

## **CAPITAL OUTTURN 2014/15 – DETAILS OF SIGNIFICANT VARIANCES**

### **CHILDREN'S SERVICES PORTFOLIO**

The spend for the year is **£7.91M**. This can be compared with the budgeted figure for 2014/15 of **£9.19M** resulting in an under spend of **£1.28M**, which represents a percentage under spend against budget of **13.9%**.

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

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

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

##### **CS 1 - Bitterne Park Sixth Form (slippage £0.24M)**

**The dispute with the contractor over the final invoice sum for the new sixth form building had not been resolved by 31<sup>st</sup> March 2015.**

The dispute between the parties was settled in May 2015, upon which a settlement payment was accepted by the contractor. Whilst the payment was made by the City Council the eventual liability for this sum is subject to ongoing discussion between the City Council and the school.

##### **CS 2 - Early Years Expansion Programme (slippage £0.11M)**

**The 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. One of the main projects within this programme will not be pursued due to archaeological issues. An alternative venue/s will be sought to replace it resulting in greater spend in 2015/16.

##### **CS 3 - Portswood Primary Expansion (slippage £0.11M)**

**The expansion of Portswood Primary School will now be delayed into 2016, following the receipt of tenders**

The tender returns for this project exceeded the available budget. It has, therefore, been necessary to take time to reconfigure the project to match the available funding, leading to a delay in its implementation.

##### **CS 4 - Increased Places at St Marys Primary – Phase 2 (slippage £0.12M)**

**Retention monies have yet to be paid.**

The project has now been completed with the exception of the retention monies which should be paid in 2015-16.

## **CS 5 - Health and Safety Capital (slippage £0.22M)**

### **Delay in respect of fire risk assessments.**

Fire risk assessments were delayed due to a dispute with the contractor. As a result, this work is now being undertaken by another supplier with the backlog being undertaken in 2015-16.

## **LEADERS PORTFOLIO**

The spend for the year is **£4.57M**. This can be compared with the budgeted figure for 2014/15 of **£6.06M** resulting in an under spend of **£1.49M**, which represents a percentage under spend against budget of **24.6%**.

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

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

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

#### **LD 1 – Southampton New Arts Centre (SNAC) (slippage £0.60M)**

##### **There have been delays to the project programme.**

The project remains behind the revised programme, due to unforeseen obstacles underground and the inclement weather, and is reliant on effective completion by the shell contractor to prevent further delay.

#### **LD 3 – Northern Above Bar – Guildhall Square (slippage £0.20M)**

##### **There has been a delay in the installation of lighting.**

The Guildhall lighting element of the project is still awaiting resolution. It is anticipated that this will now be completed in 2015/16.

#### **LD 3 – QE2 Mile – Bargate Square (slippage £0.46M)**

##### **The final section of the scheme is currently on hold.**

The Bargate Shopping Centre has been acquired by an asset management company who wish to sell the property. When a developer acquires the property and comes forward with a scheme for the site, a full scheme schedule will be developed for Bargate Square. The final section of this scheme is likely to require additional funding.

#### **LD 4 – Station Quarter Southside (slippage £0.06M)**

##### **There has been a delay to the start of the main scheme.**

The main scheme for Station Quarter Southside is not being progressed as originally planned. Alternatives are being explored for action in the two financial years from April 2015.

## **ENVIRONMENT & TRANSPORT**

The spend for the year is **£24.51M**. This can be compared with the budgeted figure for 2014/15 of **£25.36M** resulting in an under spend of **£0.85M**, which represents a percentage under spend against budget of **3.4%**.

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

#### **E&T 1 - North of Station (adverse variance £0.18M)**

**There have been unforeseen costs and some work has been brought forward into 2014/15 from 2015/16.**

Phase 1 of development work, to improve the public realm and connectivity of the station with the rest of the city, started in February 2014 and was completed in December 2014. The final costs for construction were in line with the Target Cost from the Highways Partner. However, additional unforeseen on-site costs, charges for suspended parking bays and early design fees for future phases account for an over spend of £0.14M. This overspend is funded by savings on other capital projects within the Integrated Transport section of the Environment & Transport Capital Programme. Phases 2, 3 and 4 began on site in January 2015 and the contractor has progressed well ahead of the original schedule. This has required £0.04M to be brought forward from the 2015/16 budget.

