

Capital Budget Outturn Report for 2017/18

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Purpose of the Report

1. The purpose of this report is to inform Members of the outturn of the capital programme of the Council for 2017/18 i.e. the total spend for the year and how this compares with the agreed budget for the year, with explanations for the main differences. It also summarises what has been delivered through the capital invested and how this has been funded.

Forward Plan

2. This report appeared on the District Executive Forward Plan with an anticipated Committee date of July 2018.

Public Interest

3. This report sets out details of capital expenditure incurred in 2017/18 and the performance against the approved budgets for projects and the overall Capital Programme.

Recommendation(s)

4. That the District Executive: -
 - a) note the content of the report including the net spend of £16.424m on capital schemes during 2017/18; and small variance of only £4K underspend across 33 completed schemes.
 - b) approve the revised Capital Programme spend as detailed in paragraph 10.

Background

5. Full Council approves the Capital Programme in February each year. Monitoring of the agreed programme has been delegated to District Executive.

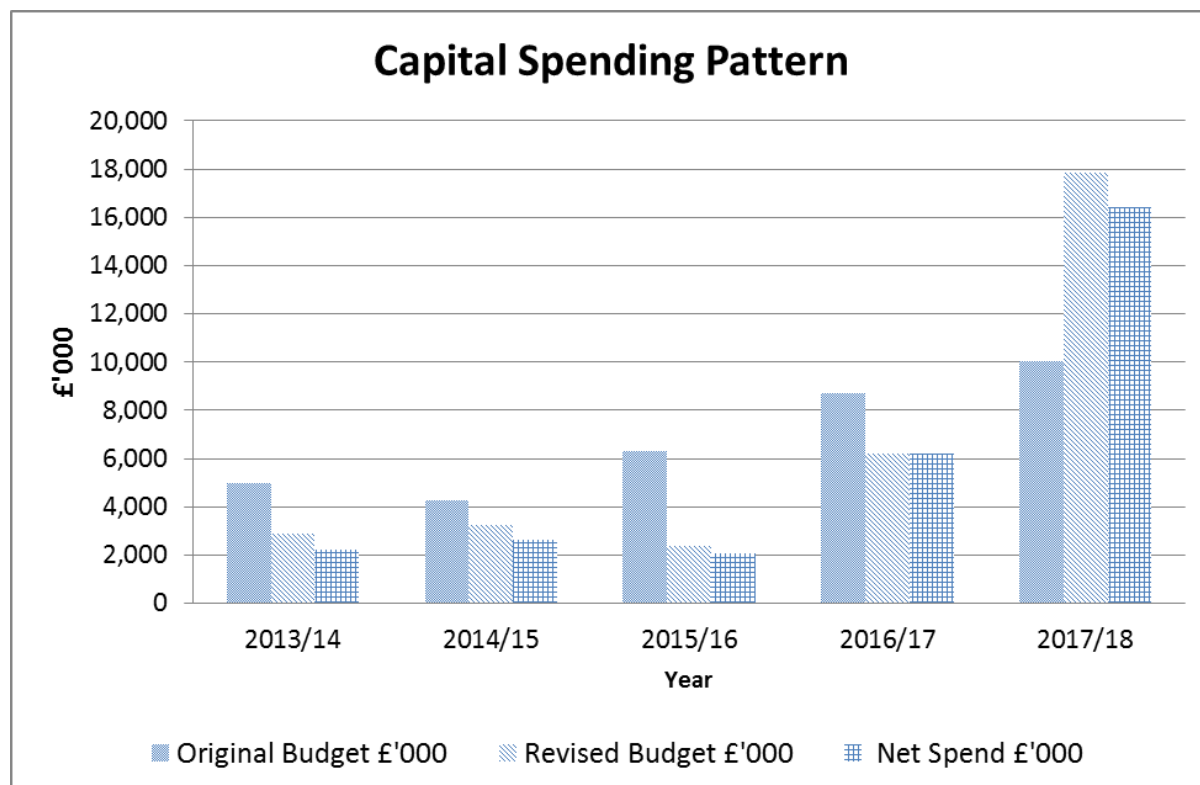
Overall Outturn Position

6. The overall position for the Capital Budget for 2017/18 is that total net spending amounted to **£16.424m**; this was **£6.360m (63.2%)** more than the original planned net expenditure of **£10.064m**. Amendments have been reported to members each quarter and the revised Capital Programme approved.
7. The original budget is revised each quarter to reflect changes to the programme. The position on the Capital Budget for 2017/18 at Quarter 4, showed revised planned net expenditure of **£17.863m**. With the total spend amounted to **£16.424m**; this was **£1.439m (8.06%)** less than planned. This is mainly due to timing of project delivery. A final report on 2017/18 spend is attached at Appendix A.

