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## 2022/23 Capital Budget Monitoring Report for the Period Ending 30<sup>th</sup> September 2022 and Revised Estimates for 2022/23

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### Purpose of the Report

1. The purpose of this report is to provide District Executive with the current spending against the Council's approved Capital Budget and the forecast position at year end ("outturn"), to explain estimated variations against budget, and to propose Revised Estimates to Full Council for the remainder of this financial year. This report should be read alongside the Revenue Budget Monitoring Report also on District Executive's agenda.

### Forward Plan

2. This report appeared on the District Executive Forward Plan with an anticipated Committee date of December 2022.

### Public Interest

3. Capital expenditure is expenditure on assets such as land, property, ICT equipment, and the refurbishment of existing assets that will prolong the useful life of the asset (such as replacing a roof). Lending to third parties is also capital expenditure in many cases.

### Recommendations

4. That District Executive:
  - a) Notes the expenditure on the capital programme as at the end of quarter two given in Table One.
  - b) Notes the amount remaining the Corporate Capital Contingency Budget, given in Table Four.
  - c) Recommends to Full Council the Revised Estimates for the 2022/23 capital budget of £28.801m which incorporates:
    - The slippage in the Capital Programme given in Table Two.



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- The addition of five S106 funded projects totalling £0.095m as set out in paragraphs 48.
- A decrease to the Disabled Facilities Grants budget of £0.136m as explained in paragraph 41.
- The proposed pausing and removal of budgets for uncommitted projects listed in Appendix B totalling £1.840m.
- The removal of remaining unspent budget amounts for completed projects totalling £0.050m listed in Appendix B.
- The establishment of an earmarked reserve, of £0.413m, to be funded by usable capital receipts already received to fund the capital required for building a car park at Millers Garage if the approach agreed by District Executive at its meeting in October 2022 does not materialise.
- The inclusion of a new budget programme to be called “Capital works budget for investment property”. This will replace the separate budgets identified in the capital programme for individual commercial properties and does not require any new budget additions - just an amalgamation of current approved budgets into one programme line within slippage being taken into account in the overall reprofiling proposals.
- Approves the splitting out and the renaming of the historic budget for the ‘Westlands building improvements’ budget of £0.552m with £0.452m moving to the ‘Westlands Events Hall Boiler Replacement and Improvements’ and £0.100m moving to the ‘Westlands Sports Hall Roof Repairs’.
- Approves the virement of £0.424m from Decarbonisation of Operational Buildings - Phase 2 to Westlands Events Hall Boiler Replacement and Improvements Budget.
- Approves the refinancing of the 2022/23 revised capital programme as set out in Table Nine.

### Background

5. Full Council approves the capital budget in February each year. Monitoring of the agreed programme has been delegated to District Executive and is undertaken on a quarterly basis. District Executive can agree to vire money from the Corporate Capital Contingency Budget to existing approved projects if required. In urgent cases, the Chief Executive Officer has delegated authority, in consultation with the s151 Officer, to vire amounts from the Corporate Capital Contingency Budget into the schemes previously approved by Full Council in the capital programme.
6. Full Council approves any in-year increases to the capital budget unless the proposed project delivers a corporate priority and/or is an emergency decision. In

such circumstances District Executive, under delegation, can approve an increase in the capital budget as long as the increase does not total more than 5% of useable reserves in any one year. Any new capital commitments (i.e contracts) over £1m may need approval by Somerset County Council's S151 Officer or Executive under the S24 Direction, depending on whether the commitment has already been given a general up-front consent by the Executive or not.

## Quarter Two Capital Budget Position for 2022/23

7. The year-end forecast position as reported at quarter one, was £50.680m. This report proposes that a Revised Budget is agreed for this budget year of £28,801m which is a reduction of £21,879m (or 43%). A summary of the proposed changes is shown in Table One.
8. Most of the proposed reduction is due to reprofiling (slippage) of budget into the next and future financial years. This is detailed in Table Two.
9. The Capital Programme for this budget year and beyond is shown in detail in Appendix A and in summary form, by service area, in Table Three.
10. The remaining unallocated balance in the Corporate Capital Contingency budget of £1.654m is shown in Table Four.
11. The Quarter Two spend is summarised in Table Five by service area.

