

## Capital Outturn Report for 2019/20

Executive Portfolio Holder: Peter Seib, Finance and Legal Services  
Strategic Director: Nicola Hix, Support Services  
S151 Officer: Jo Nacey  
Lead Officer: Ross Eaton, Finance Specialist  
Contact Details: Ross.eaton@southsomerset.gov.uk or 01935 462274

### Purpose of the Report

1. The purpose of this report is to inform Members of the outturn of the capital programme of the Council for 2019/20 i.e. the total spend for the year and how this compares with the agreed budget for the year, with explanations for the main differences. It also summarises what has been delivered through the capital invested and how this has been funded.

### Forward Plan

2. This report appeared on the District Executive Forward Plan with an anticipated Committee date of July 2020.

### Public Interest

3. This report sets out details of capital expenditure incurred in 2019/20 and the performance against the approved budgets for projects and the overall Capital Programme.

### Recommendation(s)

4. That the District Executive: -
  - a) note the content of the report including the total spend of **£65.482m** on capital schemes during 2019/20; and small variance of **£13k** underspent across 57 completed schemes.
  - b) approve the revised Capital Programme spend as detailed in paragraph 10.

### Background

5. Full Council approves the Capital Programme in February each year. Monitoring of the agreed programme has been delegated to District Executive.

### Overall Outturn Position

6. The overall position for the Capital Budget for 2019/20 is that total spending amounted to **£65.482m**; this was £45.352m (225%) more than the original planned expenditure of £20,130m, reflecting approved additions to the Programme since the initial budget was approved.



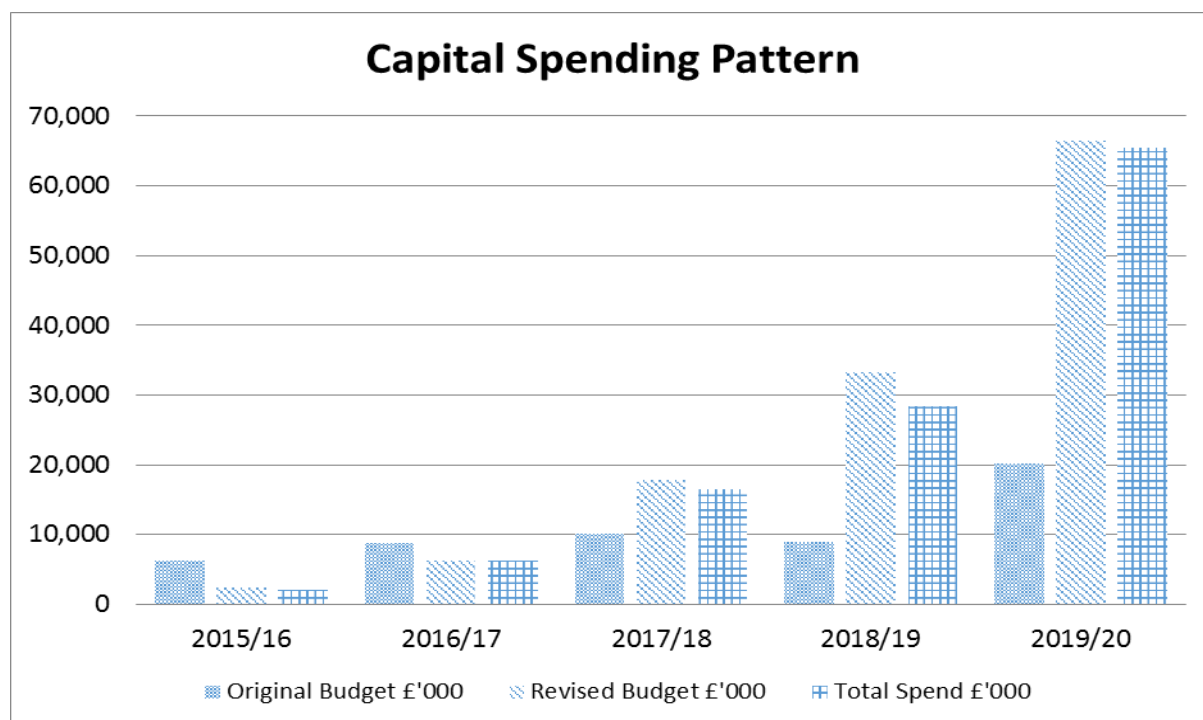
## South Somerset District Council

7. The position on the Capital Budget for 2019/20 at Quarter 4 showed revised planned expenditure of **£66.547m**. The total spend of £65.482m was £1.065m (1.6%) less than planned. A final report on 2019/20 spend by scheme/project is attached at Appendix A. The main areas of expenditure during the year included:

