

2018/19 Capital Budget Monitoring Report for the Period Ending 30th September 2018

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Purpose of the Report

1. The purpose of this report is to provide Members with a mid-year projection in 2018/19 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.
2. This report has been modified this quarter to show the gross amount of capital spend on both the approved capital programme and the contingent liabilities and reserve schemes, instead of the net capital programme after receipt of any external grants & contributions, loan repayments and RCCOs (Revenue Contributions to Capital Outlay).

Forward Plan

3. This report appeared on the District Executive Forward Plan with an anticipated Committee date of November 2018.

Public Interest

4. This report gives an update on the forecast capital financial position and budgetary variations for the financial year 2018/19, as at 30th September 2018. Maintaining effective control over capital spending within approved budgets helps to ensure capital investment is affordable and meets agreed priorities.

Recommendations

5. 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

6. Full Council approved the Capital Programme in February 2018. Monitoring of the agreed programme has been delegated to District Executive.

Capital Programmes

7. The revised gross Capital Programme for this financial year and beyond is attached in Appendix A. The forecast spend during 2018/19 has been revised from **£15.241 million** to **£18.126 million** as shown in Table 1 below. The S151 Officer has requested that the monitoring of the Capital Programme is tracked against Gross Expenditure to provide consistency of monitoring against total approved spending on capital projects regardless of the funding source. This reflects the accountability for all capital spending that is incurred by the Council. Additional information is included to show the various sources of planned funding for the Programme.

Table 1 – Revised Gross Capital Programme Q2 2018/19

	18/19	19/20	20/21	21/22	22/23	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Net Capital Programme for Quarter 1 of 2018/19 onwards approved by DX in August 2018	15,241	2,418	714	-2,833	-1,967	13,573
Add back: Capital Funding to arrive at Gross Capital Expenditure	3,081	2,701	2,789	2,840	1,968	13,379
Gross Capital Programme for Quarter 1 of 2018/19 onwards approved by DX in August 2018	18,321	5,119	3,502	7	1	26,944
Plus capital projects approved:						
Affordable Housing - West End Close, South Petherton (Stonewater)	597					597
Plus S106 Projects Approved:						
Holyrood Sports Pavilion	14					14
Somerton Playing Field	22					22
Babcary Playing Field	1					1
Grant for Merriott Rec Ground	29					29
Curry Mallett Play Area	7					7
Less projects moved to reserve list:						
Gas Control System - Birchfield	-100	-385				-485
Plus allocations from the reserve list:						
Infrastructure & Park Homes, Ilton	60					60
Plus area projects approved:						
Area South - Radio Ninesprings contribution to set-up costs	12					12
Area West - Avishayes Junior Football Club	4					4
Area West - Speedwell Hall, Crewkerne	13					13
Re-profiling of forecast spending between financial years	-871	825	46			0
Revised Gross Capital Programme for 2018/19 at 30th September 2018	18,126	5,559	3,548	7	1	27,241

8. As Table 1 shows the total planned capital investment in the approved programme 2018/19 to 2022/23 has increased from £26.9m to £27.2m. This is primarily due to the addition of affordable housing, S106 and Area Committee projects, offset by removal of the gas control system scheme to the reserve projects list.

9. The detail of the Capital Programme showing all the projects included in the approved budget is shown in Appendix A.

Table 2 – Proposed Capital Programme Funding 2018/19

	18/19 £'000	19/20 £'000	20/21 £'000	21/22 £'000	22/23 £'000	Total £'000
External Grants & Contributions - Assets	457	423	7	0	0	880
External Grants & Contributions – REFCUS*	1,795	58	0	0	0	1,853
Capital Receipts - Repayment of Loans	803	2,284	2,789	2,839	1,968	10,682
Internal Borrowing Repayments	0	0	0	0	0	0
Capital Fund Earmarked Reserve	517	3,017	41	0	0	3,575
Internal Borrowing Reserve	0	0	0	0	0	0
Capital Receipts Reserve	5,207	-223	712	-2,832	-1,967	897
Borrowing	9,348	0	0	0	0	9,348
Total Capital Programme Financing	18,126	5,559	3,548	7	1	27,241

*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

10. The forecast spend against approved schemes remains on track.
11. Progress on individual schemes is attached at Appendix A. Appendix A also incorporates responsible officer comments on forecast spending profile between financial years and performance against targets. There are a small number of capital projects reporting minor variations to budget overall, which combined report an insignificant £26,000 underspend for the programme as a whole.
12. Within the current financial year £7.676m has been spent up to the mid-year point, of the total of £18.126 million projected for the year. The most significant areas of spend so far this year include:
- More than £5m acquiring investment properties, with the purpose of generating income to pay for council services
 - £1m at the Yeovil Innovation Centre
 - £0.45m on play areas, play equipment and other leisure schemes
 - £0.25m on disabled facilities grants for adaptations in homes
13. Schemes which are expected to be delayed this year and are more than £50,000 and have slipped to 2019/20 include:

