



## Report of the Section 151 Officer

Cabinet – 18 July 2019

### Capital Outturn and Financing 2018/19

<b>Purpose:</b>	This report details capital outturn and financing for the year ended 31 March 2019.
<b>Policy Framework:</b>	Budget Plan 2018/19.
<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 £27.979m is carried forward to 2019/20.
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#### 1. Background

- 1.1 The original capital budget approved by Council in February 2018 for 2018/19 totalled £106.702m (excluding the waste provision). During 2018/19 this figure was increased by £17.788m to give a revised budget of £124.490m (excluding waste provision).

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 2017/18 carried forward into 2018/19.

## 2. **Outturn 2018/2019**

- 2.1 Capital outturn in 2018/19 on the approved budget was £96.511m, an under spend of £27.979m which is detailed in Appendix A.
- 2.2 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 2019/20 in order to complete schemes in progress. 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, contractor availability/viability), which can offer considerable challenges to the delivery timetable. The main underspends are set out in Appendix C. Project Managers have provided appropriate explanatory narrative where appropriate.
- 2.3 Some schemes were overspent when compared with budget but these were largely re-profiling issues where spend was delivered ahead of the original in year profile and spend for the project was contained within the overall approved budget
- 2.4 Appendix A shows the breakdown of Capital Expenditure and variances in respect of individual Directorates and highlights the sum of £43.029m spent on HRA properties during the year.
- 2.5 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.
- 2.6 The final outturn position represents one of the largest ever capital spending programmes delivered by this Council in a single year and was close to the original budgeted programme value. The challenging stretch target set by adding to the overall capital programme in year has helped deliver, as planned, a larger proportion of the capital works. The delays predominantly around schools sites and city centre works have had clear and obvious reasons already well documented and reported.

## 3. **Financial Implications**

- 3.1 2018/2019 capital expenditure will be financed as follows:-

<b>Financing Requirement</b>	
	£'000
Unfinanced sundry creditors 2017/18	3,096
<b>2018/19 ledger capital spend</b>	<b>96,511</b>
To be financed sundry creditors 2019/20	-5,288
<b>Spend to be funded in 2018/19</b>	<b>94,319</b>

<b>Financing 2018/19</b>	
	£'000
Supported Borrowing	8,387
Unsupported Borrowing (GF plus HRA) 2018-19	22,451
Grants and Contributions	32,794
Revenue contributions to capital	30,439
Earmarked capital receipts	248
<b>Total financing 2018/19</b>	<b>94,319</b>

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

4.1 There are no legal implications.

#### 5. **Equalities and 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 - 2018/19 Capital Programme Outturn Summary

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

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

## 2018/19 Capital Programme Outturn Summary

## Appendix A

Directorate Comparison	Original Budget 2018/19 £'000	Revised Budget 2018/19 £'000	Outturn 2018/19 £'000	Net Over / (Under) spending £'000
Resources	4,845	5,185	997	(4,188)
People	14,018	10,364	6,245	(4,119)
Place	87,839	108,941	89,269	(19,672)
<b>Total</b>	<b>106,702</b>	<b>124,490</b>	<b>96,511</b>	<b>(27,979)</b>

Budget Book Comparison	Original Budget 2018/19 £'000	Revised Budget 2018/19 £'000	Outturn 2018/19 £'000	Net Over / (Under) spending £'000
Education (including 21st Century Schools)	14,018	9,076	5,375	(3,701)
General Fund Services	34,791	67,709	48,107	(19,602)
HRA	57,893	47,705	43,029	(4,676)
<b>Total</b>	<b>106,702</b>	<b>124,490</b>	<b>96,511</b>	<b>(27,979)</b>

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

<b>Project</b>	<b>£'000</b>
Carriageway resurfacing and footways (including Highways Invest to save schemes)	5,304
Active Travel strategic and local schemes (highways)	2043
LTF and LTNF including SW Wales metro, active travel and strategic bus corridor improvements	1,807
Swansea Central Phase 1 and enabling works	5,201
Musgrave Engine House repairs (within Targeted Regeneration Investment Programme)	695
Kingsway Infrastructure works	4,415
IT - laptops and accessories	604
Leisure centre capital improvements (Freedom contract)	904
Plantasia - capital improvements	801
Pentrehafod Comprehensive School remodelling	3,418
Education other than at school new build	607
Schools building capital maintenance	3,619
Housing Disabled Facilities Grants	4,109
Mini adaptation grants	525
Sandfields Renewal Area	658
Property investment portfolio	8,242
Buildings capital maintenance (non-schools)	1,531
<b><i>HRA: various schemes</i></b>	
HRA new builds	941
HRA Improvements to British Iron & Steel Dwellings	1,124
HRA Wind & Weatherproofing (including Hi-rise flats)	6,222
HRA Refurbishment (mainly Kitchens & Bathrooms)	19,710
HRA regeneration and repairs including Easiform properties	7,570
HRA Landscaping & Enhancement	3,498
HRA Energy Efficiency (including Boiler Replacements)	1,104
HRA Tenant Adaptations Programme	2,792
<b>Total of schemes in excess of £0.5m</b>	<b>87,444</b>