**Table One: Revised 2022/23 Capital Programme Budget  
(excluding any virements between approved budgets)**

	<b>£000s</b>
<b>Agreed capital budget as at Quarter One</b>	<b>50,680</b>
<b>Proposals made in this report:</b>	
- Increase in Area Committees' budget for five S106 Funded Projects listed in Table Eight	95
- Decrease - Disabled Facilities Grants – Total approved over remaining grant held	(136)
- Removal of Uncommitted Projects that are paused for delivery this year - listed in Appendix B	(1,840)
- Removal of unused budget on completed Projects listed in Appendix B	(50)
- Reprofiling (Slippage) of Projects identified in Table Two into future years	(19,948)
<b>Subtotal</b>	<b>(21,879)</b>
<b>Revised 2022/23 Capital Programme Budget</b>	<b>28,801</b>

**Table Two; Detail of reprofiled project budgets**

Project	Q1 Approved Budget 2022/23 £000's	Q2 Slippage 2022/23 £000's	Q2 Changes 2022/23 £000's	Revised Budget 2022/23 £000's	Future Spend 2023- 26 £000's	Total Budget £000's
Ham Hill	56	(56)		-	1,624	1,624
Chard Reservoir Dam	21	(9)		12	9	21
Car Park Improvement Works	94	(53)		41	53	94
Decarbonisation of Operational Buildings - Phase 1	2,722	(302)		2,420	302	2,722
Refurb & accessibility improvements to public toilets at Ham Hill & Yeovil Recreation Centre	80	(25)		55	25	80
Rowan Way Embankment Landslip	50	(40)		10	40	50
Lufton Depot Surfacing and Drainage Works	65	(26)		39	26	65
Gas Control System – Birchfield	90	(44)		46	394	440
Disabled Facilities Grants	2,948	(1,091)	(136)	1,721	1,091	2,812
Castle Cary and Ansford various projects	100	(100)		-	100	100
Wyndham Park Play Area Equipment	72	(71)		1	71	72
Yeovil Rec Flagship Play Area	15	(15)		-	15	15
Yeovil Country Park Play Area	220	(217)		3	217	220
Yeovil Crematorium Refurbishment	2,493	(1,408)		1,085	3,367	4,452
Caryford Community Hall	21	(21)		-	21	21
Chard Regeneration	1,841	(1,267)		574	1,700	2,274
Yeovil Refresh	18,256	(13,142)	891	6,005	13,472	19,477
Octagon Redevelopment	1,947	(889)		1,058	27,148	28,206
Wincanton Regeneration	620	(58)		562	1,537	2,099
Affordable Housing - Passivhaus South Petherton	1,200	(190)		1,010	190	1,200
Leisure Centre Capital Works	3,947	(384)		3,563	384	3,947
Capital works budget for investment property	1,090	(800)	52	542	1,703	2,245
Slippage of agreed Corporate Capital Contingency approved to date in 2022/23	2,560	260	(1,166)	1,654	-	1,654
<b>Total</b>	<b>40,508</b>	<b>(19,948)</b>	<b>(359)</b>	<b>20,401</b>	<b>53,489</b>	<b>73,890</b>

**Table Three; Summary of revised 2022/23 capital budget position and future years' estimates (Corporate Capital Contingency included in Service Area where applicable).**

Service Area	Approved Q1 Budget 2022/23 £000's	Budget Updates 2022/23 £000's	Revised Budget 2022/23 £000's	Future spend 2023-26 £000's	Total Budget £000's	Actuals to Date 2022/23 £000's
Commercial Services & Income Generation	12,982	(3,925)	9,057	8,760	17,817	1,985
Service Delivery	4,429	(1,749)	2,680	1,914	4,594	602
Place	24,850	(14,655)	10,195	44,048	54,243	1,533
Support Services, Strategy & Commissioning	5,386	(739)	4,647	583	5,230	169
Area Committees	473	95	568	0	568	(15)
<b>Subtotal</b>	<b>48,120</b>	<b>(20,973)</b>	<b>27,147</b>	<b>55,306</b>	<b>82,452</b>	<b>4,274</b>
<b>Corporate Capital Contingency</b>	<b>2,560</b>	<b>(906)</b>	<b>1,654</b>	<b>0</b>	<b>1,654</b>	<b>-</b>
<b>Total</b>	<b>50,680</b>	<b>(21,879)</b>	<b>28,801</b>	<b>55,306</b>	<b>84,106</b>	<b>4,274</b>

