

**CAPITAL OUTTURN 2013/14 – DETAILS OF SIGNIFICANT VARIANCES**

**EDUCATION & CHANGE PORTFOLIO**

The spend for the year is **£17,926,000**. This can be compared with the budgeted figure for 2013/14 of **£21,748,000** resulting in an under spend of **£3,822,000**, which represents a percentage under spend against budget of **17.6%**.

**SIGNIFICANT OVER OR UNDER SPEND**

**EC 1 – 315 Coxford Road refurbishment (adverse variance £152,000)**

**Additional health and safety works required**

Works to refurbish office accommodation are forecast to overspend due to the requirement for additional health & safety works, including the installation of fire stopping between walls, and the clearing and cleaning of asbestos. In addition service delivery changes to future proof the building and support the transformation of Children's services were required along with some DDA adjustments. A recommendation is included in the main report to approve additional funding for the total over spend of £152,000.

**MAJOR ITEMS of SLIPPAGE/RE-PHASING**

**EC 3 – Primary Review (Slippage £841,000)**

**Expansion of St Mary's Primary School**

The expansion of St Mary's Primary school has been delivered in several phases. It has been determined that best value for money can be secured by delivering the current (and final) phase of the project via the Diocese. The intention is therefore to transfer the remainder of the budget to the Diocese within this financial year, with a view to them delivering the additional classroom space by September 2014. This will happen just prior to the sealing of the works contract, which is scheduled for June/July 2014.

**EC 2 – Academies Programme (slippage £785,000)**

**Release of retentions later than anticipated.**

The spend profile for this scheme originally anticipated that the retentions on the contract would be released in 2012/13. Reprofiling of the scheme, coupled with subsequent delays in achieving full rectification of the defects has resulted in this slipping to 2014/15.

Part of the slippage is associated with the offsite works required to facilitate the development of the two new academies in the city (i.e. Oasis Academy: Mayfield and Oasis Academy: Lord's Hill). The initial budget was provided on the basis of high-level estimates of the potential works that would be required as part of the planning process. In the event, the Project Team was able to devise and negotiate more cost effective solutions than had originally been envisaged, resulting in a £228,000 saving that has been used to offset overspends else where on the programme.

### **EC 3 – School Capital Maintenance (slippage £730,000)**

#### **Slippage within the overall programme**

SCC Planning effectively placed nil capital-related conditions on the Council in respect of Cedar School, meaning that £200,000 remains unspent.

Of the programme-level contingency budget associated with the Education Capital Programme, £148,000 remains unspent. However, in line with its intended purpose, this has been allocated to cover overspends elsewhere in the programme.

The Renewable Heat Incentive project at Millbrook has been delivered within the overarching budget. £10,000 remains to be spent on this project, leaving an effective remaining budget of £150,000 for further schemes. A feasibility report has been written and a further proposal is being developed, which should mean the spending of this funding in 2015/16.

### **EC 4 – Schools Devolved Capital (slippage £599,000)**

#### **School Devolved Formula Capital grant expenditure**

Schools are allocated an amount of Devolved Formula Grant each year by the Department for Education. They can roll forward any unspent grant for up to three years. The slippage figure reflects the amount of unspent grant rolled forward to 2014/15.

### **EC 5 – Early Years Expansion Programme (slippage £350,000)**

#### **Expansion of nursery places for two year olds is progressing slower than anticipated.**

The programme to expand the number of two year old nursery places across the city has been altered slightly, to account for the need for in depth consultation with landowners, as well as the undertaking of additional survey work. This does not affect the ultimate programme delivery date (September 2014) although it has resulted in a minor spend slippage.

### **EC 4 – Secondary School Capital Maintenance (slippage £311,000)**

#### **Reprofiling of works at Chamberlayne School**

The window replacement and boiler control rectification works at Chamberlayne were delayed, due to the need to obtain more competitive quotes for these elements of the work package. The procurement of this work is now complete, although its completion has to wait until the 2014 summer holidays, due to the nature of the works and the need to avoid disruption to the operation of the school.

### **EC 3 – Bitterne Park 6<sup>th</sup> Form (slippage £306,000)**

#### **Dispute on final account.**

The contractor has submitted a final account which included a claim for extension of time. The Council issued the final account in December 2012 and is awaiting the contractor's response as to whether it is likely to go to adjudication. Until such time as the decision to go to adjudication is made, this matter will remain outstanding and the remaining funds will have to be retained. Under the Memorandum of Understanding agreed with Bitterne Park School, the responsibility for any over spend rests with the school.

### **EC 6 – Newlands Primary Rebuild Project (Rephasing £173,000)**

#### **Additional costs for approved extension of time.**

An approved extension of time claim arising from the discovery of a buried electricity main under the old school building by the demolition contractor has resulted in an elongation of the project. The final account remains to be concluded and agreed, although the matter should be settled in 2014/15.

