

## **GENERAL FUND AND HRA CAPITAL OUTTURN 2018/19 – VARIANCE EXPLANATIONS**

1.	Reasons for major variances on individual schemes are given for each Portfolio below. A de-minimus reporting variance of +/- £0.24M has been set.
	<b>ADULTS</b>
2.	<p><u>Telecare Equipment (Underspend of £0.38M)</u></p> <p>Referrals and subsequent installations of telecare equipment were lower than anticipated in 2018/19. Referrals were expected to increase in the second half of the year through more telecare awareness drop in sessions with Adult Social Care teams but the actual spend has not increased due to existing equipment being recycled to new service users.</p>
	<b>ASPIRATION, SCHOOL AND LIFELONG LEARNING</b>
3.	<p><u>R&amp;M Programme for Schools (Slippage of £0.29M from 2018/19 to 2019/20)</u></p> <p>Resourcing issues arising from unfilled posts during the restructuring of the Capital Assets team resulted in difficulties in managing the volume and complexity of works and keeping within timescales. Rolling condition surveys of schools highlight a backlog of works which have been prioritised for completion in 2019/20.</p>
4.	<p><u>Early Years Expansion Programme (Slippage of £0.35M from 2018/19 to 2019/20)</u></p> <p>Resourcing issues arising from unfilled posts during the restructuring of the Capital Assets team resulted in delays in the completion of the required design and feasibility studies for this scheme. This will be completed in 2019/20.</p>
5.	<p><u>Primary Review P2 - Valentine Primary School Westwood Block (Slippage of £0.37M from 2018/19 to 2019/20)</u></p> <p>Works were rescheduled to coincide with the school holidays in July and August 2019, as it is not safe to complete the works during term time with young children present for health and safety reasons. The scheme is forecasted to be completed by October 2019.</p>
6.	<p><u>Primary Review P2 - Fairisle Junior (Slippage of £0.61M from 2018/19 to 2019/20)</u></p> <p>The original tender for this scheme was for a 1 storey 4 classroom extension but following a review of required works the scheme was amended to a 2 storey 4 classroom building which offers larger classrooms and better value for money. These scheme design changes have caused delays, the scheme will now be completed in 2019/20.</p>
7.	<p><u>Sholing Technical College Renovation (Slippage of £1.89M from 2018/19 to 2019/20)</u></p> <p>Sholing Technical College became an academy in September 2018. SCC were required to ensure the building was in good condition as part of the transfer arrangement. The necessary improvement works required condition surveys which resulted in ongoing discussions with the Academy Trust taking over the school as to who should deliver the works. This caused a delay in</p>

	signing off the surveys. The works will now be completed by the Trust funded by SCC in 2019/20.
8.	<p><u>Schools Devolved Capital (Overspend of £0.46M)</u></p> <p>The schools capital works programme is undertaken throughout the year and funded through devolved capital funding. The capital is fully funded by a specific ring fenced grant. The capital spend is not included in forecasts during the year but is added to the capital financing outturn statement.</p> <p>Schools decide on the allocation of this grant and can decide to carry forward any underspend and the timing of spend to complete school schemes.</p>
9.	<p><u>Asbestos Programme (Underspend of £0.36M)</u></p> <p>This is a reactive budget and surveys identified a lower level of works in 2018/19 than expected. It is anticipated that future years works can be completed within existing budgets for those years.</p>
<b>CLEAN GROWTH AND DEVELOPMENT</b>	
10.	<p><u>Southampton New Arts Centre (Studio 144) (Overspend of £0.24M)</u></p> <p>The overspend to the scheme has been driven by the award by the Contract Administrator in regard to an Extension of Time claim submitted by the Fit-out Contractor. The award for the South Building is primarily referencing the substantial flooding of the building, alterations to the gallery wall construction and the consequences of the building contractor being on site at the same time as the fit-out contractor. The award for the North Building is primarily referencing the issues with the design of the Primary Containment, issues with lift installations and the subsequent impacts on the fit-out contractor.</p> <p>Discussions on the final contract costs are currently taking place based on valuations provided by quantity surveyors. There is no defined contractual obligation to conclude the final account within a fixed time and at current progress is positive. A final settlement is expected in 2019/20 at which point the total additional funding required to complete the scheme will be known.</p>

