

2016/2017 Capital Budget Monitoring Report for the period ending 30th September 2016

Executive Portfolio Holder: Cllr Peter Seib, Finance and Legal Services
Strategic Director: Alex Parmley, Chief Executive
Assistant Director: Donna Parham, Finance and Corporate Services
Service Manager: Catherine Hood, Finance Manager
Lead Officer: Nicola Hix, Corporate / Management Accountant
Contact details: nicola.hix@southsomerset.gov.uk or 01935 462642

Purpose of the Report

1. The purpose of this report is to update Members on the current financial position of the capital programme of the Council and to report the reasons for variations from approved budgets for the period 1st July 2016 to 30th September 2016.

Forward Plan

2. This report appeared on the District Executive Forward Plan with an anticipated Committee date of November 2016.

Public Interest

3. This report updates progress on the Council's capital expenditure in 2016/17.

Recommendation(s)

4. That the District Executive: -
 - a) approve the revised capital programme spend as detailed in paragraph 6;
 - b) note the slippage over £50,000 in the capital programme as detailed in paragraph 8;
 - c) approve the virements of £35,000 outline in paragraph 9;
 - d) approve the allocation of any additional funding to be used within the capital programme as detailed in paragraph 11;
 - e) note the current position with regard to funds held by the Wessex Home Improvement Loans as detailed in paragraph 15;
 - f) note the progress of individual capital schemes as detailed in Appendix A;
 - g) note the balance of S106 deposits by developers held in a reserve as detailed in paragraph 13; and
 - h) note the schemes that were approved prior to 2012, as detailed in Appendix B, and confirm approval for those projects that they wish to remain in the programme.

Background

5. Full Council approved the Capital Programme in February 2016. Monitoring of the agreed programme has been delegated to District Executive.

Capital Programmes

6. The revised capital programme for this financial year and beyond is attached at Appendix A. The estimated spend for 2016/17 has been revised from **£8.937 million** to **£7.343 million** for the following reasons: -

| | 16/17 | 17/18 | 18/19 | 19/20 | 20/21 |
|--|--------------|--------------|------------|--------------|--------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| Capital Programme for 2016/17 onwards approved at DX in August | 8,937 | 2,385 | 36 | (345) | (345) |
| Plus projects added to Capital Programme: | | | | | |
| Purchase of 2 x 5 Bedroom Houses to be leased (Portfolio Holder Report Sep16) | 487 | | | | |
| Westlands Leisure Complex - Foyer & Covered Walkway | 106 | | | | |
| Affordable Housing Reserve to North Street, Crewkerne | 520 | 520 | | | |
| Area West Reserve allocation to: | | | | | |
| Grant to Crewkerne TC - Skate Park | 13 | | | | |
| Grant to Henhayes Centre - Extension | 12 | | | | |
| Grant to Hinton St George Hall & Playing Fields | 12 | | | | |
| Grant to Crewkerne Rugby/Football Club - Floodlighting | 10 | | | | |
| Grant to Warmer Chard Project | 7 | | | | |
| Area North allocation to: | | | | | |
| Grant to Long Load Village Hall Mgt Committee | 5 | | | | |
| Less West Hendford allocation returned to Affordable Housing Reserve | (373) | | | | |
| Less loans removed from programme: | | | | | |
| Kingsdon Parish Council | (22) | 3 | 3 | 3 | 3 |
| Somerset Waste Partnership for Vehicles (as not all allocation required) | (203) | 30 | 30 | 30 | 30 |
| Less slippage from 2016/17 forecast to slip into 2017/18 and beyond (re-profiling) | (2,168) | 1,651 | 517 | | |
| Revised Capital Programme for 2016/17 at 30th September 2016. | 7,343 | 4,589 | 586 | (312) | (312) |

(Figures shown in brackets reduce the capital spend in any particular year)

Capital Programme & Reserves

7. The current capital programme allocates £16,598 million to various schemes over the next five years. Further details are shown in Appendix A.

| | £'000 |
|--|---------------|
| Capital Programme (as detailed in paragraph 6) | 11,894 |
| Contingent Liabilities and Reserve Scheme | 4,704 |
| Total Programme to be Financed | 16,598 |

Progress on various schemes

8. Progress on individual schemes is attached at Appendix A. Appendix A also incorporates responsible officer comments on slippage and performance against targets.

The actual net position as at 30th September 2016 is net expenditure of £1,478,000. This is made up of actual expenditure being £3,185,000 less grants received in advance for various projects of £1,707,000.