- £50.91m Investment property acquisition – generating income to fund services to our communities.
- £7.58m Capital Loans – to be repaid in line with loan agreements.
- £2.20m Regeneration – improving town centres to stimulate economic growth.
- £1.26m Affordable Housing Scheme contributions – enabling delivery of affordable housing in the District.
- £0.87m Disabled Facilities Grants – enabling aids and adapting to support living at home.
- £0.51m Streetscene Vehicles – keeping the district’s streets and green spaces clean and tidy.
- £0.41m Yeovil Crematorium – updating and improving the Crematorium to deliver a better service to the community.
- £0.36m Sports, Leisure and Play facilities – improving facilities healthy living and enjoyment in the community.
- £0.35m Yeovil Innovation Centre Phase 2 enhancement – supporting local economy and business incubation.
- £0.31m Transformation implementation costs – investing in improving customer service and efficiency.

### Capital Spending Pattern

8. The graph below shows the actual spend compared to revised budget for the last 5 years. The graph clearly shows the increase in capital spending in the last 2 years, which reflects significant progress in the acquisition of Investment Property, in line with the Commercial Strategy approved by Council in 2017. The total 2019/20 spend represented 98% of the revised budgeted spend for the year, compared to 85% in 2018/19.





## South Somerset District Council

9. The original budget of **£20.130m** increased by **£46.417m** in 2019/20 to the revised budget of **£66.547m**. This was mainly due to District Executive agreed funding and approvals by CEO in consultation with the Leader under delegated powers, for the purchase of Investment Property in 2019/20. The approach to Investment Property budgeting is to include the balance of approved funding within the 'Reserved Schemes' list, which sits outside the Programme approved budget total, until each individual acquisition is approved. This trend of in year changes to budget is likely therefore to continue in 2020/21 as further acquisitions are made.

### Revised Capital Programme

10. Some amendments have been requested since Quarter 3. A summary of those amendments are outlined below and members are requested to approve the revised Capital Programme shown in Appendix B. The budget for 2019/20 was revised from £57.390m to £66.547m for the following reasons: -

	19/20 £'000	20/21 £'000	21/22 £'000	22/23 £'000	23/24 £'000
<b>Capital Programme for Quarter 3 approved by District Executive in February 2020</b>	<b>57,390</b>	<b>10,011</b>	<b>3,004</b>	<b>84</b>	<b>0</b>
Profiling amendments to capital programme	608	-1,298	690		
S106 funded projects		-22			
<b>Less projects moved to reserve list:</b>					
Investment in Property - The Ralph, Marlow	-423				
Investment in Property - Land at Dunball Trading Estate	-4				
Disabled facilities Grants		-407			
Affordable Housing – 117 Sherborne Rd, Yeovil	-25				
<b>Plus allocations from reserve list:</b>					
Investment in Property	8,518				
Affordable Housing – 23 Southway Drive, Yeovil	42				
Transformation	85				
Brympton Way Building Improvements		25			
Birchfield Pumping Station		45			
<b>Add projects added to Area schemes:</b>	<b>17</b>				
<b>RCCOs &amp; Virements:</b>					
Octagon Electricity Upgrade & Air-Cooling	43				
<b>Plus projects added to Capital Programme:</b>					
Chard Regen – Phase 1 Construction		7,016	5,956		
Loan to Elleston	132				
EV Charge Points	90				
Westlands Improvement Works		800			
Chard Reservoir & Dam Outlets		18			
Installation of PV Panels		14	10		
Battery Storage/LED Bulbs at Yeovil Rec			10		
YIC – Car Park Extension		94			
Car Park Improvement Works		310			
Brympton Way Improvement Works		21			
Land Drainage Improvements		25			
CCTV Contribution to new system		25			