	<b>COMMUNITY WELLBEING</b>
11.	<p><u>Support for Estate Regeneration (Slippage of £0.93M from 2018/19 to 2019/20)</u></p> <p>This scheme is funded through S106 agreement and is part of the scheme for new properties to be leased to/from a third party provider at Townhill Park (THP). Further consultation as part of the wider THP scheme and is dependent on the bigger scheme resulting in a delay.</p>
	<b>FINANCE AND CUSTOMER EXPERIENCE</b>
12.	<p><u>Customer Relationship Management (Slippage of £0.24M from 2018/19 to 2019/20)</u></p> <p>This scheme is to upgrade the Capita owned customer relationship management system Lagan which novates to SCC when IT services return in house. Works were initially planned to be carried out before the transfer however this had to be delayed until SCC owned Lagan in January 2019.</p>
13.	<p><u>Civic Centre Upgrade (Slippage of £0.26M from 2018/19 to 2019/20)</u></p> <p>This scheme is to help create a more modern and flexible workspace for staff in the Civic Centre and is being completed in two phases. The detailed design of phase one is still being reviewed and has not yet been agreed by all stakeholders. Once the detailed design has been agreed and signed off by the Senior Management Team, the scheme will move into the delivery phase where the majority of expenditure will occur.</p>
14.	<p><u>Desktop Refresh Programme (Slippage of £0.61M from 2018/19 to 2019/20)</u></p> <p>The rollout of the desk top refresh has slipped as there has been a delay in the provider specification machine builds which subsequently delayed the purchase and roll out of hardware. This was an intentional delay to coincide with the ceasing of the Capita contract with the aim of gaining better value for money. This will now be delivered in 2019/20.</p>
15.	<p><u>Transformation Digital Investment (Slippage of £2.24M from 2018/19 to 2019/20)</u></p> <p>There has been a delay in the implementation of the enterprise resource planning (ERP) system, Business World, due to issues discovered during user acceptance testing which need to be resolved.</p> <p>The launch date of Business World had been deferred to allow testing of all scenarios so that there is reliance that these issues have been resolved before the system goes live.</p>
	<b>TRANSPORT AND PUBLIC REALM</b>
16.	<p><u>Highways Network Delivery (Slippage of £0.24M from 2018/19 to 2019/20)</u></p> <p>Work on Highway Network Delivery projects on South East Road and Chilworth Roundabout have slipped as further design works and additional drainage were required. Work is now scheduled to be undertaken in the summer 2019.</p>
17.	<p><u>Cycleways Improvements Programme (Slippage of £0.30M from 2018/19 to 2019/20)</u></p>

	Cycling improvements works which relate to Weston Shore have slipped to link into larger infrastructure works to help prevent coastal erosion in the area which won't begin until 2019/20.
18.	<p><u><a href="#">City Centre Improvements (Slippage of £0.37M from 2018/19 to 2019/20)</a></u></p> <p>This slippage is as a result of advice from the delivery partner Network Management to carry out the works on Third Avenue in May 2019 to ensure there is a co-ordinated approach to works being undertaken in the city and to minimise disruption to network.</p>
19.	<p><u><a href="#">Car Park Readers (Slippage of £0.46M from 2018/19 to 2019/20)</a></u></p> <p>Payment card readers in car parking pay and display machines need to be updated in line with the latest industry standards. The procurement process for the card readers has taken longer than anticipated.</p>
20.	<p><u><a href="#">Bridge Maintenance (Slippage of £0.46M from 2018/19 to 2019/20)</a></u></p> <p>Procurement delays in appointing a sub-contractor for bridge assessments has caused £0.12M of the programme to slip. There have also been varying delays on other sub-projects within this scheme; the Lordswood underpass works have been delayed as a specialist sub-contractor needed to be found to undertake the works; Cobden Bridge works were delayed until after the marathon to prevent disruption to the event; parapet repairs slipped as other works were prioritised prior to year-end; intrusive inspections by a specialist contractor are now due to take place in April and the subway refurbishment programme and culvert access works have been delayed as these works need to be undertaken in dry weather.</p>
21.	<p><u><a href="#">Vehicle Purchases (Slippage of £0.55M from 2018/19 to 2019/20)</a></u></p> <p>This scheme is to re-body the twin-track refuse vehicles to standard refuse freighters. The first re-bodied vehicle was delivered for evaluation during February 2019 with a number of snagging issues. These issue have now been resolved and the vehicle specification updated for the remaining vehicles. A second vehicle is due to return in April 2019 and the remaining vehicles will be returned in mid-2019/20.</p>
22.	<p><u><a href="#">Anti-Terrorist Measures (Slippage of £0.55M from 2018/19 to 2019/20)</a></u></p> <p>The hostile vehicle mitigation scheme which involves installing high quality bollards and other protective measures in the city centre has taken longer than anticipated as works needed to be scheduled around events in the city. Works on West Marlands Road and Above Bar Precinct are currently underway and due to complete in the new financial year.</p>
23.	<p><u><a href="#">Local Transport Improvement Fund (Slippage of £0.60M from 2018/19 to 2019/20)</a></u></p> <p>There have been delays on some projects within this scheme caused by uncharted utilities creating an overrun to the delivery timetable. The works are now programmed and being delivered in 2019/20.</p>
24.	<p><u><a href="#">Additional Roads Programme (Slippage of £1.25M from 2018/19 to 2019/20)</a></u></p>