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

#### **E&T 3 - Principal Roads (slippage £0.23M)**

**There is slippage into 2015/16 of the funding for this ongoing scheme.**

The Principal Roads scheme is part of the 'share mechanism' with the Highways Partner. Within the scheme there are 11 projects being delivered. Greater efficiency by the Council's Partner, coupled with improved risk mitigation measures, have resulted in the delivery of these projects well within the available budget. There is a net favourable variance of £0.23M, which will fund the ongoing Roads programme in 2015/16.

#### **E&T 4 - Unclassified Roads (slippage £0.17M)**

**There is slippage into 2015/16 of the funding for this ongoing scheme.**

The Unclassified Roads scheme is part of the 'share mechanism' with the Highways Partner. Within the scheme there are 40 projects being delivered. Greater efficiency by the Council's Partner, coupled with improved risk mitigation measures, have resulted in the delivery of these projects well within the available budget. There is a net favourable variance of £0.17M, which will fund the ongoing Roads programme in 2015/16.

#### **E&T 5 - Unclassified Roads - Carriageway (slippage £0.45M)**

**There is slippage into 2015/16 of the funding for this scheme.**

The Unclassified Roads - Carriageway scheme is part of the 'share mechanism' with the Highways Partner. Within the scheme there are 7 projects being delivered. A number of identified high risk items were not realised and this has resulted in the delivery of these projects being well within the available budget. There is a net favourable variance of £0.45M, which will fund the ongoing Roads programme in 2015/16.

#### **E&T 6 - Bridges to Prosperity (slippage £0.26M)**

**There is slippage into 2015/16 on this scheme due to the complexity of the work.**

There was slippage on the Northam Road Bridge project of £0.19M, due to the complexity of the works needed to the structure, delaying the completion until April 2015. There was also slippage on the Western Approach Rail Bridge project of £0.04M, due to the delays to rail possessions necessary to complete the works.

#### **E&T 7 - Platform for Prosperity (slippage £0.34M)**

**There is minor slippage into 2015/16 on this significant scheme.**

Over the financial year capital works totalling £5.63M have been delivered. There is slippage into 2015/16 of £0.34M covering several aspects of the whole project. Principally, works on Queens Terrace, to the value of £0.29M, will be completed in 2015/16. The project is progressing well into its final phases and is still expected to be completed within the approved total budget.

#### **E&T 8 - Congestion Reduction (slippage £0.72M)**

**There is slippage into 2015/16 on this scheme due to technology performance issues.**

There is slippage of £0.70M on the Cleaner Bus Technology Fund project. The bus operator have been experiencing performance issues with the Fly Wheel Technology and, therefore, have asked the supplier to halt the programme of fitting the technology to the buses until those vehicles already fitted are performing satisfactorily.

#### **E&T 9 - Centenary Quay (slippage £1.12M)**

**There is slippage into 2015/16 on this scheme due to design issues.**

There have been project delays resulting from design issues and design value engineering. There is slippage of £1.12M into 2015/16, due to delays in reaching an agreement on the target cost of construction with the Council's Highways Partner.

#### **E&T 10 - Sustainable Travel (slippage £0.16M)**

**A project has been rescheduled following discussions with South West Trains.**

The Central Station Canopy Extension project has been delayed in full until 2015/16, following discussions with South West Trains. This has led to the entire budget of £0.17M being slipped into the 2015/16.

#### **E&T 11 – Other variances (favourable variance £0.59M)**

**There are a number of other variances across the programme.**

The remaining favourable variance of £0.59M can be attributed to a number of schemes with individual variances below £0.10M including the following:

- Other Highways
- Classified Roads
- Highways Improvements Developers
- Highways Maintenance Risk Fund
- Cycling Improvements
- City Centre Improvements
- Public Transport
- Crematorium Major Works
- Itchen Bridge Toll Automation Project.

### **CITY SERVICES**

The spend for the year is **£0.64M**. This can be compared with the budgeted figure for 2014/15 of **£0.79M** resulting in an under spend of **£0.15M**, which represents a percentage under spend against budget of **19.4%**.