## South Somerset

Projects added to Capital Programme:					
Home Repairs Assistance		60			
HMO Grants		60			
Renewal of Skate Park provision in Area South		30	210	100	
Disabled Facilities Grants		1,239			
Capital Salaries	74				
<b>Revised Capital Programme for Q4 2019/20</b>	<b>66,547</b>	<b>18,066</b>	<b>9,880</b>	<b>184</b>	<b>0</b>

(Negative figures = income / balance available, positive figures = costs / use of funds available)

### 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. It is recommended the capital programme budget is increased and funded by the amounts shown in the table below:

Project	Additional funding received 2019/20 £'000	Additional funding Received 2020/21 £'000
S106 Commuted Sum – Copse Lane		-11
YWPC – Contribution to Crematorium Refurbishment	-45	
Disabled Facilities Grant		-1,239
Highways England Grant	-90	
Future High Street Fund Bid Grant	-150	

### Completed schemes (including feasibility)

12. The table below shows the projects/schemes completed in the period with a value over £25k. Note: 'IP' denotes 'Investment in Property'

Scheme	Revised Net Budget £'000	Actual Spend £'000	Within acceptable limits?	Responsible Officer
IP - Alchemy, Welwyn Garden City	10,332	10,332	Y	R Orrett
IP - D1 Christchurch Bus Pk	7,485	7,484	Y	R Orrett
IP - The Ralph, Marlow	6,343	6,343	Y	R Orrett
IP - King William House, Bristol	5,736	5,736	Y	R Orrett
IP - B&Q Glastonbury	4,682	4,682	Y	R Orrett
IP - Centurion Mill, Exeter	4,469	4,468	Y	R Orrett
IP - 27-29 Sherwood Road, Bromsgrove	3,941	3,941	Y	R Orrett
IP - Bell House, Milton Keynes	3,085	3,084	Y	R Orrett
IP - Reevesland ind. Est, Newport	2,977	2,976	Y	R Orrett
IP - Trafalgar House, Taunton	1,865	1,865	Y	R Orrett
Purchase of Road Sweeper (1)	145	141	Y	C Cooper
Purchase of Road Sweeper (2)	141	141	Y	C Cooper
Octagon: Elec & Air Con Upgrade	129	129	Y	A Burgan
Affordable Housing - 23 Southway Drive, Yeovil	120	120	Y	J Calvert
Affordable Housing - Jarmin Way, Chard	100	100	Y	J Calvert



## South Somerset

### District Council

Scheme	Revised Net Budget £'000	Actual Spend £'000	Within acceptable limits?	Responsible Officer
Affordable Housing - 117 Sherborne Rd, Yeovil	73	73	Y	J Calvert
Canal Way, Ilminster Play Area Equip	59	60	Y	S Barnes
Isuzu Boxed Tipper 1	46	46	Y	C Cooper
Isuzu Boxed Tipper 2	46	46	Y	C Cooper
Stoke Sub Hamdon Rec Ground	36	36	Y	D Haines
Iseki Tractor with cab	30	30	Y	C Cooper
Octagon Dimmers/LED Lighting	30	30	Y	A Burgan
Transfer of Castle Cary Market House	25	29	N	R Orrett
Mobile Devices for Council Members	33	27	N	D Chubb

13. In order for an over/under spend to be within acceptable limits, the variation on budget should be within £10,000 or 5% (whichever is greater) of revised budget. On this basis, 54 of the total 57 completed schemes (including those below £25k) are within an acceptable margin of the overall budget. These are identified as the schemes shaded in green on Appendix A, whilst the completed schemes outside of the acceptable margin are shaded in yellow. In terms of financial impact, the combined £3k underspend on the 3 schemes outside of the benchmark is not significant to the overall Capital Programme.
14. Each Area Committee was allocated an additional £25,000 in February 2019 for schemes in 2019/20. The table shows that following scheme approvals in 2019/20, Area unallocated capital balances have increased by £7,000.