**Table Four; 2022/23 Corporate Capital Contingency Budget amount remaining as at end of October 2022**

Detail	Approvals 2022/23 £000's
Corporate Capital Contingency Opening Balance	4,000
Decarbonisation of Operational Buildings – May 22 DX Report	(350)
Leisure Centre Capital Works – May 22 DX Report	(665)
Wincanton Regeneration Public Realm – July 22 DX Report	(260)
Yeovil Crematorium Refurbishment – August 22 DX Report	(165)
Yeovil Refresh – August 22 DX Report	(891)
Millers Garage – August 22 DX Report	(203)
Yeovil Small Business Centre Roof Renewal – made under Chief Executive delegation as emergency works	(20)
Wincanton Regeneration Public Realm – September 22 DX Report – return of amount back to Corporate Capital Contingency Budget	260
Sherwood Road, Bromsgrove (Commercial Investments) SLT	(52)
Subtotal of Corporate Capital Contingency Drawdowns	(2,346)
<b>Corporate Capital Contingency amount remaining</b>	<b>1,654</b>

**Table Five; Summary of spend from Quarter One to Quarter Two.**

Service Area	Q1 Actuals	Q2 Actuals
	2022/23 £000's	2022/23 £000's
Commercial Services & Income Generation	2,320	1,985
Service Delivery	(64)	602
Place	272	1,533
Support Services, Strategy & Commissioning	(385)	169
Area Committees	50	(15)
<b>Total</b>	<b>2,193</b>	<b>4,274</b>



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12. Expenditure as at the end of Quarter Two was £4,274, which represents 15% of the revised capital programme budget for 2022/23.

### Summary of progress on Key Capital Projects (budgets over £1m)

13. The projects in table six below make up 74% of this revised capital programme budget and over the next four years these projects make up 85% of the total capital programme.

**Table Six: Key capital projects - Quarter 1 Budget Position and future years' estimates**

Service Area/Project	Approved Budget	Budget Changes	Revised Budget	Future Budget	Total Budget	In year Actuals	In year Percentage Complete	In Year Budget Left to spend
	2022/23 £000's	2022/23 £000's	2022/23 £000's	2023-26 £000's	£000's	2022/23 £000's	2022/23 £000's	2022/23 £000's
<b>Commercial Services &amp; Income Generation</b>								
Yeovil Crematorium Refurbishment	2,493	(1,408)	1,085	3,367	4,452	106	10%	(979)
Huish Park Land Acquisition	2,605	-	2,605	-	2,605	2,530	97%	(75)
Decarbonisation of Operational Buildings - Phase 2	1,484	(1470)	14	947	961	4	29%	(10)
Decarbonisation of Operational Buildings (PSDS)	2,722	(302)	2,420	302	2,722	1,111	46%	(1,305)
<b>Regeneration &amp; Place</b>								
Yeovil Refresh	18,256	(12,251)	6,005	13,472	19,477	735	12%	(5,270)
Wincanton Regeneration	620	(58)	562	1,537	2,099	13	2%	(549)
Octagon Redevelopment	1,947	(889)	1,058	27,148	28,206	458	43%	(600)
Chard Regeneration	1,841	(1,267)	574	1,700	2,274	242	42%	(332)
Affordable Housing	1,986	(190)	1,796	190	1,986	-	0%	(1,733)
<b>Service Delivery</b>								
Disabled Facilities Grants	2,948	(1,227)	1,721	1,091	2,812	573	33%	(1,148)
<b>Support Services, Strategy &amp; Commissioning</b>								
Leisure Centre Capital Works	3,947	(384)	3,563	384	3,947	46	1%	(3,517)
<b>Total</b>	<b>40,849</b>	<b>(19,446)</b>	<b>21,403</b>	<b>50,138</b>	<b>71,541</b>	<b>5,818</b>	<b>27%</b>	<b>(15,518)</b>

### Commercial Services & Income Generation

14. **Yeovil Crematorium Refurbishment** – The revised budget for 2022/23 is £1,085m with an actual to the end of September 22 of £0.106m.