## **ECONOMIC DEVELOPMENT & LEISURE PORTFOLIO**

### **ECONOMIC DEVELOPMENT**

The spend for the year is **£4,174,000**. This can be compared with the budgeted figure for 2013/14 of **£5,594,000** resulting in an under spend of **£1,420,000**, which represents a percentage under spend against budget of **25.4%**.

### **SIGNIFICANT OVER OR UNDER SPEND**

#### **LD 1 Southampton New Arts Centre (SNAC) (forecast overspend TBC)**

##### **Delays with Developer's Final Programme and increased arts complex inflationary and design costs.**

Grosvenor is reporting a five week delay on their contractors programme due to unforeseen obstacles underground. This combined with significant inflation in the construction sector, alongside the impact of more detailed design work, means there is currently a significant discrepancy between projected costs and budget. Work is underway as to the options on how to deal with this

### **MAJOR ITEMS of SLIPPAGE/RE-PHASING**

#### **LD 2 Southampton New Arts Centre (SNAC) (slippage £943,000)**

##### **Delays with Developer's Final Programme**

The delay to Grosvenor signing the Variation to the Development Agreement and starting on site has led to a delayed arts complex RIBA Stage F. Therefore more work than anticipated will be undertaken in 2014/15.

### **LD 3 Northern Above Bar (Guildhall Square) (slippage £162,000)**

#### **Delay caused by site access and lighting design issues**

The Guildhall lighting element of the project is being reviewed and it is anticipated that any necessary work will be completed in 2014/15.

### **LD 4 Royal Pier (Guildhall Square) (slippage £106,000)**

#### **Budget not required to cover developer's contribution**

The legal agreements with the developer, ABP, the Crown Estate and the Council were signed on 28<sup>th</sup> February 2014. On signing, under the terms of the Development Agreement, the developer was required to pay the Council £102,000. At the time budgets were set, it could not be anticipated whether this contribution would be received in 2013/14 and therefore the Council had to allocate sufficient budget to cover the cost in case the developer contribution did not come in until 2014/15. The contribution will be spent in 2014/15.

## **LEISURE**

The spend for the year is **£618,000**. This can be compared with the budgeted figure for 2013/14 of **£1,001,000** resulting in an under spend of **£383,000**, which represents a percentage under spend against budget of **38.3%**.

### **SIGNIFICANT OVER OR UNDER SPEND**

#### **LS1 SeaCity Phase 2 (forecast over spend £358,000)**

##### **Difficulties finalising contractor accounts**

The Council is currently in negotiations with the contractor to settle any claims on the final account for the construction of the museum. The current forecast over spend is largely down to additional work required with regards to asbestos and the associated additional work and delays that this caused. Every effort is being made to identify whether it is still possible to deliver the scheme on budget and it is anticipated that after much delay this will be finalised in the coming months. Council approved provision in July 2012 for potential additional DRF funding as a prudent response towards this likely pressure.

### **MAJOR ITEMS of SLIPPAGE/RE-PHASING**

#### **LS2 SeaCity Phase 2 (slippage £208,000)**

##### **Difficulties finalising contractor accounts**

Whilst negotiations take place with the contractor to settle any claims, the final account is yet to be paid.

## **ENVIRONMENT & TRANSPORT PORTFOLIO**

### **- ENVIRONMENT & TRANSPORT**

The spend for the year is **£17,036,000**. This can be compared with the budgeted figure for 2013/14 of **£19,636,000** resulting in an under spend of **£2,600,000**, which represents a percentage under spend against budget of **13.2%**.

## **SIGNIFICANT OVER SPEND OR UNDER SPEND**

### **E&T 1 – Highways Maintenance Risk Fund (favourable variance £240,000)**

**The contingency budget for the Highways Partnership was not required in full.**

The Highways Maintenance Risk Fund is a contingency to meet a share of any additional project costs within the roads and other programmes above the target cost agreed with the Highways Partner. The contingency is sufficient to meet the Council's maximum liability as part of the 'share mechanism'. This contingency was not required in full, resulting in a saving of £240,000 in 2013/14.

### **E&T 2 - Classified Roads (favourable variance £205,000)**

**There is a net under spend on this scheme.**

The Classified Roads scheme is part of the 'share mechanism' with the Highways Partner. Within the scheme there are 12 projects being delivered. There is a net under spend of £205,000 on the scheme.

### **E&T 3 - Highways Improvements - Developers (adverse variance £159,000)**

**There is a net over spend on this scheme.**

The Highways Improvements - Developers scheme is part of the 'share mechanism' with the Highways Partner. Within the scheme there were over 50 minor works delivered. There is a net over spend of £159,000 on the scheme.

