

2019/20 Capital Budget Monitoring Report for the Period Ending 31st December 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 February 2020.

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 31st December 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 original 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 **£46,671 million** to **£57.390 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 Q3 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	46,671	3,332	1,236	71	0	51,310
Plus Projects approved since 1st October 19:						
Affordable Housing – The Link Day Centre (moving to revenue in Q4)	5					5
Chard Regeneration		2,276				2,276
Yeovil Refresh		1,000	696			1,696
Wincanton Regeneration		1,000	1,000			2,000
Plus S106 Projects approved since 1st October 19:						
Redstart Park, Chard	9					9
Montacute Rec	6					6
Caryford Community Hall	21					21
Ilminster Rec	44					44
Henstridge Rec	3					3
Ilminster Cricket Club	52					52
Ridgeway Hall, Langport	3					3
Projects moved to Reserve List:						
Investment in Property – Unpurchased property	-6,330					-6,330
Allocations from the Internal Lease Pot						
Ford Transit 350 FE65 BSZ	15					15
Isuzu Boxed Tipper 1	46					46
Isuzu Boxed Tipper 2	46					46
Ford Transit Van	14					14
FORST ST6P Trailed Wood Chipper	15					15
Plus Allocations from the Reserves:						
Transformation	78					78
Investment in Property – new purchases	19,115					19,115
Affordable Housing - 23 Southway Drive, Yeovil	10					10
Market Towns Vision	5					5

	19/20 £'000	20/21 £'000	21/22 £'000	22/23 £'000	23/24 £'000	Total £'000
Plus Projects agreed at Area Committee:						
Area North – Parochial Church Council of All Saints Church	35					35
Area West – Chard Town Centre Gateway & Seating Area		23				23
Area West - Merriott Village Hall	12					12
Less Projects moved to Area Reserves:						
Area North - High Ham Recreation Ground - Youth Park	-1					-1
Area North - Village Hall Grant Kingsbury Episcopi Church Rooms	-4					-4
Area East - Purchase of Allotment Area in Ilchester	-3					-3
Area East - Milborne Port PC-Stair lift Market House	-3					-3
Area East - Bruton TC-New MUGA	-5					-5
Area East - Upgrade of Milborne Port Village Hall Car Park	-1					-1
Area West - Avishayes Junior Football Club	-4					-4
Re-profiling of forecast spending between financial years	-2,465	2,380	72	13		0
Revised Gross Capital Programme for 2019/20 at 30th June 2019	57,390	10,011	3,004	84	0	70,489

7. As Table 1 shows the total planned capital investment in the approved programme 2019/20 to 2023/24 has increased from **£51.31 million** to **£70.489 million**. This is primarily due to the addition of Investment Property purchases and the Regeneration Scheme net budget balances.

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	271	228	112	1		612
External Grants & Contributions – REFCUS*	1,482	5				1,487
Capital Receipts	10,575	9,914	3,966	2,051		26,506
Capital Fund Earmarked Reserve	524	1,832	894			3,250
Internal Borrowing Reserve	368					368
Borrowing	44,170	-1,968	-1,968	-1,968		38,266
Total Capital Programme Financing	57,390	10,011	3,004	84	0	70,489

*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 **£50.507 million** has been spent up to the end of Q3, of the total of **£57.390 million** projected for the year. The most significant areas of spend so far this year include:
- £45.377m acquiring Investment Properties, with the purpose of generating income to pay for council services.
 - £1.054m on Regeneration projects.
 - £876k on Affordable Housing schemes.
 - £760k on Commercial Loans.
 - £507k on Streetscene vehicles.
 - £430k on disabled facilities grants for adaptations in homes.
 - £298k on play areas, play equipment and other leisure schemes.
 - £225k 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 Q3 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
Forton Playing Pitches, Chard	S106	85	It had been thought that agreement had been reached on the sale of land for pitches. The vendor (SCC) does not now seem to want to complete so the issue will be raised at a higher level to determine whether they are still prepared to sell or not.
Goldenstones Sports Centre – 10 year Maintenance Plan	Feb-19	260	Property Services are responsible for organising maintenance works but are under-resourced currently.
Wincanton Sports Centre - 10 year Maintenance Plan	Feb-19	286	Property Services are responsible for organising maintenance works but are under-resourced currently.
Lyde Road Pedestrian & Cycle Way, Yeovil	Feb-17	250	SCC are progressing detailed plans for this scheme and we are awaiting updated costs before proceeding.
Grant to Milborne Port Rec	S106	100	Work currently ongoing with the Parish Council to progress S106 grant spend.
Disabled Facilities Grants	Feb-19	444	Resource issues caused backlog of work. This is being addressed with extra staffing to be funded from the DFG grant.
Empty Property Grants	Feb-19	76	Difficulty with resources to be able to progress this area. Looking into work with Yeovilton, but may not create spend this year.
New Car Parks	Feb-08	240	Miller Garage site works still ongoing to be completed in 2020/21.