15. The project includes the cremator replacement, which is almost complete, and a construction element which has not yet commenced.



16. Within the last quarter the works have progressed with the installation of the electrical and data cables that are needed to install the replacement cremators.
17. **Huish Park Land Acquisition** - The total budget for 2022/23 is £2.605m with an actual spend to the end of September 2022 of £2.530m. This land acquisition has been completed. The remaining budget is to fund the remaining legal costs related to the purchase of the land.
18. Moving forward this project will no longer be reported directly in Table Six given it is now complete, however it will still appear in Appendix A.
19. **Decarbonisation of Operational Buildings (PSDS) – Phase 1**- The revised budget for 2022/23 is £2.420m with an actual spend to the end of September 2022 of £1.111m.
20. The PSDS final designs are still under review with works due to commence on both sites in November. Scottish and Southern Electricity Networks have confirmed their lead time regarding final commissioning, which may go into the next financial year.
21. This will not stop 95% of the works completing however the budget has been reprofiled from 2022/23 and into 2023/24 by £0.302m to allow for this. The delay will not increase the costs however there are still risks attached to the project and we are awaiting Salix, our grant funding administrator, to confirm the amount of PSDS grant we can use.
22. **Decarbonisation of Operational Buildings - Phase 2** – The total budget for 2022/23 was £1.484m but this project is proposed to be paused as it is not deliverable within the next four months. £0.424m of the agreed budget to be repurposed to fund Westlands Events Hall Boiler Replacement and Improvements, with the balance of £0.947m to be reprofiled to 2023/24.

## Regeneration and Place

23. **Yeovil Refresh Refurbishment** – The revised budget for 2022/23 is £6.005m with an actual spend to the end of September 2022 of £0.735m. The programme of works for this project is scheduled to be completed in 2024.
24. District Executive on the 4th of August 2022 was asked to allocate up to £0.891m from the Corporate Capital Contingency fund to the delivery of public realm improvements in the Wyndham Street Area, Yeovil.
25. Due to delays to public realms works and the redevelopment aspects of the Future Highstreet Fund being reviewed the budget has been reprofiled from 2022/23 into 2023/24 by £13.142m.
26. The major risks continue to be the inflationary pressure on the construction industry and the potential loss of FHSF (Future High Streets Funding) grant. We



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continue to monitor the contracts closely to identify any potential savings that could help to mitigate the rising cost of materials. We are also submitting a change request to DLUHC, which if successful, would help to secure the funding.

27. **Wincanton Regeneration** –The total budget for 2022/23 is £0.562m with an actual spend to the end of September 2022 of £0.013m.
28. District Executive agreed in September 2022 to remove the previous increase to the Public Realm budget of £0.260m and return this to the Corporate Capital Contingency Budget following the approved change in scope.
29. Due to the change in scope, to focus on reusing empty buildings in the town centre, the 2022/23 budget has been reprofiled by £0.058m into 2023/24.
30. **Octagon Redevelopment** – The total budget for 2022/23 is £1.058m with an actual spend to the end of September 2022 of £0.458m. If the Final Business Case is approved, the project is expected to be completed in 2025.
31. During quarter two the stage 3 design was finalised, and the report was issued early in quarter 2 to the project team.
32. Due to the value engineering exercise being carried out this has resulted in a delay in the programme and therefore £0.889m of the 2022/23 budget has been reprofiled into 2023/24.
33. Key milestones for the remainder of 2022/23:
  - Design cost control through a value engineering process.
  - Finalise the funding position through regular dialog with grant funders.
  - Consider the RIBA stage 4 report and decision to tender made by SSDC and SCC Executive.
  - Issue tender documentation.
  - The Final Business Case will be coming forward in 2023/2024.
34. **Chard Regeneration** - The total budget for 2022/23 is £0.574m with an actual spend to the end of September 2022 of £0.242m. The two elements relate to Chard HSHAZ (High Street Heritage Action Zone) and Boden Mill site regeneration.
35. Regarding HSHAZ, 95% of the Public Realm works have been delivered, however there have been several delays in getting materials onsite, along with the availability of utility contractors and weather conditions. However, contractors are now on site working through the remaining items.
36. The Building Repair & Shop Front Improvement Grant Scheme launched in January 22. A few properties are now almost ready to proceed with their grant applications, with an estimated total value of £0.150m.





