



## Report of the Cabinet Member for the Economy, Finance and Strategy

Cabinet - 16 July 2020

### Capital Outturn and Financing 2019/20

<b>Purpose:</b>	This report details capital outturn and financing for the year ended 31 March 2020.
<b>Policy Framework:</b>	Budget Plan 2019/20.
<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 spending of the approved budget of £29.38m is carried forward to 2020/21.
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#### 1. Background

- 1.1 The original capital budget approved by Council in February 2019 for 2019/20 totalled £139.009m (excluding the waste provision). During 2019/20 this figure was increased by £16.93m to give a revised budget of £155.939 (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 spending from 2018/19 carried forward into 2019/20.

#### 2. Outturn 2019/2020

- 2.1 Capital outturn in 2019/20 on the approved budget was £126.559m, which is a significant level of spend across all service areas. There was an under spend on the approved and reprofiled budget of £29.38m 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 2020/21 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. The Covid-19 pandemic had an adverse impact on the delivery of a number of capital schemes towards the end of 2019-20 and this is likely to continue to impact upon delivery during 2020-21. In addition, it should be recorded that prior to year end, Swansea Council was commissioned by Swansea Bay Health Board and Welsh Government to deliver an estimated cost £15m 1,000 bed Surge Hospital on the site of the previous Bay Studio to address the anticipated increased demand on the NHS. The main underspends are set out in Appendix C. Some schemes were overspent compared with budget but these were profiling issues where spend was delivered ahead of the original profile.
- 2.3 Appendix A shows the breakdown of Capital Expenditure and variances in respect of individual Directorates and highlights the sum of £51.839m 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 2019/2020 capital expenditure will be financed as follows:-

<b>Financing Requirement</b>	
	£'000
Unfinanced sundry creditors 2018/19	5,287
<b>2019/20 ledger capital spend</b>	<b>126,559</b>
To be financed sundry creditors 2019/20	-6,492
<b>Spend to be funded in 2019/20</b>	<b>125,354</b>

<b>Financing 2019/20</b>	
	£'000
Supported Borrowing	11,852
Unsupported Borrowing (GF plus HRA)	37,462
Grants and Contributions	39,655
Revenue contributions to capital	31,243
Capital receipts	5,142
<b>Total financing 2019/20</b>	<b>125,354</b>

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

4.1 There are no legal implications.

#### **5. Equality and Engagement Implications**

5.1 The Council is subject to the Public Sector Equality Duty (Wales) 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 Act.
- 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.

Our Equality Impact Assessment process ensures that we have paid due regard to the above.

5.2 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 – 2019/20 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

## 2019/20 Capital Programme Outturn Summary – Appendix A

Directorate Comparison	Original Budget 2019/20 £'000	Revised Budget 2019/20 £'000	Outturn 2019/20 £'000	Net Over / (Under) spending £'000
Resources	2,100	3,618	1,792	(1,826)
People	23,132	17,425	11,717	(5,708)
Place	113,777	134,896	113,050	(21,846)
<b>Total</b>	<b>139,009</b>	<b>155,939</b>	<b>126,559</b>	<b>(29,380)</b>

Budget Book Comparison	Original Budget 2019/20 £'000	Revised Budget 2019/20 £'000	Outturn 2019/20 £'000	Net Over / (Under) spending £'000
Education (including 21st Century Schools)	22,432	15,658	11,177	(4,481)
General Fund Services	49,264	86,897	63,543	(23,354)
HRA	67,313	53,384	51,839	(1,545)
<b>Total</b>	<b>139,009</b>	<b>155,939</b>	<b>126,559</b>	<b>(29,380)</b>

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

**Appendix B**

<b>General Fund Schemes</b>	<b>£'000</b>
Carriageway resurfacing and footways (including Highways Invest to save schemes)	4,518
Active Travel strategic and local schemes (highways)	3210
LTF and LTNF including SW Wales metro and strategic bus corridor improvements	1,100
Bascule Bridge renovation	745
Swansea Central Phase 1 construction (Arena and associated projects)	20,789
TRI schemes (Sustainable Living Grants, Property Enhancement Development grants and Strategic scheme)	1,661
TRI Copperopolis schemes	781
Palace Theatre	578
Kingsway Infrastructure works	3,404
Kingsway Offices	903
IT - laptops and accessories	1,140
Leisure centre capital improvements (Freedom contract)	3,453
Pentrehafod Comprehensive School remodelling	539
Education other than at school new build	3,777
Gorseinon new build primary school	3,887
Schemes to reduce infant class sizes (across 4 schools)	642
Schools building capital maintenance	5,697
Housing Disabled Facilities Grants and MAGs	4,600
Sandfields Renewal Area	655
Buildings capital maintenance (non-schools)	1,790
<b><i>HRA: various schemes</i></b>	
HRA More Homes programme	3,871
HRA Fire Safety improvements	1,257
HRA Wind & Weatherproofing (including Hi-rise flats)	6,170
HRA Refurbishment (mainly Kitchens & Bathrooms)	25,068
HRA regeneration and repairs including Easiform properties	3,833
HRA External facilities	5,666
HRA Energy Efficiency (including Boiler Replacements)	1,100
HRA Tenant Adaptations Programme	3,137
<b>Total of schemes in excess of £0.5m</b>	<b>113,971</b>