<b>Capital Projects Underspent in excess of £0.25m</b>		<b>Appendix C</b>
<b>Project</b>	<b>£'000</b>	<b>Comments</b>
<b>Education</b>		
Gorseinon Primary new build	866	Re-profiling of spending to reflect impact of unavoidable slippage as a result of legal processes.
Pentrehafod Comprehensive School remodelling	841	School is complete, the underspend is re-profiled to reflect outstanding payments and retentions.
YGG Lon Las New School	306	School is complete, the underspend is re-profiled to reflect outstanding payments and retentions.
YGG Tirdeunaw new build	436	Re-profiling of spending into 2019/20 reflecting revised timescales for procurement processes.
YGG Tan-y-Lan new build	280	Re-profiling of spending into 2019/20 reflecting revised timescales for procurement processes.
Education other than at school new build	259	Re-profiling of spending into 2019/20 reflecting contractor issues.
<b>Digital Services</b>		
IT - laptops	2,013	The spend on these capital schemes are dependent on the speed of the Agile programme rollout. This is determined by both facilities and digital resources and is subject to change year on year.
IT - mobile phones	446	
<b>Finance</b>		
Finance capital contingency	973	The Finance capital contingency exists to enable the S 151 Officer to support any unfunded, unplanned, capital expenditure in year. As such, underspend is to be expected.
<b>Highways</b>		
Bridges and retaining walls	581	The underspend relates to four schemes which will be carried forward for delivery in 2019-20 (Lone Road highway improvement works, Dunvant retaining wall replacement, Baldwins bridge concrete repairs and Newton House retaining wall replacement)
<b>Corporate Property</b>		
Pipehouse Wharf Relocation	935	The underspend is due to an inability to secure alternative premises for Pipehouse Wharf services during 2018/19. The underspent budget continues to be required and carried forward into 2019/20 to secure land / premises to enable the relocation of Pipehouse Wharf.

<b>Economic Regeneration &amp; Planning</b>		
Swansea Central Phase 1	4,362	The underspend on Swansea Central is due to delays with the City Deal approval and PCSA. The unspent budget will be carried forward for delivery in 2019/20.
Kingsway offices design and planning	782	Following the masterplan review, the initial forecasts have been revised to more accurately reflect the activities and projected spend across the Kingsway Digital Village and Strategy Development workstreams, resulting in an underspend in 2018-19, which will be carried forward to 2019/20 and 2020/21.
Kingsway demolition	271	Completion of works now expected to be achieved in July 2019/20 due in the main to the requirement of unforeseen remedial works.
<b>Housing (GF)</b>		
Property Appreciation (Homefix) loans	602	The Cabinet approved FPR 7 report on Disabled Facilities & Improvement Grant programme 2019-20 agreed £250,000 allocation of Homefix 2018-19 underspend to fund Homefix loans assistance in Sandfields as part of Sandfields Renewal Area exit strategy arrangements, with a further £100,000 for Sandfields exit contingency and £56,129 for DFG & MAG overspends. The remaining £200,000 of funding shall be utilised in the general capital programme
Sandfields	828	FPR 7 report on Disabled Facilities & Improvement Grant programme 2019-20 agreed carry forward of Sandfields Renewal Area funding underspend in 2018-19 into 2019 -2020 to fund slippage in remaining scheme programme.
<b>HRA</b>		
Kitchen & Bathrooms C1	1,251	Contractor programme delays and increase in access/drop out levels has meant that some properties have slipped into 2019/20 and savings have accrued which will be utilised for other schemes in future years.
Kitchen & Bathrooms C2	1,462	Contractor programme delays and increase in access/drop out levels has meant that some properties have slipped into 2019/20 and savings have accrued which will be utilised for other schemes in future years.
Kitchen & Bathrooms C3	1,641	Contractor programme delays and increase in access/drop out levels has meant that some properties have slipped into 2019/20 and

		savings have accrued which will be utilised for other schemes in future years.
External facilities	382	Procurement issues (now being resolved) has meant properties have slipped into 2019/20
External Facilities (Penlan)	285	Slippage due to weather and contractor progress issues has meant works have slipped into 2019/20
External Facilities (Arennig)	476	Slippage due to weather and contractor progress issues has meant works have slipped into 2019/20
<b>Total underspends greater than £250k 2018/19</b>	<b>20,278</b>	