### **E&T 4 - Redbridge Roundabout Scheme (favourable variance £172,000)**

**There have been savings on the drainage element of this scheme.**

There are savings on the Redbridge Roundabout scheme that were realised during the construction process. Allowance was made for more extensive drainage works than were required once the project had commenced.

### **E&T 5 - Principal Roads (favourable variance £209,000)**

**There is a net under spend and slippage on this scheme.**

The Principal Roads scheme is part of the 'share mechanism' with the Highways Partner. Within the scheme there are 5 projects being delivered. There is a net favourable variance of £209,000, which is made up of a net under spend £140,000 and slippage of £69,000.

## **MAJOR ITEMS of SLIPPAGE/RE-PHASING**

### **E&T 6 - MSCP 10 Year Maintenance Programme (favourable variance £132,000)**

## **There is slippage and a saving on multi storey car park (MSCP) maintenance works.**

There is slippage of £74,000 on the Eastgate MSCP column strengthening project, which will now complete in 2014/15. In addition, the conclusion of negotiations with the contractor on the Grosvenor Square Lifts project has given rise to an under spend of £58,000.

### **E&T 7 - Other Highways (slippage £110,000)**

#### **There is slippage on this scheme following a re-prioritisation exercise.**

The budget has been re-phased into 2014/15 in order to better deliver Council priorities. The Highways Partner now uses a Council agreed prioritisation matrix for scheduling ad-hoc requests. As a consequence, there have been a lower number of successful requests being implemented.

### **E&T 8 - Road Improvements (slippage £123,000)**

#### **There is slippage on this scheme due to severe inclement weather.**

There is slippage on both the Roads Restraints project (£89,000) and the Highways Drainage project (£34,000) as a result of the severe inclement weather experienced between December 2013 and February 2014 preventing these works from taking place. They have now been re-programmed for 2014/15.

### **E&T 9 - Public Transport (slippage £386,000)**

#### **There is slippage on this scheme due to equipment installation delays.**

The Transport for South Hampshire & Isle of Wight smart ticketing project has continued to progress throughout 2013/14. However, there is slippage due to delays by bus and ferry operators in installing phases 1 & 2 of the equipment. It has also taken longer than expected to complete the marketing of the project and the website.

### **E&T 10 - Cycling Improvements (favourable variance £110,000)**

#### **There is slippage on a number of projects within this scheme.**

A number of projects within the Cycling Improvements scheme have slipped. These include:

- Lovers Walk - Slippage of £32,000 due to consultation issues with residents and the University, combined with planning and ecology issues, which have delayed the design work.
- Cycling Network Improvements – Slippage of £31,000 at Winchester Road as cycling works had to be rescheduled after notice was given by utility companies to undertake their work.
- Cycle Missing Links – Slippage of £20,000 at Winn Road and The Avenue, due to the prioritisation of remedial works at Brookvale Road.
- Cycle Parking – Slippage of £18,000 at Shirley and Millbrook car parks to align the installation of cycle hangers with housing refurbishment works.

### **E&T 11 - Accessibility (slippage £227,000)**

#### **There is slippage on a number of projects within this scheme.**

Staff changes within Estate Regeneration have meant that the Travel and Transport Plan element (£100,000) within the City Wide Framework Project has slipped into 2014/15. There is also slippage on Legible Cities Phase 4 of £41,000, due to delays in the procurement process for a new manufacturer for the 'wayfinding signs'. Both the Athelston Road project (£29,000) and the Minor Schemes Programme (£36,000) have slipped into 2014/15 as the design of the schemes by the Highways Partner has taken longer than anticipated.

#### **E&T 12 - Improved Safety (slippage £108,000)**

**There is slippage on this scheme due to delays in confirming the safety budget.**

The slippage is due to a significant delay in the approval of the capital expenditure budget for safety engineering in 2013/14. As a consequence, there was insufficient time for the contractor to implement the full programme. This has had a beneficial impact as work can now be combined with an adjacent scheme, saving costs and reducing the congestion effects of road space use.

#### **E&T 13 - North of Station (forward re-phasing £139,000)**

**Work on this scheme was brought forward from 2014/15.**

The phase 1 public realm works at Station Quarter North started in February 2014, as the contractor had progressed well ahead of the original schedule. The budget for 2014/15 has been reduced accordingly.

#### **E&T 14 - Platform for Prosperity (slippage £287,000)**

**There is minor slippage on this scheme due to delays in design work.**

Over the financial year capital works to the value of £4.9M have been delivered on this scheme. Both the Town Quay and Platform Road construction phases have progressed well and certain aspects of the Town Quay preliminary works were completed earlier than anticipated. Despite this, project expenditure is slightly behind profile, as some of the design work was not completed as soon as was expected. Overall the project is progressing well and is expected to be completed on time and within the approved budget.