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37. Progress is being made to find a sustainable use for the Boden Mill site and an interested party has submitted a PID (Project Initiation Document) for external funding. The demolition of Building 11 is the subject of a live planning application.
38. Slippage of £1.267m into 2023/24 due to the project team exploring potential Boden Mill Site Regeneration schemes.
39. **Affordable Housing** – The total budget for 2022/23 is £1.796m with no costs being incurred to the end of September 2022. There are 4 main areas of spend in the coming year that have been or are currently waiting on various conditions being met.
  - Passivhaus South Petherton - planning application expected to be determined in the coming months. If planning permission is approved, then £1.200m of funding will be allocated towards the development. It is anticipated the likely spend in year will be £1.010m and therefore £0.190m has been reprofiled into 2023/24. This will be confirmed in Q3.
  - North St Crewkerne - had to wait for adverse ground conditions to settle to allow construction of Phase 2 to commence. The developer is set to start back on site in October. The remaining £0.026m of funding will be paid on Practical Completion, this is anticipated to be in 2022/23.
  - Acacia Lodge – the planning application was refused at the Area South Committee in August 22, £0.390m is still anticipated to be required in 2022/23
  - Chard Working Men's Club – it is anticipated that in 2022/23 that the £0.054m will be paid upon site completion.

### SERVICE DELIVERY

40. **Disabled Facilities Grants** - The revised budget for 2022/23 is £1.721m with an actual spend to the end of September 2022 of £0.573m. This is an ongoing project funded by Central Government's Better Care Fund and will continue to be live until such time Central Government ends this scheme.
41. The 2022/23 budget is over the available approved grant value and has been reduced by £0.136m to align it to the grant value.
42. £1.091m of the 2022/23 budget as been reprofiled into 2023/24 for several reasons including covid, contractor availability and referral rate, we have not spent the full allocation of Better Care money for the last few years. Work is in progress to address this and demand for DFGs continues to be high.
43. There is an SLA (Service Level Agreement) in place with Somerset Independence Plus to help address the resource and contractor availability problem. They are also engaged in helping SSDC align procedures and processes for Somerset Council which should help aid a smoother transition.



44. **Leisure Centre Capital Works** - The revised budget for 2022/23 is £3.563m with an actual spend to the end of September 2022 of £0.46m. Works are expected to be completed in March 2023; this is behind schedule due to the knock-on effects caused by the delay to the start of the PSDS decarbonisation works which were due to be completed in March 2022.
45. Due to retention requirements £0.384m of the 2022/23 budget has been reprofiled into future years, £0.331m in 2023/24 and £0.054m in 2024/25.
46. These works consist of introducing new gym equipment into the leisure centres alongside remodelling of the internal lay outs of the centres to increase exercise studio space and improve customer experience with the essential M&E replacements and upgrades that are required with the works being carried out.

### Area Committees and Area Funding

47. In Q2 there have been five projects that have now been completed and returned their remaining budget. There are also four additional projects that have been identified in Q2. These will be funded from the Unallocated Budgets for the Area Committees set out in Table Seven. These Unallocated budgets were approved in the February 2022 Budget Report and therefore have no impact on the overall capital programme total.