Capital Projects Underspent in excess of £0.25m		Appendix C
Project	£'000	Comments
<b>Education</b>		
Gorseinon Primary new build	621	Winter weather conditions have hampered progress and Covid-19 affected site progress during March 2020 resulting in a revised spend profile.
YGG Tan-y-Lan new build	1,399	Delayed start on site resulting from approval issues with Stopping Up Notice resulting in a revised spend profile.
Education other than at school new build	1,536	Delays incurred due to planning issues, winter weather conditions and Covid-19 affected site progress from March 2020 resulting in a revised spend profile.
<b>Digital Services</b>		
IT - mobile and agile laptops and accessories	1,319	Spend driven by Agile Programme Rollout. Therefore kit is bought in time accordingly to ensure warranties are maximised.
<b>Social Services</b>		
ICF - Relocate Integrated Community Hub	396	There has been a delay in progressing this scheme given there are complex legal issues relating to the joint ownership, which involves a trust, and need to be resolved before purchase of the site can take place.
<b>Highways</b>		
Highways & Transport vehicle replacement programme	1,262	Some programmed vehicle tenders delayed due to resource. Crusher delivered late April (£143k spend), 7 sweepers awaiting Contract Award (£525k spend)
Integrated Transport Unit	370	Additional tender for plug door vehicles was required. Delivery of vehicles from supplier delayed due to Covid 19 shutdown.
Active Travel Fund schemes	519	Several of the projects were adversely affected by the Covid-19 shutdown during March 2020. Works are planned to resume during 2020-21 financial year with full spend expected in time for the Q5 Claim.
Safe Routes in Communities grant - Clydach Area	396	The project was adversely affected by the Covid-19 shutdown during March 2020. Works are planned to resume during 2020-21 financial year with full spend expected in time for the Q5 Claim.

Local Transport Fund and Local Transport Network funds	821	Several of the projects were adversely affected by the Covid-19 shutdown during March 2020. Works are planned to resume during 2020-21 financial year with full spend expected in time for the Q5 Claim.
<b>Corporate Building Services</b>		
Bishop Gore Electrical works	502	Work on site started in February 2020, however the need to work around the operation of the school, unforeseen site issues and then working restrictions of Covid-19 have led to a delay in the completion of the project, however works are on track and should be complete by summer 2020.
<b>Culture</b>		
Freedom Leisure improvements	402	Due to cost uncertainty and additional backlogged maintenance items becoming apparent, some improvement work to the LC was paused in Feb, to obtain confidence on the budget remaining. Covid-19 has further implications on completion of Morrision changing rooms, with interim payment certificates expected in 20/21.
<b>Corporate Property</b>		
Salix Loan Energy Efficiency scheme	250	The contract for the refit programme is now complete. However, 'start on site' has been delayed as a result of changes to specification. 19/20 monies will need to be carried forward into 20/21. First drawdown from Salix likely to be May/June 2020 although the current Covid-19 pandemic may result in further delays.
Agile working furniture	391	Swansea received a £400k grant from WG in March 2020 financing a large part of the agile programme enabling £391k to be carried forward into 2020-21 year to complete the programme of works at the Guildhall.
<b>Economic Regeneration &amp; Planning</b>		
Swansea Central Phase 1	2,910	Rivington Cashflow included contingency which wasn't used as much as predicted and Buckingham March valuation was below their Cashflow estimate.

Kingsway offices design and planning	929	Stage 2 design work paused temporarily to review commercial aspects which reduced committed design team resources (review completed). Early client/consultant decision to use skype wherever possible reduced expense costs & established important working precedent well in advance of the current Covid-19 issues.
Palace Theatre	1,006	Underspend due to delays in receiving in-principle grant approval from WG which delayed acquisition of the building and appointment of MDT. Overall programme has been delayed but is a multi-year programme with grant funding that can be carried forward.
Powerhouse scheme at Copperworks	1,863	Delayed award of works contract due to tender clarifications and value engineering exercise and to source additional Council funding to mitigate the contract works coming in over budget.
Kingsway Infrastructure, demolition and renovation schemes	3,038	Contributed by the demise of Dawnus as main contractor leading to a delay within the work programme. Budget expected be utilised in full going forward.
<b>HRA</b>		
More Homes programme	1,926	Colliers Way 2 - Welsh Water approval of drainage took seven months resulting in a delayed start, coupled with poor winter weather conditions. Parc-y-Helyg - delayed start caused by timescale of drainage approval by Welsh Water.
WWP Llwynceithin & Maesglas Flats	276	Delayed start due to possible safety issues, subsequently resolved.
<b>Total underspends greater than £250k 2019/20</b>	<b>22,132</b>	