

2019/20 Capital Budget Monitoring Report for the Period Ending 30th June 2019

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Purpose of the Report

1. The purpose of this report is to provide Members with an early in-year projection in 2019/20 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 2019.

Public Interest

3. This report gives an update on the forecast capital financial position and budgetary variations for the financial year 2019/20, as at 30th June 2019. 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 profile as detailed in paragraph 7, Table 1.
 - c. Approve the projects listed on Appendix B remain in the capital programme.

Background

5. Full Council approved the Capital Programme in February 2019. Monitoring of the agreed programme has been delegated to District Executive.

Capital Programmes

6. The revised gross Capital Programme for this financial year and beyond is attached in Appendix A. The forecast spend for 2019/20 has been revised from **£20.130 million** to **£36.235 million** as shown in Table 1 below. Additional information is included to show the various sources of planned funding for the programme, shown on Table 2.

Table 1 – Revised Gross Capital Programme Q1 2019/20 – 2023/24

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

	19/20 £'000	20/21 £'000	21/22 £'000	22/23 £'000	23/24 £'000	Total £'000
Capital Programme for Quarter 1 of 2019/20 onwards approved by DX in February 2019	20,130	48	0	0	0	20,178

Plus Capital Bids approved Feb 19:

Goldenstones Sports Centre - 10 Yr Maintenance Plan	260	50	105	25		440
Wincanton Sports Centre - 10 Year Maintenance Plan	286	21	125	45		476
E5 Upgrade	30					30
Mobile Devices for Council Members	33					33
Firewalls & Security	25					25
Empty Property Grants	60					60
Home Repairs Assistance	60					60
HMO Grants	60					60
Capital Works to Council Portfolio	139					139
Octagon Electricity Upgrade & Air Cooling	86					86
Ninesprings Café Extension		100				100
Yeovil Rec - J O'Donnell Pavilion upgrade	100					100

Plus Projects approved since 1st April 19:

Yeovil Innovation Centre – 1 st Floor Fit-Out	320					320
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Plus S106 Projects approved since 1st April 19:

Sparkford Cricket Club	6					6
Stoke Sub Hamdon Rec Ground	10					10

Plus Internally Leased Vehicles:

Purchase of Road Sweeper	141					141
Double-cab Tipper	14					14
Iseki Tractor with cab	30					30
Wessex 4.3m Hedge Cutter	13					13
Wessex 410 Roller Mower	18					18

Plus Allocations from the Reserves:

Affordable Housing - Refurbishment of SSDC owned property	55					55
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	19/20 £'000	20/21 £'000	21/22 £'000	22/23 £'000	23/24 £'000	Total £'000
Affordable Housing - Yeovil (117 Sherborne Rd)	72					72
Affordable Housing - 23 Southway Drive, Yeovil	68					68
Transformation	52					52
Investment in Property	15,158					7,592

Plus Projects agreed at Area Committee:

Area East - Skate Park, Cale Park	13					13
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Re-profiling of forecast spending between financial years	-1,005	1,003	1	1		0
Revised Gross Capital Programme for 2019/20 at 30th June 2019	36,235	1,221	231	71	0	37,758

- As Table 1 shows the total planned capital investment in the approved programme 2019/20 to 2023/24 has increased from **£20.178 million** to **£37.758 million**. This is primarily due to the addition of Investment Property purchases, and an increase of the loan to Somerset Waste Partnership.
- The detail of the Capital Programme showing all the projects included in the approved budget is shown in Appendix A.

Table 2 – Capital Programme Sources of Funding 2019/20 – 2023/24

	19/20 £'000	20/21 £'000	21/22 £'000	22/23 £'000	23/24 £'000	Total £'000
External Grants & Contributions - Assets	385	5	0	0	0	390
External Grants & Contributions – REFCUS*	1,375	5	0	0	0	1,380
Capital Receipts	11,321	1,170	231	71	0	12,793
Capital Fund Earmarked Reserve	3,094	41	0	0	0	3,135
Internal Borrowing Reserve	216	0	0	0	0	216
Borrowing	19,844	0	0	0	0	19,844
Total Capital Programme Financing	36,235	1,221	231	71	0	37,758

*REFCUS = Revenue Expenditure Financed as Capital Under Statute. This is for costs of a capital nature that do not create assets for the council e.g. capital grants to the other entities.

Progress on various schemes

- Progress on individual schemes is attached on Appendix A, including responsible officer comments on forecast spending profile between financial years and performance against targets.
- Within the current financial year £4.930 million has been spent up to the end of Q1, of the total of £36.235 million projected for the year. The most significant areas of spend so far this year include:
 - £3.034m acquiring investment properties, with the purpose of generating income to pay for council services.
 - £867k on Affordable Housing schemes.
 - £294k on Regeneration projects.