**Table Seven: Area Committee Additions and Unallocated Budgets for 2022/23**

Area / Project	Forecast 2022/23 £000's
Area North	
Q1 Unallocated Budget	48
- Long Sutton Cricket Club	0
- Petherton Arts Trust	1
- Landmark Langport, Ridgway Hall heating upgrade	0
- Norton Sub Hamdon play area	(12)
- High Ham Play Installation	9
Q2 Remaining Unallocated Budget	27
Area South	
Q1 Unallocated Budget	132
Yeovil to Ilchester Multiuser Pathway-Feasibility	2
Q2 Remaining Unallocated Budget	134
Area East	
Q1 Unallocated Budget	42
Yarlington Village Hall	(13)
Q2 Remaining Unallocated Budget	29
Area West	
Q1 Unallocated Budget	32
Guildhall air conditioning	(5)
Broadway play area	(4)
Q2 Remaining Unallocated Budget	23

48. Five additional projects have been identified in Q2 that will be funded by Section 106 contributions. Table Eight below shows the breakdown of the 5 projects that have been awarded.

**Table Eight: S106 Additions for 2022/23**

Area / Project	Forecast 2022/23 £000's
<b>Area North</b>	
- Curry Rivel Village Hall - Heating project	47
<b>Sub-Total</b>	<b>47</b>
<b>Area East</b>	
- Kingsdon Playing Field - Play area equipment	12
- Keinton Mandeville Changing Rm - Changing Room improvements	18
- Wincanton Sports Ground - Sports ground improvements	6
<b>Sub-Total</b>	<b>36</b>
<b>Area West</b>	
- The Guildhall Chard - Air conditioning project	12
<b>Sub-Total</b>	<b>12</b>
<b>Total</b>	<b>95</b>

## Financing of the Capital Programme

**Table Nine: Financing of the Capital Programme**

Funding Stream	Q1 Approved 2022/23 £000's	Q2 Updates 2022/23 £000's	Q2 Revised 2022/23 £000's	2023/24 £000's	2024/25 £000's	2025/26 £000's	Funding Stream Total £000's
Grants & Contributions	19,779	(11,180)	8,599	18,123	3,846	325	<b>30,893</b>
S106 Contributions	(217)	169	(48)	172	400	400	<b>524</b>
Usable Capital Receipts	1,827	(109)	1,718	1,576	-	-	<b>3,294</b>
Cremator Replacement Reserve	549	(549)	-	-	-	-	-
Capital Fund Reserve	1,975	(1,945)	-	-	-	-	-
Regeneration Reserve	1,108	(1,108)	-	-	-	-	-
Other Reserves	618	(618)	-	-	-	-	-
CIL Funding	1,335	-	1,335	-	-	-	<b>1,335</b>
Use of Loan Repayment	1,438	-	1,438	2,691	2,804	2,817	<b>9,750</b>
Commercial Property Risk Reserve	1,042	(1,042)	-	-	-	-	-
Prudential Borrowing	21,225	(5,467)	15,759	19,375	4,479	(2,520)	<b>37,093</b>
<b>Yearly Total</b>	<b>50,680</b>	<b>(21,879)</b>	<b>28,801</b>	<b>41,937</b>	<b>11,129</b>	<b>1,022</b>	<b>82,889</b>



49. We are proposing a refinancing of the capital programme for this financial year for the following reasons:

- Alleviating Somerset Council's budget position in 2023/24: The new authority's implementation Executive has requested that all 5 Councils consider whether they can protect revenue resources when financing their capital budget programmes. We are proposing therefore that £4.644m of such revenue reserves are therefore not used to finance this year's capital expenditure (Cremator Replacement Reserve, Capital Fund Reserve, Regeneration Reserve, and Commercial Property Risk Reserve).
- All the other funding changes from the Quarter One position shown in the above table arise from the reprofiling and slippage of forecast year end expenditure and the pausing and removal of projects detailed in Appendix B.

50. The net changes in refinancing mean that for this year the amount of borrowing required has reduced by £5.467m, resulting in savings to the revenue budget of £0.137m. The overall borrowing need however passes onto the new Somerset Council.

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