

2021/22 Capital Budget Monitoring Report for the Period Ending 31st December 2021

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Purpose of the Report

1. The purpose of this report is to provide Members with a forecast of the 2021/22 year-end spend (“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 2022.

Public Interest

3. This report gives an update on the forecast capital financial position and budgetary variations for the financial year 2021/22, as at 31st December 2021. Maintaining effective control over capital spending within approved budgets helps to ensure capital investment is affordable and meets agreed priorities.

Recommendations

4. That District Executive:
 1. Notes the contents of the report.
 2. Recommends to Full Council on 28th February 2022 to:
 - Increase the capital programme by £782k as set out in Table One, noting that £552k of this increase will be funded from Section 106 funds.
 - Remove £5.156m from the capital programme as described in paragraph 12 of this report.

Background

5. Full Council approved the original Capital Programme in February 2021 and revised the programme budget at Full Council on 16th December 2021. Monitoring of the agreed programme is delegated to District Executive.

Capital Programme

6. The forecast Capital Programme for this financial year and beyond is attached in Appendix A (this excludes proposed capital budget increases for 2022/23 that will be considered by District Executive at its meeting on 17th February 2022) The forecast outturn spend for 2021/22 is **£40.540 million**, an underspend of £2.425m from the **£42.965 million** approved by Full Council in December 2021. Table One below gives a summary of the movements.

Table One – Forecast Capital Programme 2021/22 – 2025/26 as at Q3

	21/22 £'000	22/23 £'000	23/24 £'000	24/25 £'000	25/26 £'000	Total £'000
Capital Programme 2021/22 Revised Estimates approved by December Council	42,965	36,482	14,250	7,775	367	101,839
Projects seeking capital budget approval						
5 x Isuzu Grafter Boxed Tipper	150					150
Affordable Housing – Gap funding from LA x 4 units Lyde Road	80					80
Projects seeking capital budget approval (that are funded by S106)						
West Coker Pavilion and Play Projects	300					300
Castle Cary and Ansford various projects		100				100
Henstridge PC – Ash Walk Rec	26					26
Crewkerne Aqua Centre	33					33
Gainsborough Play Area, Milborne	31					31
Lightgate Ln Playground S Petherton	62					62
Proposals to remove from capital programme:						
Budgets proposed to remove	(2,043)	(3,113)				(5,156)
Area allocation included in Yeovil Refresh regeneration project		(151)				(151)
Project overspend:						

	21/22 £'000	22/23 £'000	23/24 £'000	24/25 £'000	25/26 £'000	Total £'000
Yeovil Rec – J O'Donnell Pavilion Upgrade – funded by reserves	34					34
Commercial Investment Lease obligations future years		(560)	(438)			(998)
Re-profiling of forecast spending between financial years	(1,100)	964	136			0
Forecast Capital Programme for 2020/21 at 31st December 2020	40,540	33,722	13,948	7,775	367	96,352

(N.B. negative/bracketed figures = income/reduction in budget, positive figures = costs)

- The detail of the Capital Programme, showing all the projects included in the forecast budget is shown in Appendix A.

Progress on various schemes

- Progress on individual schemes is attached on Appendix A, including responsible officer comments on the forecast spending profile between financial years and performance against targets.
- Within the current financial year **£28.043 million** has been spent up to the end of Q3, which is 69.2% of the total of **£40.540 million** projected for the year. The most significant areas of spend so far this year include:
 - £9.669m on Investment Properties
 - £7.813m on Commercial loans.
 - £7.799m on Regeneration schemes.
 - £841k on Disabled Facility and Home Repair grants.
 - £257k on the Yeovil Rec – J O'Donnell Pavilion Upgrade.
 - £319k on Affordable Housing projects.
 - £150k on 5 x Isuzu Box Tippers.
 - £130k on Westlands Building Improvement Works.
 - £112k on Area capital programmes.
- Some schemes have needed to be re-profiled between financial years. Eleven schemes have slipped into 2022/23 from 2021/22, at a value of £1.975m. The budgets for Wyndham Park (£400k) and the budget for Gas control system – Birchfields (£350k) have slipped from 2022/23 to future years. Budgets for some projects have been brought forward from future years to the current year and next to enable completion of the projects prior to the creation of the unitary authority. Re-profiling details are included in the table in Appendix B.



South Somerset District Council Area Capital Programme

11. The Area Capital Programme details are contained in the main body of Appendix A in the final group. Table Two shows the schemes approved by the area committees during Q3 using part of the unallocated balances in the area totals.

Table Two – Area Capital Programme Allocations

	£'000
Area North	
Muchelney Church All Ability Accessible Toilet	13
Area East	
Wincanton Memorial Hall Toilet Facilities	6
Area West	
Combe St Nicholas Primary School Running Track	6
Total Balance Allocated	25

Proposals for removal from the Capital Programme

12. The capital programme has been scrutinised during Q3 to identify any schemes that are unable to be completed and/or are non-essential given the scale of the capital programme that does need to be completed. The schemes recommended for removal from the capital programme are included in Appendix C.