8. The **£16.424m** actual spend referred to above is the net position which includes external contributions and grants. Excluding these external contributions and grants shows gross expenditure of **£18.711m** on the capital programme, and **£142k** on internal funded borrowing for assets.

Capital Spending Pattern

9. The graph below shows the actual spend compared to revised budget for the last 5 years. The total 2017/18 spend represented 92% of the revised budgeted spend for the year, compared to 99% in 2016/17.



10. The original budget of £10.064m increased by £7.799m in 2017/18 to the revised budget of £17.863m. This was mainly due to DX agreed funding and approvals by CEO in consultation with the leader under delegated powers, for the purchase of investment properties in 2017/18.

Revised Capital Programme

11. Some amendments have been requested since Quarter 3. A summary of those amendments are outlined below and members are requested to approve the revised Capital Programme shown in Appendix B. The net budget for 2017/18 was revised from **£18.502 to £17.863m** for the following reasons: -

	17/18	18/19	19/20	20/21	21/22
	£'000	£'000	£'000	£'000	£'000
Capital Programme for Quarter 3 approved by District Executive in February 2017	18,502	7,652	2,305	2,659	-882
Profiling amendments to capital programme quarter 4 2017/18	-454	341	105	5	5
Plus S106 projects added to Capital programme quarter 4	-8	-43	47		
Plus allocations from Internal Lease Reserve for Streetscene & Hort Vehicles	88				
Plus projects added to Capital Programme quarter 4:					
Empty Property Grants (DX Feb 18)		50			
Home Repairs Assistance (DX Feb 18)		51			
HMO Grants (DX Feb 18)		50			
Flagship Play Area (DX Feb 18)		142			
Grant to Westfield Comm Centre (DX Feb 18)		95			
Crematorium Clear Skies IT software	16				
Area West – Ilminster warehouse Theatre		13			
Less projects moved to reserve list:					
Transformation	-300				
Affordable Housing - Queensway	-4				
Grant to Westfield Artificial Grass Pitch, Curry Rivel	-2				
Adj to Loan Repayments to exclude interest	42	26	21	17	11
Adj for contribution from the Parish Council to the Council's Confidential Project	-17	-257	-171		
Revised Capital Programme for 2017/18	17,863	8,119	2,307	2,680	-867

(Negative figures = income / balance available, positive figures = costs / use of funds available)

Additional Income

- This section highlights any new funding or changes to external funding that have been received by the Council within the last quarter. It is recommended the capital programme budget is increased and funded by the amounts shown in the table below:

Project	Additional funding received 2017/18 £'000	Additional funding Received 2018/19 £'000
<u>S106 Income:</u>		
Wyndham Park Play Area, Yeovil.		-50
Grass Royal Play Area.		-10
Donald Pither Memorial Ground.		-11
Milford Adventure Park.	-17	-12
Riverside Park Planting Scheme.	-1	-22
Grant to Huish Episcopi Academy Artificial Grass Pitch	-7	-85
Forton Playing Pitches, Chard		-3
Babcary Playing Field		
Disabled Facilities Grant		-1,148

Completed schemes (including feasibility)

12. The table below shows the projects/schemes completed in the period with a value over £25k.

Scheme	Revised Net Budget £'000	Actual Spend £'000	Within acceptable limits?	Responsible Officer
Affordable Housing – Queensway, Yeovil (Stonewater)	173	169	Y	C McDonald
Affordable Housing – West Hendford, Yeovil	63	63	Y	C McDonald
Purchase of 1 x 3 Bed House, Chard (Magna)	35	35	Y	C McDonald
Grant to Tintinhull Village Hall	31	31	Y	S Kelly
Boston Class 4/7 ATL MOT Package	31	31	Y	C Cooper
Grant to Huish Episcopi Academy Artificial Grass Pitch	34	34	Y	L Pincombe
Grant to Merriott PC	28	28	Y	L Pincombe

13. In order for an over/under spend to be within acceptable limits, the variation on budget should be within £10,000 or 5% (whichever is greater) of revised budget. On this basis, all 33 of the completed schemes are within an acceptable margin of the overall budget. These are identified as the shaded schemes in Appendix A.