The current forecast net spend by the year end is £7.343 million. Schemes which are expected to be delayed this year and are more than £50,000 and have slipped to 2017/18 include:

| Project | Date Funding Originally Approved | Slippage to 2017/18 £'000 | Reason for Delay |
|--|---|----------------------------------|---|
| Yeovil Innovation Centre Phase II | Feb 16 | 525 | Profiling of expenditure now profiled to match likely start of contractor on site in March / April. |
| Affordable Housing - Mortgage Rescue Contingency Fund | Feb 14 | 277 | Unlikely to be spent this financial year as no indications as yet that it is being called upon but needs to be retained as a contingency. |
| Affordable Housing - Bought not built Allocation | Feb 14 | 201 | Unlikely to be spent this financial year as no indications as yet that it is being called upon but needs to be retained as a contingency. |
| Affordable Housing - Rural exception, Misterton (Yarlington) | Oct 15 | 199 | Yarlington not yet submitted planning permission for the site. |
| Huish Episcopi Swimming Pool | Apr 16 | 173 | Contractors being appointed but unlikely to claim whole of funding within this financial year. |
| Capital Works to Councils Portfolio | Feb 15 | 166 | Replacement of Fire & Intruder Alarm underway but remainder of works may slip into next year. |

| Project | Date Funding Originally Approved | Slippage to 2017/18 £'000 | Reason for Delay |
|---|---|----------------------------------|---|
| Affordable Housing - Furnham Road Phase II, Chard (Knightstone) | Oct 15 | 120 | Site delayed – outside our control. |
| New Car Parks | Feb 08 | 100 | Delay in progressing Millers Garage site. |

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

Virements between Capital Projects

9. The table below shows the requested budget virements between projects within the capital programme.

| Amount £'000 | From | To | Reason |
|---------------------|------------------------------|----------------------------------|--|
| 25 | Loan Scheme for Somerset | Home Repairs Assistance | Funding moved to accommodate demand on HRA budget. |
| 7 | Dual Use Sport Centre Grants | Huish Episcopi Swimming Pool | Unallocated funding moved to relevant project. |
| 3 | Community Play Schemes | Wyndham Park Play Area Equipment | Underspend used to assist completion of play area elsewhere. |
| 35 | Total Virement | | |

Projects agreed before 2012

10. There are number of schemes still in the capital programme where funding was agreed before 2012. Appendix C provides a reason for the delay in their progression. Members need to confirm their approval for the project to stay in the capital programme.

Additional income

11. This section highlights any new funding or changes to external funding that have been received by the Council within the last quarter. All the income listed in the table below is S106 funding and the projects have been added to the capital programme.

| Project | Additional funding received £'000 |
|--|--|
| Grant to Henstridge PC - Pitches Improvements | 20 |
| Grant to Curry Rivel VH - Hearing Loop & Toilets | 10 |
| Dual Use Sport Centre Grants – Holyrood AGP | 10 |

Disposals to Housing Associations

12. Since the last quarter there have been no further disposals of surplus/non strategic land at less than best consideration to Housing Associations as agreed under the delegated authority awarded to the appropriate portfolio holder in conjunction with the Assistant Director – Finance and Corporate Services. The total disposals/leases of this nature agreed, since the policy began, still stands at £1.573 million.

Section 106 (S106) Deposits by Developers

13. S106 agreements are legal agreements between Local Authorities and developers that are linked to a planning permission. The total balance held is £3,925,149. This is purely a South Somerset District Council financial summary, more detail on S106's is given to Area Committees on a quarterly basis.

Wessex Home Improvement Loans (WHIL)

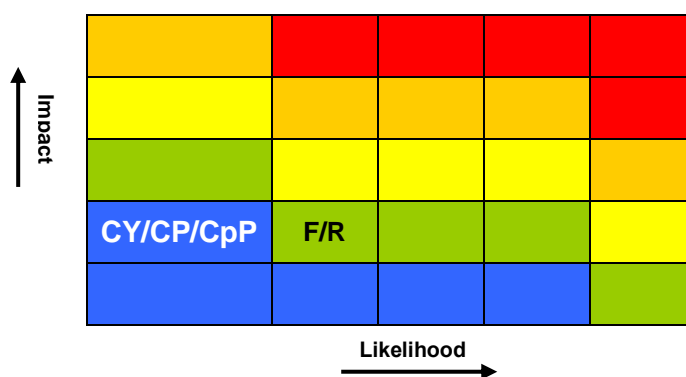
14. WHIL works in partnership with the Council to provide finance to homeowners for essential maintenance and improvement works to their property. Loans are increasingly replacing grants allowing the Council to re-circulate funds.
15. The Council has £672,988 of capital invested with WHIL. As at the end of September 2016 there was £321,589 on the loan book and £351,399 as available capital.

Financial Implications

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

Risk Matrix

17. 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 |

Corporate Priority Implications

18. There are no specific implications in these proposals.

Carbon Emissions and Climate Change Implications

19. There are no specific implications in these proposals.

Equality and Diversity Implications

20. There are no specific implications in these proposals.

Background Papers

Revenue Quarterly Monitoring File
Capital Monitoring File