Decarbonisation Scheme

13. In the Quarter Two monitoring report it was mentioned that there was a risk that some of the approved budget for this year would not spend before the PSDS grant window closes and therefore SSDC was at risk of having to fund the expenditure itself. However the grant window has now been extended from March 2022 to June 2022 meaning that this potential risk has lessened.

Capital Programme Financing

14. Sources of funding for the capital programme are shown in Table Three.
15. District Executive is reminded that Full Council agreed at its 16th December meeting to use all of SSDC's capital earmarked reserves to fund the existing capital programme and thus lower the borrowing needs of this council, and those of the new unitary council. That decision is fully reflected in Table Three.

Table Three – Capital Programme Sources of Funding 2020/21 – 2024/25

	21/22	22/23	23/24	24/25	25/26	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Specific Funding:						
Grants & Contributions	9,126	9,385	8,937	3,664	151	31,263
Regeneration Fund (earmarked reserve)	659	1,107	0	0	0	1,766
Cremator Replacement earmarked reserve	0	549	0	0	0	549
Other Reserves	550	675	0	0	0	1,225
CIL Funding	0	1,335	0	0	0	1,335
Loan Repayments (capital receipts) from SSDC Opium Ltd and SWP	2,126	2,099	2,691	2,804	216	9,936
<i>Subtotal</i>	12,461	15,150	11,628	6,468	367	46,074
Corporate Funding						
Capital Fund (earmarked reserve)	1,167	1,666	0	0	0	2,833
Useable Capital Receipts	16,172	2,481	935	0	0	19,588
Borrowing	10,740	14,425	1,385	1,307	0	27,857
<i>Subtotal</i>	28,079	18,572	2,320	1,307	0	50,278
Total Capital Programme Financing	40,540	33,722	13,948	7,775	367	96,352

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 at 31st December 2021 is **£5,937,415**. 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.
- There have been six S106 funded projects added to the Q3 2021/22 capital programme, as detailed in Table One of this report.

18. Arrangements for the allocation of CIL receipts were agreed at the internal Strategic Development Board (SDB) in early September 2021. It was agreed to allocate CIL funds to already committed regeneration programme spend, only. With the following determination criteria being applied:

- Qualifies as a Priority Project in the SSDC Council Plan, Annual Action Plan 2021-22
- Meets the Council Plan, Annual Action Plan 2021-22, Themes (economy, environment, communities and places) Areas of Focus
- Makes a project deliverable that would otherwise not be able to be progressed
- Reduces the need for authority to borrow funds

19. The internal Strategic Development Board also agreed in early December 2021 to spend current CIL receipts as follows:

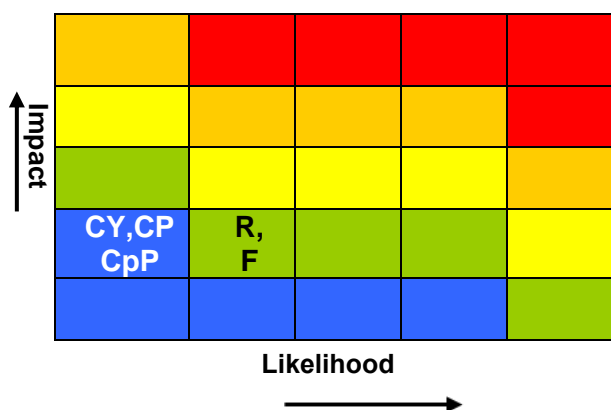
- A. £194,000 for Chard Leisure Centre Public Access project
- B. £1,141,000 for Yeovil Refresh 'Triangle' project

Financial Implications

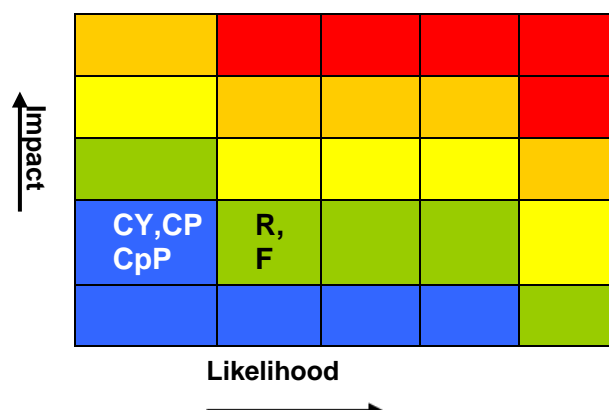
20. These are contained in the body of the report.

Risk Matrix

Risk Profile before officer recommendations



Risk Profile after officer recommendations



Key

Categories	Colours (for further detail please refer to Risk management strategy)
R - Reputation	High impact and high probability
CpP - Corporate Plan Priorities	Major impact and major probability
CP - Community Priorities	Moderate impact and moderate probability
CY - Capacity	Minor impact and minor probability
F - Financial	Insignificant impact and insignificant probability



Council Plan Implications

21. The capital budget funds many of the Council's key Corporate Actions.

Carbon Emissions and Climate Change Implications

22. There are no specific implications in these proposals.

Equality and Diversity Implications

23. There are no specific implications in these proposals.

Privacy Impact Assessment

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

Background Papers

Quarter Two Capital Budget Monitoring Report
Capital Programme Budget report to Council in February 2021.