Area Capital Programmes

14. Each Area has balances that can be used during the year. The position of the Area balances at 31st March 2018 and any movement within the year are as follows:

	Area East £'000	Area North £'000	Area South £'000	Area West £'000	Totals £'000
Position at start of financial year	55	177	216	62	510
Additional resources approved by DX for 17/18	25	25	25	25	100
Allocations to/(from) reserve during year	-35	-13	-5	-5	-58
Position at end of financial year	45	189	236	82	552

15. Each Area was allocated an additional £25,000 in February 2017 for schemes in 2018/19. The table shows that following these approvals Area unallocated capital balances have decreased by £58,000.

Financing of the Capital Programme

16. The gross spend of £18.853m is the total capital expenditure before funding sources are included and requires financing. Members are recommended to approve the final financing of the capital programme from the following sources: -

Resources Used	Actual Gross Spend £'000
Useable Capital Receipts (UCR)	8,053
Borrowing	8,269
External Contributions from funding partners	1,250
Capital Fund	295
Capital Grants from Central Government	774
Loan Repayments	212
Total Resources Used	18,853

17. We contributed £16.829m towards the £18.853m we spent last year. This means, for every £1 of our capital resources we contributed, we received 11p from external organisations.

Outstanding Loans

18. As part of the agreed loans policy the amount of any outstanding loans at the end of each financial year must be reported to this committee. As at 31st March 2018 the following loans were outstanding:

Borrower	Original Sum Lent £	Fixed Interest Rate	Amount Outstanding at 31 st March 18 £	Period of Loan	Final Repayment Date
Hinton St George Shop	190,000	2.67%	164,731	20 years	February 2036
Somerset Waste Partnership	1,567,216	2.22%	1,233,809	7 years	August 2023
Total Outstanding			1,398,540		

19. There is also £9,172 outstanding in sale of council house mortgages, and £63,479 in car and bike loans.
20. Wessex Home Improvement Loans (WHIL) works in partnership with the Council to provide finance to home owners for essential maintenance and improvement works to

their property. Loans are increasingly replacing grants allowing the Council to re-circulate funds. The Council has **£672,988** of capital invested with WHIL. As at 31st March 2018 there was £360,801 on the loan book and £312,187 as available capital.

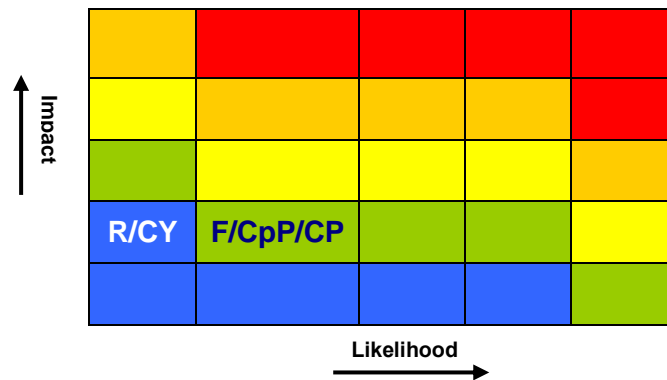
Section 106 Agreements

21. S106 agreements are legal agreements between Local Authorities and developers that are linked to a planning permission. The total balance held as at 31st March 2018 was **£3,779,078**. This is purely a South Somerset District Council financial summary, more detail on S106's is given to Area Committees on a quarterly basis.

Financial Implications

22. These are contained in the body of the report.

Risk Matrix



Key

Categories	Colours (for further detail please refer to Risk management strategy)
R = Reputation	Red = High impact and high probability
CpP = Corporate Plan Priorities	Orange = Major impact and major probability
CP = Community Priorities	Yellow = Moderate impact and moderate probability
CY = Capacity	Green = Minor impact and minor probability
F = Financial	Blue = Insignificant impact and insignificant probability

Corporate Priority Implications

There are no specific implications in these proposals.

Carbon Emissions and Climate Change Implications

There are no specific implications in these proposals.

Equality and Diversity Implications

There are no specific implications in these proposals.

Background Papers: Capital Monitoring Quarter 1 to 3 Reports to District Executive