	The schemes at Byron Road and Sylvan Avenue both require full reconstruction at addition depth due to the condition of the underlying road structure which will take longer than anticipated. Also a number of schemes require treatments that can only be applied in warmer weather and therefore works need to be undertaken in the new financial year.
25.	<u>Cycling Improvements (Slippage of £1.78M from 2018/19 to 2019/20)</u> The scope of work in 2018/19 was reduced on the advice of the delivery partner Network Management as it was not deemed practical to work on all five key routes in to the city at once. Works have been staggered into more suitable stages which has led to larger scale projects on The Avenue and from Quayside Road to Bitterne Village now being undertaken in 2019/20 along with a number of smaller projects on key routes.
26.	<u>Millbrook Roundabout (Slippage of £1.82M from 2018/19 to 2019/20)</u> This is a large infrastructure project to rebuild the roundabout on a key route into the city from the west. It is being completed in two phase, the second phase was paused temporarily whilst the implications on local traffic of leaving the European Union were considered. The second phase is now due to be completed in April. A post-completion greening project will then commence.
27.	<u>Congestion Reduction (Slippage of £2.43M from 2018/19 to 2019/20)</u> There has been slippage of £1.44M on the Bursledon Road project to improve access in the east of the city funded from the National Productivity Investment Fund. The delivery profile of the project has been confirmed and the budgets aligned. There has been slippage of £0.27M on the Electric Vehicle Action Plan. This is a project to improve electric vehicle infrastructure in the city to help increase the usage of electric vehicles. There was a delay in arranging a power source for some charging points in car parks. It was originally intended to connect the charging points to street lighting network but this was not a technically viable solution. The project slipped whilst alternative power source was identified. £0.72M of the budget has been designated as match funding for the Transforming Cities bid being submitted in June 2019. This has meant that some congestion reduction projects have been delayed to correspond with wider works to be delivered as part of the Transforming Cities project from January 2020 onwards.
28.	<u>Highways (Underspend of £0.92M)</u> A number of schemes have been completed by the Highways partner below the agreed target price. This has mainly occurred in the roads scheme due to allowances and contingent costs included in the target price being lower than expended or not materialising. Allowances were made for widespread poor ground conditions, based on core samples, which were not as extensive as anticipated. The costly disposal of historically used contaminated material were lower than expected as these were not discovered during works. And inclement weather and a high water table was better than expected.
	<b>HRA</b>