Table 3 – Capital Project over £50k delayed into 2019/20

Project	Date Funding Approved	Slippage to 2019/20 £'000	Reason for Delay
Confidential Projects	July 2017	104	Project due to start in early 2019, re-profiled according to revised schedule. Retention due to be paid in 2020/21.
Lyde Road Pedestrian and Cycle Way, Yeovil	Feb 2017	250	SCC as the highway authority has now set up a Project Board, which includes SSCDC officer representation, to progress the delivery of this scheme. WSP, SCC's retained consultants, are

			working on the final design and further safety audits. Once this is complete SCC will be able to factor into their work programme. However the timing for that also needs to allow for consultation on the final design, the works package preparation and contractor mobilisation and procurement. This means that there is strong possibility that the actual spend will now occur in 2019/20.
Petters Way Refurbishment	Jun 2018	150	Re-profiled due to revised plan being done in phases. Phase 1 due to complete in 2018/19. Phase 2 still in detailed design phase and due to happen in 2019/20.
Affordable Housing - North Street, Crewkerne	Sep 2016	130	Awaiting decision of parallel planning application. 75% of the allocation to be claimed this financial year at Start-on-site, 25% to be carried forward into the next financial year to be claimed at practical completion.
Affordable Housing - 4 Properties Chard Working Mens Club (Stonewater)	May 2017	54	Start-on-site expected this year, expect to need all of the allocation due to significant site issues and the resulting increase in costs.75% to be claimed this financial year with 25% to be carried forward to 2019/20

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

Capital Programme & Reserves

14. The total current capital programme, contingent liabilities and reserves allocates a total gross spend of some £97.305 million to various schemes over the next five years. This includes significant approved funding commitments that are held in reserve schemes 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 2018/19 - 2022/23

	£'000
Capital Programme (as detailed in paragraph 6)	27,241
Contingent Liabilities and Reserve Schemes	70,064
Total Programme to be Financed	97,305

Projects agreed at or before May 2014

15. Schemes that were agreed before May 2014 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

16. 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 2018/19

Project	Additional funding received £'000
Grant for Merriott Recreation Ground	29
Curry Mallet Play Area	7
Babcary Playing Field	1
Holyrood Sports Pavilion	14
Somerton Playing Field	22
Total	73

Flexible Use of Capital Receipts

17. Since the efficiency strategy was agreed, capital receipts that have been received so far from the sale of property that can be utilised for the revenue costs of the transformation programme, remains at £204,000. The strategy has identified a funding requirement of £500,000 to be delivered through new capital receipts between 2016/17 and 2018/19 financial years. Without the income from asset sales, additional revenue resources will be needed to provide the necessary funding of transformation costs.

Disposals to Housing Associations

18. 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 S151 Officer. The total disposals/leases of this nature agreed, since the policy began, remains at £1.573 million.

Section 106 (S106) Deposits by Developers

19. S106 agreements are legal agreements between local authorities and developers that are linked to a planning permission. The total balance held is £3,853,616. This is purely a South Somerset District Council financial summary, more detail on S106's is given to Area Committees on an annual basis.

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. To date £95,000 of this loan has been drawn down.

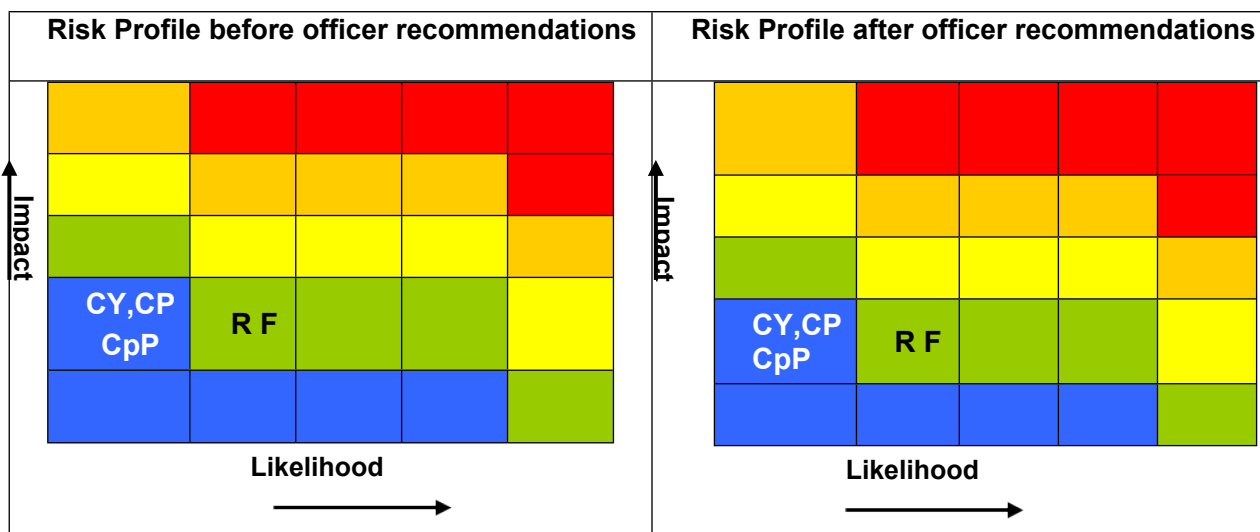
22. The Council has £672,988 of capital invested with WHIL. As at the end of September 2018 there was £447,353 on the loan book and £225,635 as available capital.

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 2018.