	Area East £'000	Area North £'000	Area South £'000	Area West £'000	Totals £'000
Position at start of financial year	34	141	237	130	542
Additional resources approved by District Executive for 19/20	25	25	25	25	100
Allocations to/(from) reserve during year	-1	-46	-7	-40	-93
<b>Position at end of financial year</b>	<b>58</b>	<b>120</b>	<b>255</b>	<b>115</b>	<b>549</b>

### Financing of the Capital Programme

15. The gross spend of £65.482m is the total capital expenditure that needs to be financed either through cash resources or borrowing. Members are recommended to approve the final financing of the capital programme from the following sources: -

Resources Used	£'000
Capital Receipts	4,887
Borrowing	56,781
External Contributions from funding partners	303
Capital Fund	551
Internal Borrowing Receipts	351
Capital Grants from Central Government	1,028
Loan Repayments (capital receipts)	1,581
<b>Total Resources Used</b>	<b>65,482</b>

16. We contributed £64,151m towards the £65,482m we spent last year with the balance utilising external funding/contributions. This means, for every £1 of our capital resources we contributed, we received 2p from external organisations.

## Outstanding Loans

17. As part of the agreed loans policy the amount of any outstanding loans at the end of each financial year must be reported to this committee. As at 31st March 2020 the following loans were outstanding:

Borrower	Original Sum Lent £	Fixed Interest Rate	Outstanding at 31 March 20 £	Period of Loan	Final Repayment Date
Hinton St George Shop	190,000	2.67%	148,683	20 years	February 2036
Somerset Waste Partnership (1)	1,567,216	2.22%	795,352	7 years	August 2023
Somerset Waste Partnership (2)	4,125,205	3.19%	4,125,205	10 years	October 2029
OPIUM	14,508,705	Various	13,157,055	7.5 years	July 2026
Elleston	132,000	5.00%	132,000	7 years	2026/27
<b>Total Outstanding</b>			<b>18,358,295</b>		

18. There is also £4,600 outstanding in relation to the sale of council house mortgages, and £27,917 in car and bike loans.
19. Wessex Home Improvement Loans (WHIL) works in partnership with the Council to provide finance to home owners for essential maintenance and improvement works to their property. Loans are increasingly replacing grants allowing the Council to recirculate funds. The Council has £672,988 of capital invested with WHIL. As at 31 March 2020 there was £501,599 on the loan book and £171,389 as available capital.

## Section 106 Agreements

20. S106 agreements are legal agreements between Local Authorities and developers that are linked to a planning permission. The total balance held as at 31 March 2020 was £4,091,736. This is purely a South Somerset District Council financial summary, more detail on S106's is given to Area Committees on a quarterly basis.

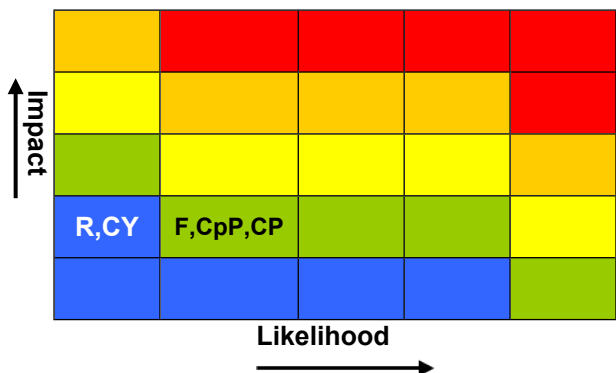
## Financial Implications

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

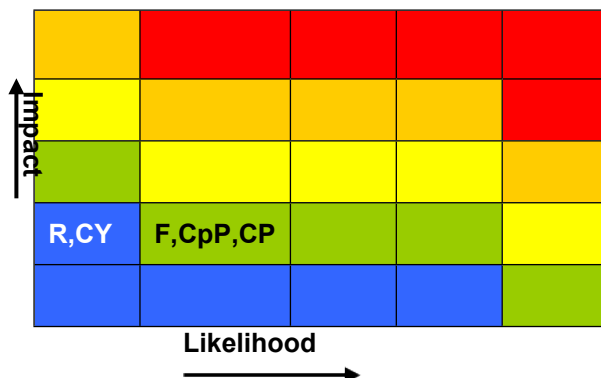
## Risk Matrix

The risk matrix shows risk relating to the Corporate Plan headings.

**Risk Profile before officer recommendations**



**Risk Profile after officer recommendations**



**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**

22. There are no specific implications in these proposals.

**Carbon Emissions and Climate Change Implications**

23. There are no specific implications in these proposals.

**Equality and Diversity Implications**

24. There are no specific implications in these proposals.

**Background Papers**

Capital Monitoring Quarter 1 to 3 Reports to District Executive

---