



## Report of the Director of Finance and S151 Officer

Cabinet – 18 July 2024

### Capital Outturn and Financing 2023/2024

<b>Purpose:</b>	This report details capital outturn and financing for the year ended 31 March 2024.
<b>Policy Framework:</b>	Budget Plan 2023/2024.
<b>Consultation:</b>	Cabinet Members, Corporate Management Team, Legal and Access to Services
<b>Recommendation(s):</b>	It is recommended that Cabinet:  1) Approves the net under spend of the increased capital budget of £39.362m is carried forward to 2024/2025
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#### 1. Background

- 1.1 The original capital budget for 2023/2024 totalling £154.855m (excluding the waste provision), was approved by Council on 2<sup>nd</sup> March 2023. During 2023/2024 this figure was increased by £17.626m to give a revised budget of £172.481m (excluding waste provision).

The net increase in the capital budget was mainly 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 2022/2023 carried forward into 2023/2024.

## 2. Outturn 2023/2024

- 2.1 Capital outturn in 2023/2024 on the approved budget was £133.119m, which is a significant level of spend across all service areas. There was an under spend on the approved and reprofiled budget of £39.362m 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 2024/2025 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 £37.856m 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 2023/2024 capital expenditure has been financed as follows:

<b>Financing Requirement</b>	
	£'000
Unfinanced sundry creditors 2022/23	6,135
<b>2023/2024 ledger capital spend</b>	<b>133,119</b>
To be financed sundry creditors 2023/24	-10,965
<b>Spend to be funded in 2023/2024</b>	<b>128,289</b>

<b>Financing 2023/2024</b>	
	£'000
Supported Borrowing	6,355
Unsupported Borrowing (GF plus HRA)	27,657
Grants and Contributions	57,552
Revenue contributions to capital	31,413
Capital receipts	5,312
<b>Total financing 2023/2024</b>	<b>128,289</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:**

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| 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 |

## 2023/2024 Capital Programme Outturn Summary

## Appendix A

Directorate Comparison	Original Budget 2023/2024 £'000	Revised Budget 2023/2024 £'000	Outturn 2023/2024 £'000	Net Over / (Under) spending £'000
Finance	0	1,542	0	(1,542)
Digital Services and Customer Services	2,847	4,023	384	(3,639)
Education	6,651	10,179	6,478	(3,701)
Social Services	1,287	1,767	1,129	(638)
Place	144,070	154,970	125,128	(29,842)
<b>Total</b>	<b>154,855</b>	<b>172,481</b>	<b>133,119</b>	<b>(39,362)</b>

Budget Book Comparison	Original Budget 2023/2024 £'000	Revised Budget 2023/2024 £'000	Outturn 2023/2024 £'000	Net Over / (Under) spending £'000
Education (including 21st Century Schools)	6,651	10,179	6,478	(3,701)
General Fund Services	97,353	126,349	88,785	(37,564)
HRA	50,851	35,953	37,856	1,903
<b>Total</b>	<b>154,855</b>	<b>172,481</b>	<b>133,119</b>	<b>(39,362)</b>

**Capital Projects with spend in excess of £500k**

**Appendix B**

<b>General Fund Schemes</b>	<b>£'000</b>
Carriageway resurfacing and footways (including Highways Invest to save schemes and Patch schemes)	5,969
Active Travel strategic and local schemes (Highways)	4,471
LTF Schemes	5,141
20mph Default Speed Limit Rollout	1,830
Seawall Repairs Mumbles	6,787
Highways Drainage works	885
Vehicle Replacement	678
Swansea Central Phase 1 construction (Arena and associated schemes)	2,130
Palace Theatre	6,336
71-72 Kingsway Offices	18,813
Y Stofa	4,416
Lower Swansea Valley Projects	2,947
Cefn Hengoed Community Hub	3,089
3G Pitch Olchfa Comprehensive School	1,251
Universal Primary Free School Meals	1,126
Schools Building Capital Maintenance	6,280
Buildings capital maintenance (non-schools)	2,067
Essential Playground Works	1,075
Parks & Cleansing Machinery Replacement	504
Housing Disabled Facilities Grants and MAGs	5,574
<b><i>HRA: various schemes</i></b>	
HRA More Homes programme	7,604
HRA Fire and Gas Safety improvements	2,008
HRA Wind & Weatherproofing (including Hi-rise flats)	10,251
HRA Refurbishment (mainly Kitchens & Bathrooms)	4,451
HRA External facilities	5,830
HRA Energy Efficiency (including Boiler Replacements)	1,067
HRA Wimpey No Fines Properties	675
HRA Chimney repairs	801
HRA Tenant Adaptations Programme	3,444
<b>Total of schemes in excess of £0.5m</b>	<b>117,500</b>

Capital Projects Underspent in excess of £500k		Appendix C
Project	£'000	Comments
<b>Digital</b>		
Agile IT	3,048	This budget funds the replacement of devices and replaced the base revenue budget which was removed in 2023/2024. The underspend reflects the remainder after actual spend on replacement devices in 2023/2024. Where possible going forward the budget will be profiled across the 5 year capital programme in line with potential device failure rates.
<b>Finance</b>		
Finance contingency fund	1,117	The unspent balance will be carried forward into 2024/2025.
<b>Highways</b>		
Active Travel Fund West Swansea Link	699	Underspend relates to delay gaining commoners approval and planning consent for the Clyne Valley scheme.
Morfa Culvert	686	Works postponed due delays in gaining NRW approval and associated seasonal working restrictions within the river. Scheme scheduled to take place in 2024/2025.
<b>Corporate Property</b>		
Pipehouse Wharf relocation	680	Underspend as a result of programme adjustment. Budget to be used in 2024/2025 to address requirements.
<b>Culture and Tourism</b>		
Cefn Hengoed Community Hub	523	Project slippage meant retention could not be released within the 2023/2024 financial year, resulting in an underspend. In 2024/2025 £438,528.67, has now been spent and it is expected that the full spend will occur this year.
Skate Facilities	514	A new masterplan has been developed to deliver against an increased project scope and scale. This has also resulted in a delay in progressing to the design and build stage.

<b><i>Economic Regeneration &amp; Planning</i></b>		
Swansea Central Phase 1 construction (Arena and associated schemes)	1,234	The contractor's administration meant could not finish by the original end date.
71-72 Kingsway Offices	5,338	Practical completion now anticipated August 2024, fit out contract variation agreed with principal contractor.
Y Storfa	3,110	Currently on site, practical completion now anticipated July 2025
Castle Square Regeneration	9,743	PCSA start date delayed until February 2024, consequently, start on site now anticipated September 2024 with resultant 2023/2024 underspend.
Skyline	4,074	The project has an underspend due to legal implications that have affected the programme.
Kingsway renovation - Former Barclays scheme	1,803	Scheme not progressing and budget reprioritised and used to help fund other adjacent regeneration scheme pressures.
City Centre Re-purposing strategy	500	Place Making Plan in development to identify priority projects for progression.
<b><i>HRA and Housing GF</i></b>		
More Homes acquisitions	539	31 acquisitions were completed in 2023/2024. A further 6 were due for completion however due to conveyancing delay and additional factors outside of the Council's control (e.g probate issues) 6 did not complete prior to year end.
<b>Total underspends greater than £500k 2023/2024</b>	<b>33,608</b>	