

Capital Budget Outturn Report for 2018/19

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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 2018/19 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 2019.

Public Interest

3. This report sets out details of capital expenditure incurred in 2018/19 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 total spend of **£26.478m** on capital schemes during 2018/19; and small variance of only **£4k** overspend across 41 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.

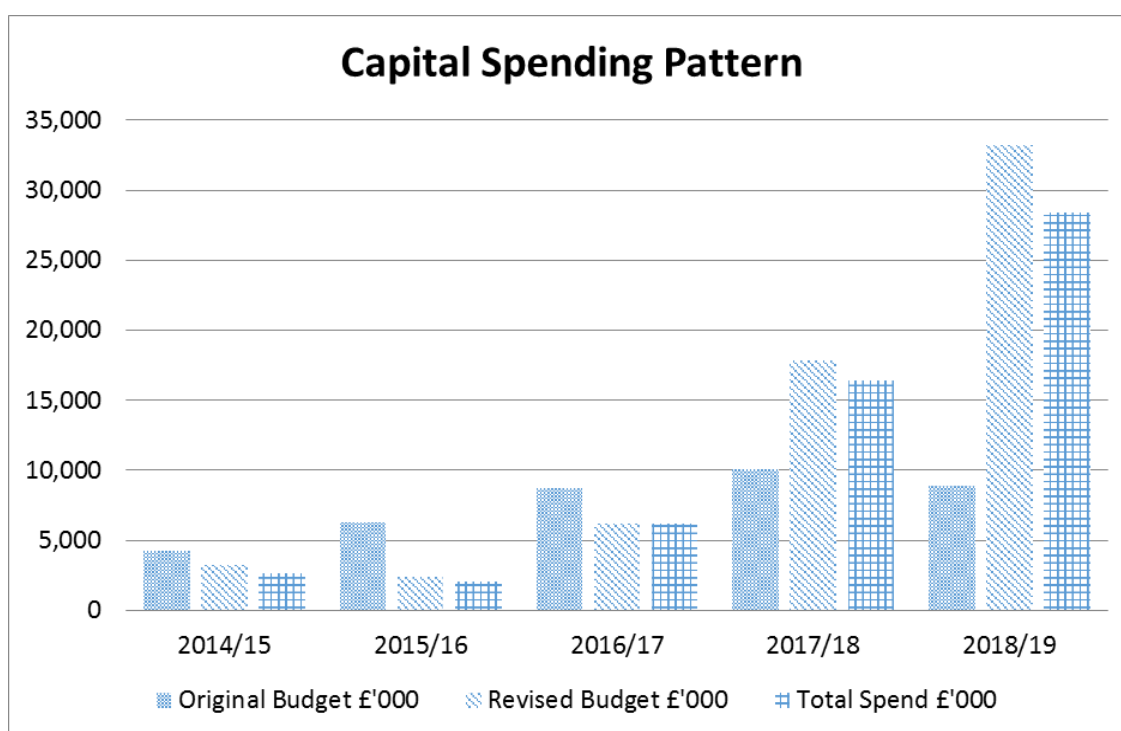
Overall Outturn Position

6. The overall position for the Capital Budget for 2018/19 is that total spending amounted to **£28.414m**; this was £19.506m (319%) more than the original planned expenditure of £8.908m, reflecting approved additions to the Programme since the initial budget was approved.
7. The position on the Capital Budget for 2018/19 at Quarter 4 showed revised planned expenditure of **£33.251m**. The total spend of £28.414m was £4.837m (14.55%) less than planned. This is mainly due to the purchase of an Investment property not completing by 31st March 2019 and is therefore due to timing differences rather than large variations in costs. A final report on 2018/19 spend by scheme/project is attached at Appendix A. The main areas of expenditure during the year included:

- £22.1m Investment property acquisition – generating income to fund services to our communities
- £1.48m Transformation implementation costs – investing in improving customer service and efficiency
- £0.40m Affordable housing scheme contributions – enabling delivery of affordable housing in the District
- £0.72m Disabled Facilities Grants – enabling aids and adapting to support living at home
- £1.16m Yeovil Innovation Centre Phase 2 enhancement – supporting local economy and business incubation
- £0.60m Sports, Leisure and Play facilities – improving facilities healthy living and enjoyment in the community

Capital Spending Pattern

8. The graph below shows the actual spend compared to revised budget for the last 5 years. The graph clearly shows the increase in capital spending in the last 2 years, which reflects significant progress in the acquisition of investment property, in line with the Commercial Strategy approved by Council in 2017. The total 2018/19 spend represented 85% of the revised budgeted spend for the year, compared to 92% in 2017/18.



9. The original budget of **£8.908m** increased by **£24.343m** in 2018/19 to the revised budget of **£33.251m**. This was mainly due to District Executive agreed funding and approvals by CEO in consultation with the Leader under delegated powers, for the purchase of investment properties in 2018/19. The approach to investment property budgeting is to include the balance of approved funding within the 'Reserved Schemes' list, which sits outside the Programme approved budget total, until each individual acquisition is approved. This trend of in year changes to budget is likely therefore to continue in 2019/20 as further acquisitions are made.