Enhancement to SSDC Buildings	Feb-16	259	Works to Petters have been delivered, remaining works will be in 2020/21.
Capital Works to Council Portfolio	Feb-19	139	Property Services are currently under-resourced and are actively recruiting staff to help the workload. Works to be delivered in 2020/21.

(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 **£87.098 million** over the period 2020/21 to 2023/24, with a further **£0.554 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 **£158.141 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)	70,489
Contingent Liabilities and Reserve Schemes	87,652
Total Programme to be Financed	158,141

Projects agreed at or before August 2015

- Schemes that were agreed before August 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 Q3 2019/20

Project	Additional funding received £'000
Redstart Park, Chard	9
Montacute Rec	6
Caryford Community Hall	21
Ilminster Rec	44
Henstridge Rec	3
Ilminster Cricket Club	52
Ridgeway Hall, Langport	3
Total	138

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 £4,071,306. 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.

Community Infrastructure Levy (CIL)

17. Community Infrastructure 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 31st December 2019.

Table 6 – Community Infrastructure Levy (CIL) balance held on 31st December 2019

	£'000
CIL Deposits	342
Less 15% / 25% to Parishes	53
Less 5% Administration Fee	17
Balance of CIL held by SSDC	272

Wessex Home Improvement Loans (WHIL)

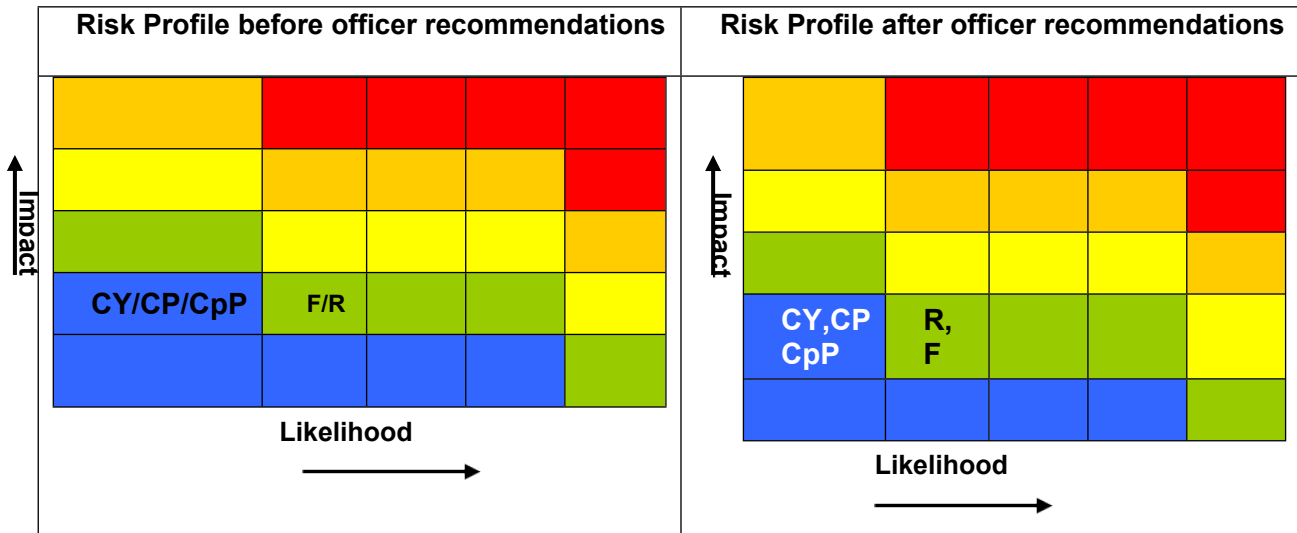
20. WHIL works in partnership with the Council to provide finance to homeowners for essential maintenance and improvement works to their property. Loans are increasingly replacing grants allowing the Council to re-circulate funds.
21. The District Executive previously agreed a loan (outside the original 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 December 2019 there was £486,249 on the loan book and £186,739 as available capital.

Financial Implications

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

Risk Matrix

24. 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

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

Carbon Emissions and Climate Change Implications

26. There are no specific implications in these proposals.

Equality and Diversity Implications

27. There are no specific implications in these proposals.

Privacy Impact Assessment

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

Background Papers

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