**The rest of the programme variance (£657,000) is slippage or under spend of minor amounts over various schemes.**

### **- CITY SERVICES**

The spend for the year is **£2,623,000**. This can be compared with the budgeted figure for 2013/14 of **£2,541,000** resulting in an over spend of **£82,000**, which represents a percentage over spend against budget of **3.2%**

### **CORPORATE ISSUES FOR THE PORTFOLIO – SIGNIFICANT OVER SPEND OR UNDER SPEND**

There are no CORPORATE key issues for the Portfolio.

### **MAJOR ITEMS of SLIPPAGE/RE-PHASING**

### **CS 1 - Weekly Collection Support Scheme (forward re-phasing £222,000)**

**There was re-phasing of £222,000 from 2014/15, due to the early introduction of the HIAB glass recycling banks.**

It was originally intended to introduce the new HIAB glass recycling banks in two equal phases in 2013/14 and 2014/15. Following the decision to cease the Trade Waste Skip Collection Service, which also emptied the existing skip glass banks, the new HIAB service was introduced in a single phase in 2013/14. This necessitated the re-phasing of spend originally planned for 2014/15. Early introduction will help improve recycling across the city.

**The rest of the programme variance (£140,000) is slippage of minor amounts over various Parks Improvement schemes mainly due to ongoing consultation with local Friends groups.**

### **HEALTH & ADULT SOCIAL CARE PORTFOLIO**

The spend for the year is **£892,000**. This can be compared with the budgeted figure for 2013/14 of **£859,000** resulting in an over spend of **£33,000**, which represents a percentage over spend against budget of **3.8%**.

#### **SIGNIFICANT OVER OR UNDER SPEND**

There are no significant over or under spends for the portfolio.

#### **MAJOR ITEMS of SLIPPAGE/RE-PHASING**

There are no major items of slippage/re-phasing for the portfolio.

### **HOUSING AND SUSTAINABILITY PORTFOLIO**

The spend for the year is **£1,835,000**. This can be compared with the budgeted figure for 2013/14 of **£2,051,000** resulting in an under spend of **£216,000**, which represents a percentage under spend against budget of **10.5%**.

#### **CORPORATE ISSUES FOR THE PORTFOLIO – SIGNIFICANT OVER SPEND OR UNDER SPEND**

There are no CORPORATE key issues for the Portfolio.



## **MAJOR ITEMS of SLIPPAGE/RE-PHASING**

### **HOUS 1 Salix Energy Efficiency Measures (slippage £126,000)**

**There have been delays in a number of small projects within the Salix scheme.**

Delays in implementation of a number of small Salix projects (notably LED lighting upgrades and IT Server room air-handling upgrades) has led to slippage of the approved Salix budget.

**The rest of the programme variance (£90,000) is slippage or under spend of minor amounts over various schemes.**

## **RESOURCES PORTFOLIO**

The spend for the year is **£1,740,000**. This can be compared with the budgeted figure for 2013/14 of **£2,762,000** resulting in an under spend of **£1,022,000**, which represents a percentage under spend against budget of **37.0%**.

### **CORPORATE ISSUES FOR THE PORTFOLIO – SIGNIFICANT OVER SPEND OR UNDER SPEND**

Following careful management of the two office accommodation related schemes (Office Accommodation and Works to enable Marland House Vacation) an under spend is anticipated against the budgets for both schemes. These schemes form part of the wider Accommodation Strategy and given the impact of future organisational change it is anticipated that the remaining funds will still be required to enable further office accommodation changes, details of which will be reported as part of a separate report to Cabinet on 15<sup>th</sup> July.

## **MAJOR ITEMS of SLIPPAGE/RE-PHASING**

**The major items of slippage are:**

### **RES 1 – Office Accommodation (slippage £869,000)**

#### **Slippage due to updated phasing of works**

Key work to complete the re-occupation of the Civic Centre North Block is ongoing with phase 2 now due for completion by the end of July. As a result a number of planned activities will now take place in the next financial year and this is reflected in the slippage of spend on this scheme. These timescales have been affected by the volume, complexity and timing of the works to tie in with

service needs for the People's Directorate Transformation together with the need for listed building consent.

These works will include IT, electrical, additional toilet facilities, storage facilities and provision of a back-up generator for the IT suite, all of which will need to be completed within the timescales necessary to enable the vacation of Marland House.

## **RES 2 – Oaklands School Site Demolition (slippage £90,000)**

### **Slippage pending agreement of final account**

The demolition works on site are now complete with the final position on the scheme subject to payment of retention and fees. As a result the remaining balance on the scheme will slip into 2014/15 and a final position will be reported as part of the next update of the capital programme.