

2020/21 Capital Budget Monitoring Report for the Period Ending 30th June 2020

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Purpose of the Report

1. The purpose of this report is to provide Members with an in-year projection in 2020/21 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.

Forward Plan

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

Public Interest

3. This report gives an update on the forecast capital financial position and budgetary variations for the financial year 2020/21, as at 30th June 2020. Maintaining effective control over capital spending within approved budgets helps to ensure capital investment is affordable and meets agreed priorities.

Recommendations

4. 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

5. Full Council approved the original Capital Programme in February 2020. Monitoring of the agreed programme has been delegated to District Executive.

Capital Programmes

6. The revised gross Capital Programme for this financial year and beyond is attached in Appendix A. The forecast spend for 2020/21 has been revised down from **£18.066 million** to **£16.986 million** as shown in Table 1 below. Additional information is included to show the various sources of planned funding for the programme, shown on Table 2.

Table 1 – Revised Gross Capital Programme Q1 2020/21 – 2024/25

(negative figures = income/reduction in budget, positive figures = costs)

	20/21 £'000	21/22 £'000	22/23 £'000	23/24 £'000	24/25 £'000	Total £'000
Capital Programme for Quarter 1 of 2020/21	18,066	9,880	184	0	0	28,130
Plus Slippage from 2019/20	1,484					1,483
Plus Projects approved since 1st April 20:						
Transformation - IT Software	42					42
Investment in Property - OPIUM	100					100
Projects moved to Reserve List:						
Affordable Housing - West End Close, South Petherton (Stonewater)	-706					-706
Plus Projects agreed at Area Committee:						
Area North - Hamdon Community Arts Project (HCAP)	13					13
Area South - West Coker Commemoration Fund (WCCF)	7					7
Re-profiling of forecast spending between financial years	-2,020	2,020				0
Revised Gross Capital Programme for 2020/21 at 30th June 2020	16,986	11,900	184	0	0	29,070

7. As Table 1 shows the total planned capital investment in the approved programme 2020/21 to 2024/25 has increased from **£28.13 million** to **£29.07 million**. This is primarily due to the slippage into 2020/21 from 2019/20 of unspent funding, and the return of £0.706m to the Affordable Housing reserve.
8. The detail of the Capital Programme showing all the projects included in the approved budget is shown in Appendix A.



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Table 2 – Capital Programme Sources of Funding 2020/21 – 2024/25

	20/21 £'000	21/22 £'000	22/23 £'000	23/24 £'000	24/25 £'000	Total £'000
External Grants & Contributions - Assets	245	112	1	0	0	358
External Grants & Contributions – REFCUS*	1,541	0	0	0	0	1,541
Capital Receipts	5,790	4,938	183	0	0	10,911
Capital Fund Earmarked Reserve	1,957	894	0	0	0	2,851
Internal Borrowing Reserve	0	0	0	0	0	0
Borrowing	7,453	5,956	0	0	0	13,409
Total Capital Programme Financing	16,986	11,900	184	0	0	29,070

*REFCUS = Revenue Expenditure Financed from 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

9. 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.
10. Within the current financial year **£1.416 million** has been spent up to the end of Q1, of the total of **£16.986 million** projected for the year. The most significant areas of spend so far this year include:
 - £826k on Regeneration schemes.
 - £149k on Disabled Facility and Home Repair grants.
 - £139k on the Yeovil Crematorium Refurbishment.
 - £125k on Affordable Housing projects.
 - £100k on Commercial loans.
 - £42k on Transformation.
11. Schemes which are expected to be delayed this year and are more than £50,000 and have slipped to 2021/22 in Q1 are shown on Table 3:

Table 3 – Capital Project over £50k delayed into 2021/22

Project	Date Funding Approved	Slippage to 2021/22 £'000	Reason for Delay
Westlands Building Improvement Works	Feb-20	400	Availability of human resources in Property & Engineering, combined with timing and extent of works, means that work is to be split between 20/21 & 21/22.



Car Park Improvement Works	Feb-20	155	Availability of human resources in Property & Engineering, combined with timing and extent of works, means that work is to be split between 20/21 & 21/22.
Enhancement to SSDC Buildings	Feb-16	171	Further works to now be delayed to 21/21 due to Covid-19.
Capital Works to Council Portfolio	Feb-19	132	Further works to now be delayed to 21/21 due to Covid-19.
Wincanton Regeneration	Dec-19	860	Only £140k will be spent in 20/21 so remaining net budget moved to future years.
Affordable Housing - North Street, Crewkerne	Sep-16	260	Has been split into 2 phases. Phase 1 due to complete 2020/21. Phase 2 to complete in 2021/22