29.	<u>Hants Fire &amp; Rescue Service - Fire Safety / Sprinkler Project (Overspend of £3.62M)</u>  Following independent inspections and audits by Hampshire Fire Rescue Services on the cities high rise blocks, issues were identified with the in these blocks that were an essential health and safety requirement. In addition, asbestos in communal areas has been far greater than anticipated, as in a number of areas had been over cladded. This needed to be removed to allow sprinkler works.
30.	<u>Housing Refurbishment Programme (Overspend of £0.57M)</u>  This overspend is in relation to the boiler replacement element of this scheme as a higher number of homes needed their boilers upgrading to meet good working standards than initially anticipated. In order to avoid any reoccurrences, budgets have been allocated to future years to meet this.
31.	<u>Energy Company Obligations City Energy Scheme (Overspend of £0.35M)</u>  This overspend is due to the purchase of heating panels to be used in flats in advance of budgeted purchase scheduled for 2019/20. This has not been reported as repassing as there was sufficient overall budget in 2018/19 to cover this. The budgets for 2019/20 have been updated as part of the overall HRA programme reset.
32.	<u>Roads/Paths/Hard Standing (Underspend of £0.24M)</u>  Due to a lack of resources, works have been unable to progress on this scheme. The appointment of the Hampshire County Council Architectural Services should have taken place early in 2018/19. However the joint working agreement between Hampshire County Council and SCC under which this appointment was made was deemed non-compliant with regard to the SCC procurement policy. It is anticipated that this scheme can be completed within existing budgets for future years.
33.	<u>Water Quality Remedial Works (Underspend of £0.35M)</u>  This scheme has been delayed due to issues relating to section 20 consultation with leaseholders, which took longer than anticipated due to disputes relating to the cost of the works and whether a cheaper alternative was available. Also Housing Ops did not have the capacity to carry out works on our tower block water tanks in 2018/19. Inspections need to be carried out to understand scope of works and the pressure of delivering within the expected timescale in 2019/20. It is anticipated that this scheme can be completed within existing budgets for future years.
34.	<u>Wall Structure &amp; Finish (Underspend of £0.41M)</u>  Due to the prioritisation of works on high rise assets, internal and external resource availability has been limited. It is anticipated that this scheme can be completed within existing budgets for future years.
35.	<u>Renew Warden Alarm (Underspend of £0.49M)</u>  This scheme intends to address the increasing unreliability of the current alarm equipment, the lack of availability of parts and the requirement to move

	<p>from an analogue to digital systems by 2025. A review of resources and the scale of works that can be realistically delivered is still required. Work will therefore not commence until the end of 2019/20 and will be phased over 2 years. It is anticipated that this scheme can be completed within existing budgets for future years.</p>
36.	<p><u>Estate Regeneration Woodside/Wimpson (Potters Court) (Underspend of £0.52M)</u></p> <p>A delay in the contract formation for this scheme has resulted in an under spend in 2018/19. It is anticipated that this scheme can be completed within existing budgets for future years. The delivery of the scheme still remains on target to be completed within the projected timeline.</p>
37.	<p><u>External Windows and Doors (Underspend of £0.65M)</u></p> <p>This budget is currently being used to supplement fire safety works in non-high rise assets where there is a need for upgrades to fire doors. At the current time this is focusing on the supported housing schemes. However changing industry guidance on the suitability of products and ongoing advice from Hampshire Fire and Rescue Service is resulting in works taking longer to deliver than first envisaged. It is anticipated that this scheme can be completed within existing budgets for future years.</p>
38.	<p><u>Household Refurbishment Project - Kitchen and Bathroom (Underspend of £0.78M)</u></p> <p>The kitchen and bathrooms within housing stock have deteriorated and are coming to the end of their working lifespan based on stock condition records and feedback from the maintenance team. However, works were not able to progress in 2018/19 due to ongoing discussions with tenants and the lack of internal and external resources to complete works. It is anticipated that this scheme can be completed within existing budgets for future years.</p>
39.	<p><u>External Wall Insulation - Low Rise (Underspend of £1.00M)</u></p> <p>A compliant contractor was not identified for works to deliver the scheme following the conclusion of Energy Company Obligation Schemes in 2018/19. Due to conflicting demands in the 2018/19 arising from fire safety works this scheme was not progressed. It is anticipated that this scheme can be completed within existing budgets for future years.</p>
40.	<p><u>Roofing Lot 1 West (Underspend of £2.73M)</u></p> <p>Roofing works for 2018/19 were not started. A review of the contract documentation required a revision of the preliminaries and pricing documents. A series of changes to ensure the tender document was robust required additional time. The contract will now be let for the full programme of work during 2019/20. It is anticipated that this scheme can be completed within existing budgets for future years.</p>
41.	<p><u>Energy Company Obligations - Thornhill Heating (Underspend of £5.57M)</u></p> <p>Due to reprioritisation within the programme resources were reallocated to the Hants Fire &amp; Rescue Service - Fire Safety / Sprinkler Project and this</p>

scheme was not progressed in 2018/19. A review is to be undertaken in early 2019/20 to understand the scope of works required at Thornhill to change the current heating and hot water system. It is anticipated that this scheme can be completed within existing budgets for future years.