- £283k on 2 x Road Sweepers.
- £137k on play areas, play equipment and other leisure schemes.
- £99k on disabled facilities grants for adaptations in homes.

11. Schemes which are expected to be delayed this year and are more than £50,000 and have slipped to 2020/21 are shown on Table 3:

Table 3 – Capital Project over £50k delayed into 2020/21

Project	Date Funding Approved	Slippage to 2020/21 £'000	Reason for Delay
Loan to Somerset Waste Partnership for Vehicles	Feb 2017	1,000	As part of the procurement of a new waste contract, commencing in April 2020, the up-front capital costs will be phased over 2-3 years. Early indications are that part of the SSDC loan funding will not be needed until 2020/21, and this will be confirmed later in 2019.

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

Capital Programme & Reserves

12. The total capital reserve schemes approved in principle currently has a forecast gross spend of £38.316 million over the period 2020/21 to 2023/24, with a further £0.63 million across the Area capital reserves that are currently awaiting allocation. Detail of these reserve schemes can be found on page 4 of Appendix A.
13. The total current capital programme, contingent liabilities and reserves allocates a total gross spend of some £76.704 million to various schemes over the next five years. This includes significant approved funding commitments that are held in the “reserve schemes” list pending individual projects moving into the operational programme, including for example investment properties, regeneration schemes, affordable housing schemes. Further details are shown in Appendix A, and summarised below in Table 4.

Table 4 – Capital Programme and Reserve Schemes for 2019/20 - 2023/24

	£'000
Capital Programme (as detailed in paragraph 7)	37,758
Contingent Liabilities and Reserve Schemes	38,946
Total Programme to be Financed	76,704

Projects agreed at or before February 2015

14. Schemes that were agreed before February 2015 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

15. This section highlights any new S106 funding that has 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 2019/20

Project	Additional funding received £'000
Equipped Play - Merriott Rec Ground	14
Ilton PC - Ilton Rec Ground	35
Total	49

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 £3,678,792. This is purely a whole district 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)

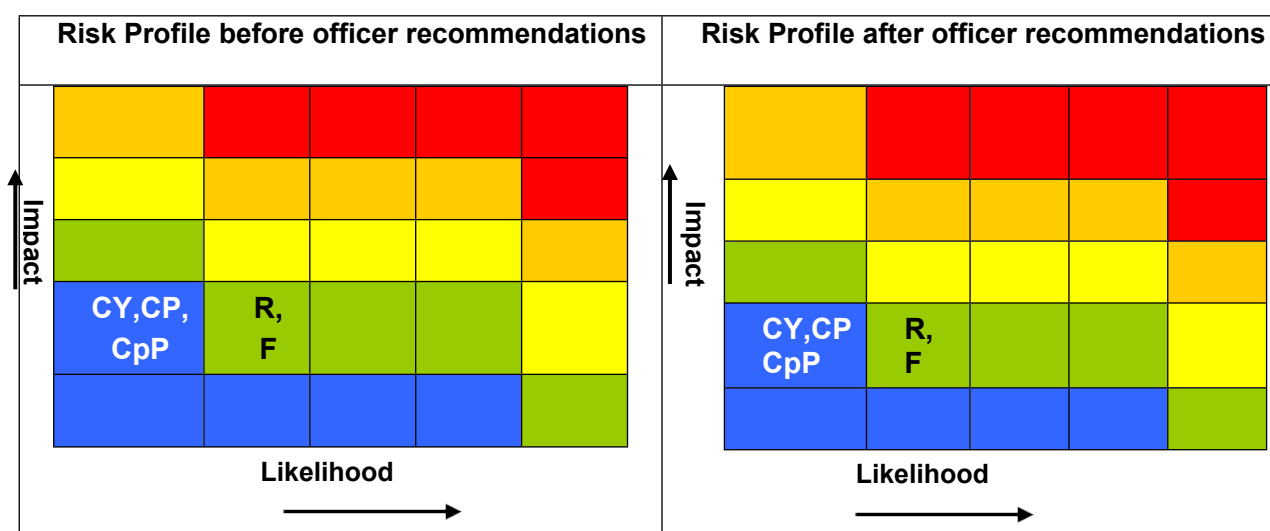
17. WHIL works in partnership with the Council to provide finance to homeowners for essential maintenance and improvement works to their property. Loans are increasingly replacing grants allowing the Council to re-circulate funds.
18. The District Executive previously agreed a loan (outside the original 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. All of the £200,000 has now been drawn-down and the conversion of Milford Inn has now been finished.
19. The Council has £672,988 of capital invested with WHIL. As at the end of June 2019 there was £497,105 on the loan book and £175,883 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.



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 2019.