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

Capital Programme & Reserves

- The total capital reserve schemes approved in principle currently has a forecast gross spend of **£29.070 million** over the period 2021/22 to 2024/24, with a further **£0.712 million** across the Area capital reserves that are currently awaiting allocation. Detail of these reserve schemes can be found on page 4 of Appendix A.
- The total current capital programme, contingent liabilities and reserves allocates a total gross spend of some **£109.160 million** to various schemes over the next five years. This includes approved funding commitments of **£79.378 million** currently held in the “reserve schemes” list 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 2020/21 - 2024/25

	£'000
Capital Programme (as detailed in paragraph 7)	29,070
Contingent Liabilities and Reserve Schemes	80,090
Total Programme to be Financed	109,160

Projects agreed at or before February 2016

- Schemes that were agreed before February 2016 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.

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 30th June 2020 is £4,151,668. This



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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.

16. There has been no S106 funding added to the Q1 2020/21 capital programme.

Community Infrastructure Levy (CIL)

17. Community Infrastructure Levy (CIL) is a tax on new developments designed to pay for infrastructure that supports growth. For SSDC this has been defined as: transport, defences, schools, hospital and other health and social care facilities. This definition allows the levy to be used to fund a very broad range of facilities such as play areas, parks and green spaces, cultural and sports facilities, district heating schemes and police stations and other community safety facilities.
18. This flexibility gives local areas the opportunity to choose what infrastructure they need to deliver their Local Plan. Parish and Town Councils will receive 15% of all CIL received within their administrative boundary. This rises to 25% if the town or parish has made a 'Neighborhood Plan'.
19. SSDC also receive a 5% administration fee to fund the CIL case officer post. Table 6 below shows the amounts received and balance held on 30th June 2020.

Table 6 – Community Infrastructure Levy (CIL) balance held on 30th June 2020

	£'000
CIL Deposits	536
Less 15% / 25% to Parishes	-85
Less 5% Administration Fee	-26
Balance of CIL held by SSDC	425

Wessex Home Improvement Loans (WHIL)

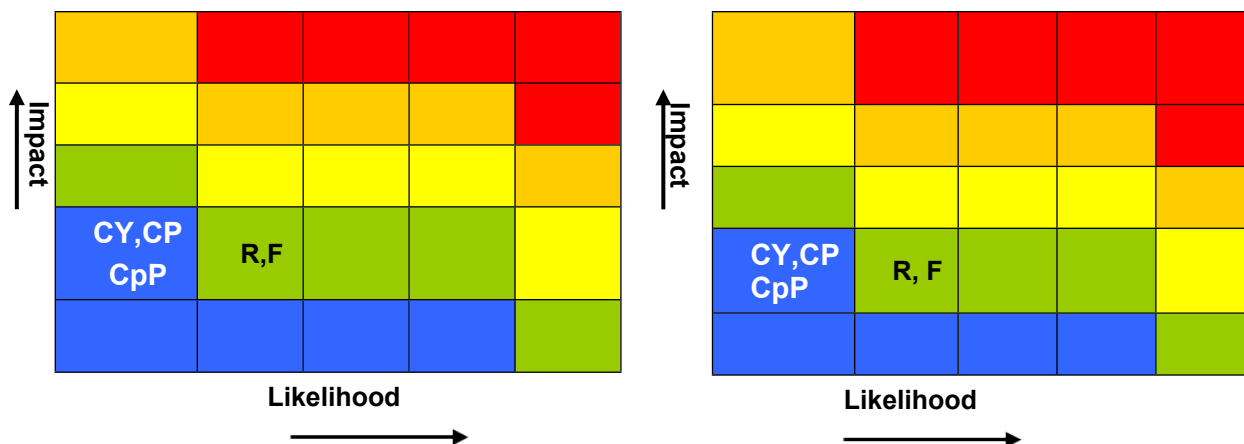
20. WHIL works in partnership with the Council to provide finance to homeowners for essential maintenance and improvement works to their property. Loans are increasingly replacing grants allowing the Council to re-circulate funds.
21. The District Executive previously agreed a loan (outside the original 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 will contribute towards completing the conversion of the Milford Inn, Yeovil into six flats, and to enable the building of three housing units in the grounds. All of the £200,000 has now been drawn-down and the conversion of Milford Inn has now been finished.
22. The Council has £672,988 of capital invested with WHIL. As at the end of June 2020 there was £499,692 on the loan book and £173,296 as available capital.

Financial Implications

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

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

Council Plan Implications

24. The budget is closely linked to the Council Plan and any capital bids are scored accordingly.

Carbon Emissions and Climate Change Implications

25. There are no specific implications in these proposals.

Equality and Diversity Implications

26. There are no specific implications in these proposals.

Privacy Impact Assessment

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

Background Papers

28. Capital Programme Budget report to Council in February 2019.