

2018/19 Capital Budget Monitoring Report for the quarter ending 30th June 2018

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Purpose of the Report

1. The purpose of this report is to provide Members with an early projection in 2018/19 of the forecast spending (“outturn”) against the Council’s approved Capital Programme Budget, and to explain projected variations against individual projects and the Programme as a whole.

Forward Plan

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

Public Interest

3. This report gives an update on the forecast capital financial position and budgetary variations for the financial year 2018/19, as at 30th June 2018. Maintaining effective control over capital spending within approved budgets helps to ensure capital investment is affordable and meets agreed priorities.

Recommendations

4. That the District Executive:
 - a. Note the content of the report;
 - b. Approve the revised capital programme spend as detailed in paragraph 6, Table 1

Background

5. Full Council approved the Capital Programme in February 2017. Monitoring of the agreed programme has been delegated to District Executive.

Capital Programmes

6. The revised capital programme for this financial year and beyond is attached in Appendix A. The estimated spend for 2018/19 has been revised from **£8.908 million** to **£15.241 million** for the following reasons: -

Table 1 – Revised Capital Programme Q1 2018/19

(negative figures = income/reduction in budget, positive figures = costs)

	18/19 £'000	19/20 £'000	20/21 £'000	21/22 £'000	22/23 £'000
Capital Programme for Quarter 1 of 2018/19 onwards approved by DX in February 2018	7,451	2,307	2,680	(867)	0
Plus: Capital projects approved					
Investment in Property	9,480				
Investment in Land & Property - Capital Repayment	-492	-1,968	-1,968	-1,968	-1,968
Less: Projects moved to Reserves list					
Market Towns Visions	-55				
Plus: Allocations from Reserves					
Yeovil Rec (Synthetic Grass Pitch & Pitch & Put)	12				
Refurbishment of Petters Way	250				
Affordable Housing – Magna at South St, Crewkerne	175	175			
Plus: Area projects approved					
Area North - Purchase of Fitness Equipment for Recreation Ground next to Barrington Village Hall	2				
Area North - Purchase of a section of Langport Cycleway	10				
Area East - Award to A Bishop Electricals, Castle Cary	2				
Area East - Upgrade of Cucklington Village Hall Car Park	6				
Area East - Upgrade of Milborne Port Village Hall Car Park	4				
Area East - Purchase of Allotment Area in Ilchester	7				
Less: Area projects moved to Reserves					
Area West - Chard Business Hub	-64				
Plus: Slippage from 2018/19 forecast to slip into 2019/20 & beyond (re-profiling)	-1,909	1,904	2	2	1
Revised Capital Programme for 2018/19 at 30th June 2018.	15,241	2,418	714	-2,833	-1,967

7. Following the completion of the financial statement of accounts audit by Grant Thornton, a change was required to remove the budget and expenditure on the Marlborough investment initially accounted for as capital in our draft accounts for 2017/18. This has resulted in a revision needed to the 2017/18 capital outturn figures previously reported. These are shown in the table below.

Table 2 – Revision to 2017/18 Capital Outturn figures

	Outturn Report to July DX £'000	Revised Outturn £'000
Net spend for 2017/18	16,424	14,495
2018/19 budget before slippage added	8,119	6,662
Slippage to carry forward to 2018/19	1,447	789
Revised 2018/19 Budget	9,566	7,451

(negative figures = income/reduction in budget, positive figures = costs)

Capital Programme & Reserves

- The current capital programme, contingent liabilities and reserves allocates £80.816 million to various schemes over the next five years. Further details are shown in Appendix A.

Table 3 – Capital Programme and Reserves for 2018/19 - 2022/23

	£'000
Capital Programme (as detailed in paragraph 6)	13,573
Contingent Liabilities and Reserve Scheme	67,831
Total Programme to be Financed	81,404

(negative figures = income/reduction in budget, positive figures = costs)

Progress on various schemes

- Progress on individual schemes is attached at Appendix A. Appendix A also incorporates responsible officer comments on slippage and performance against targets. At this stage the total projected capital investment within the programme remains on budget for all schemes.
- The actual net position as at 30th June 2018 is net expense of £5.991 million. This is made up of actual expenditure being £6.055 million less grants received in advance for various projects of £64,000.
- The current forecast net spend by the year end is £15.241 million. Schemes which are expected to be delayed this year and are more than £50,000 and have slipped to 2019/20 include:

Table 4 – Capital Project over £50k delayed into 2019/20

Project	Date Funding Approved	Slippage to 2019/20 £'000	Reason for Delay
Confidential Projects	June 2017	1,542	Tenders due in July 2018. Start date for works provisionally estimated as March/April 2019, thus is prudent to re-profile construction costs to 2019/20.
Capital Works to Councils Portfolio	Feb 2016	120	Some works are planned to be undertaken later this year with a few elements pending waiting for outcome decisions on buildings so 120k moved to next year.
Gas Control System - Birchfield	Feb 2013	218	The project is awaiting thorough consideration of the overarching site assessment report. Following this the project will be re-scoped to continue the effective management of the site. This will not be addressed fully until later in the year and therefore the spending has been re-profiled accordingly.

