

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

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Purpose of the Report

1. The purpose of this report is to provide Members with an 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 November 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 September 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 up from **£36.235 million** to **£46.671 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 Q2 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	36,235	1,221	231	71	0	37,758
Plus Projects approved since 1st July 19:						
Ninesprings Café Extension – Grant funded element	3					3
Yeovil Crematorium Refurbishment	100					100
Plus S106 Projects approved since 1st April 19:						
Ilton Rec Ground	35					35
Milborne Port Rec	95					95
Holyrood Sports Hall	3					3
Projects moved to Reserve List:						
Affordable Housing – Magna at South St, Crewkerne	-350					-350
Investment in Property - D1 Christchurch Bus Pk	-115					-115
Allocations from the Internal Lease Pot						
Ford Transit with electric Tail-Lift	16					16
Plus Allocations from the Reserves:						
Transformation	93					93
Investment in Property	12,873					12,873
Commercial Loan	752					752
RCCO's & Virements						
Affordable Housing - Yeovil (117 Sherborne Rd)	26					26
Plus Projects agreed at Area Committee:						
Area North - Long Sutton Village hall	4					4
Area North - Seavington Parish Council	12					12
Area West - Chaffcombe Village Hall	5					5
Re-profiling of forecast spending between financial years	-3,116	2,111	1,005			0
Revised Gross Capital Programme for 2019/20 at 30th June 2019	46,671	3,332	1,236	71	0	51,310

7. As Table 1 shows the total planned capital investment in the approved programme 2019/20 to 2023/24 has increased from **£37.758 million** to **£51.310 million**. This is primarily due to the addition of Investment Property purchases.

8. 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	374	226	112	1	0	713
External Grants & Contributions – REFCUS*	1,683	5	0	0	0	1,688
Capital Receipts	12,473	1,269	230	70	0	14,042
Capital Fund Earmarked Reserve	524	1,832	894	0	0	3,250
Internal Borrowing Reserve	232	0	0	0	0	232
Borrowing	31,385	0	0	0	0	31,385
Total Capital Programme Financing	46,671	3,332	1,236	71	0	51,310

*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

9. Progress on individual schemes is attached on Appendix A, including responsible officer comments on forecast spending profile between financial years and performance against targets.
10. Within the current financial year **£29.840 million** has been spent up to the end of Q2, of the total of **£46.671 million** projected for the year. The most significant areas of spend so far this year include:
- £26.264m acquiring Investment Properties, with the purpose of generating income to pay for council services.
 - £871k on Affordable Housing schemes.
 - £760k on Commercial Loans.
 - £624k on Regeneration projects.
 - £372k on Streetscene vehicles.
 - £245k on play areas, play equipment and other leisure schemes.
 - £274k on disabled facilities grants for adaptations in homes.
 - £147k on Transformation IT Software.
11. Schemes which are expected to be delayed this year and are more than £50,000 and have slipped to 2020/21 in Q2 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
Yeovil Rec - J O'Donnell Pavilion upgrade	Feb 2019	99	Planning permission secured October 2019. Grant applications submitted to Sport England and Viridor Credits to secure funds for balance of project costs. Currently awaiting outcomes. Plans out to tender for build quotations Nov / Dec 2019. Construction Spring - Summer 2020.

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

Capital Programme & Reserves

- The total capital reserve schemes approved in principle currently has a forecast gross spend of **£100.064 million** over the period 2020/21 to 2023/24, with a further **£0.573 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.
- The total current capital programme, contingent liabilities and reserves allocates a total gross spend of some **£151.947 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)	51,310
Contingent Liabilities and Reserve Schemes	100,637
Total Programme to be Financed	152,017

Projects agreed at or before May 2015

- Schemes that were agreed before May 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

- 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 Q2 2019/20

Project	Additional funding received £'000
Ilton Rec Ground	35
Milborne Port Rec	95
Holyrood Sports Hall	3
Total	133

Section 106 (S106) Deposits by Developers

- S106 agreements are legal agreements between local authorities and developers that are linked to a planning permission. The total balance held is £3,779,746. 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.

Construction Industry Levy (CIL)

- Construction Industry Levy (CIL) is a tax on new developments designed to pay for infrastructure that supports growth. For SSDC this has been defined as: transport, defences, schools, hospital and other health and social care facilities. This definition allows the levy to be used to fund a very broad range of facilities such as play areas, parks and green spaces, cultural and sports facilities, district heating schemes and police stations and other community safety facilities.

18. This flexibility gives local areas the opportunity to choose what infrastructure they need to deliver their Local Plan. Parish and Town Councils will receive 15% of all CIL received within their administrative boundary. This rises to 25% if the town or parish has made a 'Neighborhood Plan'.
19. SSDC also receive a 5% administration fee to fund the CIL case officer post. Table 6 below shows the amounts received and balance held on 30th September 2019.

Table 6 – Construction Industry Levy (CIL) balance held on 30th September 2019

	£'000
CIL Deposits	230
Less 15%/25% to Parishes	36
Less 5% Administration Fee	11
Balance of CIL held by SSDC	183

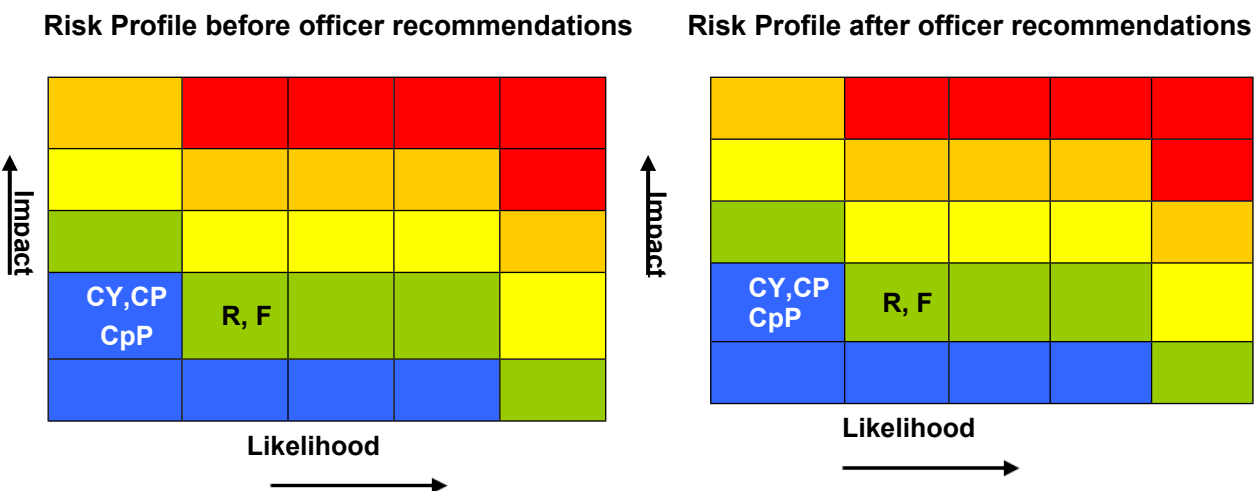
Wessex Home Improvement Loans (WHIL)

20. 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.
21. 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.
22. The Council has £672,988 of capital invested with WHIL. As at the end of September 2019 there was £495,503 on the loan book and £177,485 as available capital.

Financial Implications

23. 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

Council Plan Implications

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

Carbon Emissions and Climate Change Implications

25. There are no specific implications in these proposals.

Equality and Diversity Implications

26. There are no specific implications in these proposals.

Privacy Impact Assessment

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

Background Papers

28. Capital Programme Budget report to Council in February 2019.