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

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

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

#### **CS 1 - Parks Improvement Works (slippage £0.11M)**

**There was slippage due to ongoing consultation with Friends groups.**

There was slippage of minor amounts over various Parks Improvement schemes, mainly due to ongoing consultation with local Friends groups.

#### **CS 2 Play Area Improvements (slippage £0.03M)**

**There was a delay in finalising plans with Friends Groups.**

There was slippage of £0.03M on Play Area Improvement schemes, due to the need to finalise plans with local Friends groups prior to works commencing.

### **ADULT SERVICES PORTFOLIO**

The spend for the year is **£0.30M**. This can be compared with the budgeted figure for 2014/15 of **£0.46M** resulting in an under spend of **£0.16M**, which represents a percentage under spend against budget of **34.9%**.

## **SIGNIFICANT OVER OR UNDER SPEND**

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

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

### **Common Assessment Framework (slippage £0.06M)**

**The full implementation of the Common Assessment Framework has been deferred into 2015-16**

Following a successful pilot, the Common Assessment Framework was planned to be rolled out across Health and Adults Social Care in 2014-15. In order to ensure a successful implementation, it became necessary to upgrade the PARIS system to version 5.1. However, the upgrade to PARIS 5.1 was delayed, leading to a subsequent delay in the Common Assessment Framework project. This work is the first priority once the PARIS 5.1 project has been implemented.

### **PARIS 5.1 project (slippage £0.08M)**

**Implementation of the Paris 5.1 project has been delayed and will not be finished until 2015-16**

The PARIS 5.1 project has been delayed due to software issues on several versions of the system delivered by the supplier. The original project plan had identified 3 cycles of testing, however the project is currently undergoing its 7<sup>th</sup> cycle. It is now envisaged that the project will be implemented by mid July 2015.

## **HOUSING AND SUSTAINABILITY PORTFOLIO**

The spend for the year is **£1.36M**. This can be compared with the budgeted figure for 2014/15 of **£2.47M** resulting in an under spend of **£1.11M**, which represents a percentage under spend against budget of **45.0%**.

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

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

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

### **HOUS 1 – Estate Parking Improvements (slippage £0.20M)**

**There has been a delay in the start of the project.**

There have been issues with planning, tree preservation, stopping up and construction costs. These issues have delayed the process of enlisting residents to contribute to the project.

### **HOUS 2 – Flood Risk Management (slippage £0.29M)**

**The start of the programme has been delayed.**

Work on this programme started in March 2015 but was behind schedule by around three months. The project is expected to be completed by the end of May 2015.

### **HOUS 3 – Repair & Renew Grants (Flood Recovery) (slippage £0.10M)**

**Expenditure on this scheme has been lower than expected.**

It is estimated that only £0.01M of this government grant funding will be spent in 2015/16. The balance may no longer be required and this budget will be amended in the September 2015 capital update process.

### **HOUS 4 – Civic Centre IT Server Room (slippage £0.05M)**

**The feasibility study for this project has been delayed.**

There has been a delay in obtaining a feasibility study for this work to establish the viability of procuring this work. Once this study has been completed and a viable option has been selected, work on enhancing the efficiency of service provisions, such as air handling and a cooling plant, will begin.

### **HOUS 5 – Disabled Facilities Grants approved in 2013/14 (slippage £0.08M)**

**The total cost of the work programme was lower than anticipated**

The slippage is due to a combination of work not being completed, due to the needs of the client changing, and work costing less than anticipated. This budget will be realigned during the September 2015 capital update process as the full costs of committed cases are now known.

### **HOUS 6 – Disabled Facilities Grants approved in 2014/15 (slippage £0.20M)**

**The payment of grants has been lower than expected.**

Although the valuations of work to be carried out on properties have been accurate, there are long lead times to get work planned, authorised and completed. Client circumstances can change during this time and there has been an unexpected reduction in cases being presented for final approval and payment.

### **HOUS 7 – Insulation and Fuel Poverty Initiatives (slippage £0.05M)**

**The demand for boiler insulation was lower than anticipated.**

The boiler insulation service provided by the Society of St James is demand led. As the number of requests from residents meeting the criteria of the service has been lower than anticipated the overall expenditure has been less than budgeted.