Revised Capital Programme

10. 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 budget for 2018/19 was revised from £24.043m to £33.251m for the following reasons: -

	18/19 £'000	19/20 £'000	20/21 £'000	21/22 £'000	22/23 £'000
Capital Programme for Quarter 3 approved by District Executive in February 2018	24,043	13,351	49	2	1
Profiling amendments to capital programme	174	-170	-1	-2	-1
Plus S106 funded projects	13	54			
Less projects moved to reserve list:					
Affordable Housing - Rural Exception Misterton		-397			
Disabled Facilities Grant	-216	-350			
Plus allocations from reserve list:					
Market Towns Vision	5				
Transformation	95				
Investment in Property	7,906				
Yeovil Refresh		429			
Less projects removed from Area schemes:	-33				
Plus projects added to Capital Programme:					
Transformation (Flexible Use of Receipts)	500				
Capital Salaries	11				
Disabled Facilities Grant		1,274			
Chard Regeneration	437	724			
Yeovil Refresh		375			
Land at Schuldham Ham Hill	281				
Castle Cary Fairfield Project	8				
Affordable Housing - Day Care Centre	4				
Yeovil Arena - Car Park Improvements	21				
ICT Replacement	2				
Revised Capital Programme for Q4 2018/19	33,251	15,290	48	0	0

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

Additional Income

11. 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 2018/19 £'000	Additional funding Received 2019/20 £'000
S106 Income		
Stoke Sub-Hamdon Rec Ground		-30
South Petherton Cricket Club		-34
Sparkford Cricket Club	-6	
The Octagon, House Lights		-7
Disabled Facilities Grant		-1,274

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
Purchase Land at Boden St, Chard	50	51	Y	P Biggenden
Grant to Westfield Community Centre	95	95	Y	T Cook
Investment in Property – Land at Dunball Trading Estate	3,000	2,996	Y	R Orrett
Investment in Property – Imperial House	4,986	4,986	Y	R Orrett
Investment in Property – The Jacobs Building	2,912	2,912	Y	R Orrett
Land at Schuldham Ham Hill	281	281	Y	K Munday
Multi Use Games Area	87	90	Y	R Parr
Milford Adventure Park	28	31	N	R Parr

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, 40 of the total 41 of the completed schemes (including those below £25k) are within an acceptable margin of the overall budget. These are identified as the schemes shaded in green in Appendix A, whilst the 1 completed scheme outside of the acceptable margin is shaded in yellow. In terms of financial impact, the variation of £3k on the one scheme outside of the benchmark is not significant to the overall Capital Programme.

	Area East £'000	Area North £'000	Area South £'000	Area West £'000	Totals £'000
Position at start of financial year	45	189	236	82	552
Additional resources approved by DX for 18/19	25	25	25	25	100
Allocations to/(from) reserve during year	-36	-73	-24	23	-110
Position at end of financial year	34	141	237	130	542

14. Each Area Committee was allocated an additional £25,000 in February 2018 for schemes in 2018/19. The table shows that following these approvals Area unallocated capital balances have decreased by £10,000.

Financing of the Capital Programme

15. The gross spend of £28.414m is the total capital expenditure that needs to be financed either through cash resources or borrowing. Members are recommended to approve the final financing of the capital programme from the following sources: -

Resources Used	£'000
Useable Capital Receipts	4,324
Borrowing	22,104
External Contributions from funding partners	805
Capital Fund	186
Internal Service Loan Reserve	51
Capital Grants from Central Government	720
Loan Repayments (capital receipts)	224
Total Resources Used	28,414

16. We contributed £26.478m towards the £28.414m we spent last year with the balance utilising external funding/contributions. This means, for every £1 of our capital resources we contributed, we received 7p from external organisations.

Outstanding Loans

17. 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 2019 the following loans were outstanding:

Borrower	Original Sum Lent £	Fixed Interest Rate	Amount Outstanding at 31 March 19 £	Period of Loan	Final Repayment Date
Hinton St George Shop	190,000	2.67%	156,829	20 years	February 2036
Somerset Waste Partnership	1,567,216	2.22%	1,017,294	7 years	August 2023
Total Outstanding			1,174,123		

18. There is also £7,612 outstanding in sale of council house mortgages, and £25,965 in car and bike loans.
19. 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 31 March 2019 there was £486,921 on the loan book and £186,067 as available capital.

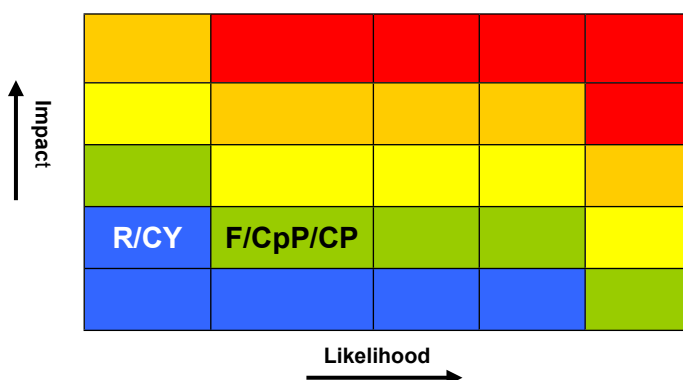
Section 106 Agreements

20. S106 agreements are legal agreements between Local Authorities and developers that are linked to a planning permission. The total balance held as at 31 March 2019 was £3,722,646. 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

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

Risk Matrix



Key

Categories	Colours <i>(for further detail please refer to Risk management strategy)</i>
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

22. There are no specific implications in these proposals.

Carbon Emissions 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.

Background Papers

25. Capital Monitoring Quarter 1 to 3 Reports to District Executive
