forward into 2022/23
<b>Highways</b>		
Local Transport Fund Baldwins Bridge Interchange	973	Ongoing land negotiations.
Seawall repairs Mumbles	997	Budget allocation set aside for construction phase, scheduled to commence from summer 2022
Morfa Culvert	500	Design development ongoing with works restricted due to seasonal working restrictions within the river
<b>Corporate Property</b>		
Pipehouse Wharf relocation	768	This year has focussed on the necessary design and preparatory works, including site clearance. Significant spend and progress expected during 2022/23.
Members Community capital scheme (Play)	730	The budget is fully committed and will be delivered during 2022/23.

Town centre regeneration schemes (commercial)	736	Expected capital required to facilitate Ministry of Justice (MOJ) lease regear on Quay West. Monies to be used as capital contribution towards fit out costs to enable occupation which will generate additional revenue & enhance security for the authority.
<b>Economic Regeneration &amp; Planning</b>		
Swansea Central Phase 1 construction (Arena and associated schemes)	13,469	Practical completion has been obtained on a number of sections within the coprbay project but not all. The church hall, café, residential accommodation, public realm together with a long snagging list and completion of the North block MSCP will extend the programme into the final quarter of this calendar year.
71-72 Kingsway Offices	4,825	Delay in contract award. Also, delay incurred following award of contract in May, aligning contractual matters, complicated by Covid restrictions.
Community Hub (former BHS)	1,429	Due to the delay in a decision from Welsh Government regarding funding the project was effectively on hold for a couple of months, so not progressed as anticipated. WG funding has now been approved but has extended the programme, however completion is still due in 2023/24
Transforming Towns - Placemaking	615	Several 3rd party property grants will have payments that will now fall into 2022/23 financial year. Council owned property enhanced by the Placemaking grant programme such as the Market enhancements, Dyfatty shops and Strand tunnels have recorded cost against their respective individual project budget codes.
Palace Theatre	902	A delay with the contract award meant the contractor started later in the year than anticipated.
Powerhouse scheme at Copperworks	984	Significant programme delays have been faced extending the project by a further circa 9/10

		months, this has had an impact on the financial profiling set.
Kingsway renovation - Former Barclays scheme	608	The project is being re-tendered which will determine future programme
City Centre Re-purposing strategy	500	Budget allocated to smaller scale interventions that are currently at feasibility stage, with delivery and spend scheduled to commence 2022/23
<b><i>HRA and Housing GF</i></b>		
Disability Facilities grants	1,326	Slippage in programme due to delays in schemes from Covid outbreaks / isolation periods and the impact on construction industry
More Homes programme - Hillview / Baysview	842	Scheme delays caused by issues with Welsh Water and a requirement to divert a sewer.
HRA High-rise flats Croft Street	536	Delay in fee recharges being received from consultants.
HRA General Environment schemes	543	A shortage of contractors has led to a number of tenders with poor or no returns, delaying the commencement of schemes.
<b>Total underspends greater than £500k 2021/22</b>	<b>36,870</b>	