## **RESOURCES & LEISURE PORTFOLIO**

### **LEISURE**

The spend for the year is **£1.91M**. This can be compared with the budgeted figure for 2014/15 of **£2.56M** resulting in an under spend of **£0.65M**, which represents a percentage under spend against budget of **25.2%**.

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

#### **LS 1 - SeaCity Phase 2 (over spend £0.24M)**

**Negotiations with the contractor on the final accounts are continuing.**

The Council is currently in negotiation with the contractor to settle the final account for the construction of the museum and it is anticipated that, after much delay, this will be finalised in the coming months. The current forecast over spend of £0.36M, as reported to Council in February 2015, is largely down to additional work required with regards to asbestos and the associated additional work and delays that this caused. Council approved a provision in July 2012 for additional Direct Revenue Financing of up to £0.30M as a response towards this likely pressure.

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

#### **LS 2 - Oakland's Swimming Pool (slippage £0.24M)**

**There has been a small delay in the completion of works and in finalising the contractor accounts.**

There is slippage of £0.24M due to a small delay in the completion of works prior to handover to a community group and in work relating to the final account.

#### **LS 3 - Lordshill Community Hall (slippage £0.16M)**

**There has been a small delay in the completion of works.**

The refurbishment project for Lordshill Community Hall was scheduled to be a thirteen week programme but this has now been extended for an additional month. The works are due to be completed in early May 2015.

#### **LS 4 - Woolston Library (slippage £0.37M)**

**There has been a delay in the delivery of the core shell of the library building.**

There has been a delay, due to the Centenary Quay developer not yet having delivered a shell and core building, which would enable a lease to be signed by the Council. It is anticipated that the lease will be signed in May 2015 and that work will start on site in June to fit out the library. The works should be completed within three months and the new library opened in the autumn.



## **RESOURCES**

The spend for the year is **£1.02M**. This can be compared with the budgeted figure for 2014/15 of **£2.02M** resulting in an under spend of **£1.00M**, which represents a percentage under spend against budget of 49.6%

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

It is anticipated that the Office Accommodation scheme may under spend as the scheme draws to a close in 2015/16. However, due to the complexity of the scheme and residual works to be undertaken, it is not yet possible to declare any final amounts with certainty. The scheme forms part of the wider Accommodation Strategy and given the impact of future organisational change it is anticipated that the remaining funds may still be required to enable further office accommodation changes e.g. as a result of the Property review, Service Property review etc. A final position will be reported once available as part of the capital update process.

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

#### **RES 1 – Office Accommodation (slippage £0.57M)**

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

The remaining works approved under the original ASAP programme are now expected to complete in 2015/16. These remaining works are primarily to facilitate increased capacity and re-configuration of office space and are scheduled to take place from now up to the end of the summer, some of which form part of the next phase of accommodation changes within the New Ways of Working programme.

The works will also include increased IT capacity, storage facilities, provision of a back-up generator for the IT suite and fit-out works for the former Fountains café area later in the year if required.

#### **RES 2 – Civic Centre Clock Tower Repairs (slippage £0.11M)**

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

The scheduled works to the clock tower are now anticipated to complete during May and the slippage therefore represents the residual balance of works costs and fees. Final costs are still anticipated to be within the original approved budget.

#### **RES 3 – Works to Enable Accommodation Strategy (slippage £0.23M)**

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

This scheme was approved by Cabinet on 15<sup>th</sup> July 2014 to enable further accommodation changes to be implemented within the overall accommodation strategy. In order to achieve the tight timescales to vacate OGS and Castle Way only essential works to facilitate occupation of the Civic were completed within 2014/15 leaving the balance of works to be undertaken after the moves had taken place. These remaining works are primarily to facilitate increased capacity and re-configuration of office space and implementation has already commenced as part of the next phase of accommodation changes within the New Ways of Working programme. Some of the works have already been provided for within the Office Accommodation scheme and any additional works will be covered by this new scheme during 2015/16. The remaining budget on this scheme is intended to cover works required in future years to cover further accommodation changes as required e.g. the impact of the current service property review and potential vacation of additional buildings.

### **RES 3 – Oaklands School Site Demolition (slippage £0.90M)**

#### **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 2015/16 and a final position will be reported as part of the next update of the capital programme.