(negative figures = income/reduction in budget, positive figures = costs)

(the figures shown above are included in the slippage figure at the bottom of the table in paragraph 6)

Projects agreed at or before February 2014

12. Schemes that were agreed before 2014 that have not yet completed are detailed on Appendix B. Appendix B also incorporates responsible officer comments on the reason for the delay, and the risks of not retaining the funding.

Additional Income

13. This section highlights any new S106 funding that have been received by the Council and added to the capital programme within the last quarter. It is recommended the capital programme budget is increased and funded by the amounts shown in the table below:

Table 5 – Additional Capital funding received Q1 2018/19

Project	Additional funding received £'000
Castle Cary Fairfield Project	-2
Total	-2

(negative figures = income/reduction in budget, positive figures = costs)

Flexible Use of Capital Receipts

14. Since the efficiency strategy was agreed, capital receipts that have been received so far from the sale of property that can be utilised for the revenue costs of the transformation programme, remains at £204,000. The strategy has identified a funding requirement of £500,000 to be delivered through new capital receipts between 2016/17 and 2018/19 financial years. Without the income from asset sales, additional revenue resources will be needed to provide the necessary funding of transformation costs.

Disposals to Housing Associations

15. Since the last quarter there have been no further disposals of surplus/non-strategic land at less than best consideration to Housing Associations as agreed under the delegated authority awarded to the appropriate portfolio holder in conjunction with the S151 Officer. The total disposals/leases of this nature agreed, since the policy began, remains at £1.573 million.

Section 106 (S106) Deposits by Developers

16. S106 agreements are legal agreements between local authorities and developers that are linked to a planning permission. The total balance held is £3,975,007. This is purely a South Somerset District Council financial summary, more detail on S106's is given to Area Committees on an annual basis.

Wessex Home Improvement Loans (WHIL)

17. WHIL works in partnership with the Council to provide finance to homeowners for essential maintenance and improvement works to their property. Loans are increasingly replacing grants allowing the Council to re-circulate funds.
18. The District Executive previously agreed a loan (outside the original policy) for Wessex Home Improvement Loans (Wessex Resolutions CIC) to provide a loan of £200,000 to Somerset Care and Repair Ltd at a 4.5% fixed interest rate, with capital and interest being repayable over 15 years. This loan is to go towards completing the conversion of the Milford Inn, Yeovil into six flats, and to enable the building of three housing units in the grounds. To date £95,000 of this loan has been drawn down.
19. The Council has £672,988 of capital invested with WHIL. As at the end of June 2018 there was £393,819 on the loan book and £279,170 as available capital.

Financial Implications

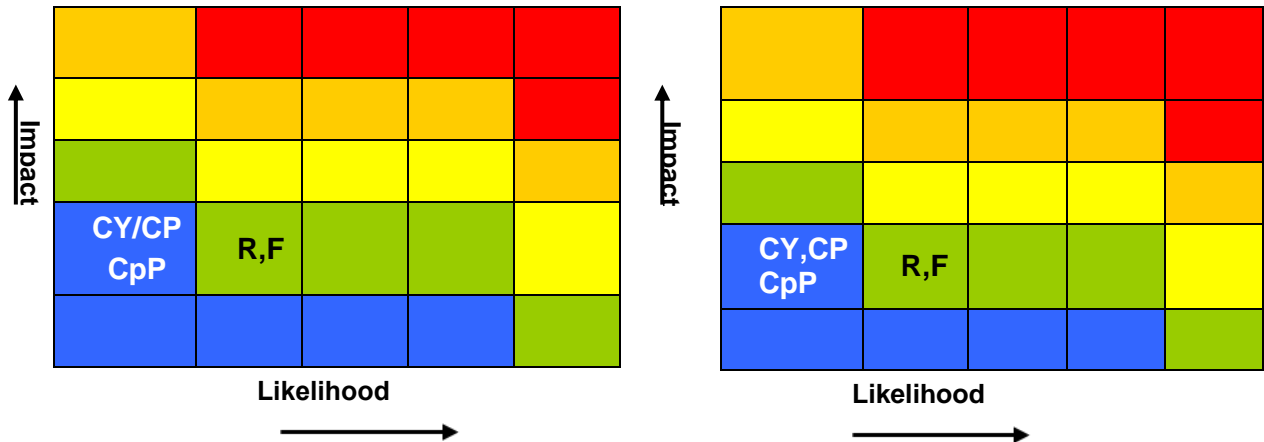
20. These are contained in the body of the report.

Risk Matrix

21. This matrix only identifies the risk associated with taking the decision as set out in the report as the recommendations. Should there be any proposal to amend the recommendations by either members or officers at the meeting then the impact on the matrix and the risks it identifies must be considered prior to the vote on the recommendations taking place.

Risk Profile before officer recommendations

Risk Profile after officer recommendations



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

Council Plan Implications

22. The budget is closely linked to the Council Plan and any capital bids are scored accordingly.

Carbon Emissions and Climate Change Implications

23. There are no specific implications in these proposals.

Equality and Diversity Implications

24. There are no specific implications in these proposals.

Privacy Impact Assessment

25. There is no personal information included within this report.

Background Papers

26. Capital Programme Budget report to Council in February 2018.