



## **2020/21 Capital Budget Monitoring Report for the Period Ending 30<sup>th</sup> September 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 November 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 30<sup>th</sup> September 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 transfer of the £100k agreed for the Ninesprings extension project to the John O’Donnell Pavilion Improvements Project at Yeovil Recreation Centre (YRC), detailed in paragraphs 12 - 16.
  - d. 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 Programme

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 **£16.985 million** to **£16.428 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 Q2 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
<b>Capital Programme for Quarter 1 of 2020/21</b>	<b>16,985</b>	<b>11,900</b>	<b>184</b>	<b>0</b>	<b>0</b>	<b>29,069</b>
<b>Projects approved since 1<sup>st</sup> July 20:</b>						
DELETTI EV Charger Project		250				<b>250</b>
<b>Projects moved to Reserve List:</b>						
Affordable Housing - Refurbishment of SSDC owned property	-2					<b>-2</b>
<b>Allocations from the reserve list</b>						
Investment in Land, Property & Renewables	1,535					<b>1,535</b>
Omni-Channel Telephony	10					<b>10</b>
Transformation	1					<b>1</b>
<b>Allocations from the Internal Lease Pot</b>						
Cushman UTV Full Cab & Snowblade	17					<b>17</b>
Ford Transit 350 L2 RWD	20					<b>20</b>
<b>Projects agreed at Area Committee:</b>						
Area North - Curry Woods Conservation Trust	13					<b>13</b>
Area South - Yeovil Refresh Allocation	151					<b>151</b>

	20/21 £'000	21/22 £'000	22/23 £'000	23/24 £'000	24/25 £'000	Total £'000
Area West - Ilminster Tennis & Bowling Club	13					13
Area West - Broadway & Horton Cricket Club	5					5
<b>Re-profiling of forecast spending between financial years</b>	<b>-2,320</b>	<b>1,815</b>	<b>505</b>			<b>0</b>
<b>Revised Gross Capital Programme for 2020/21 at 30<sup>th</sup> June 2020</b>	<b>16,428</b>	<b>13,965</b>	<b>689</b>	<b>0</b>	<b>0</b>	<b>31,082</b>

7. As Table 1 shows the total planned capital investment in the approved programme 2020/21 to 2024/25 has increased from **£29.07 million to £31.08 million**. This is primarily due to Investment in Land, Property & Renewables and the District-wide installation of Electric Vehicle charge points.
8. The detail of the Capital Programme showing all the projects included in the approved budget is shown in Appendix A.
9. £156,570 has been allocated to cover COVID related capital expenditure up to the end of August 2020 from the Central Government COVID funding grants received so far.

**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	31	276	1	0	0	308
External Grants & Contributions – REFCUS*	1,819	0	0	0	0	1,819
Capital Receipts	5,374	5,508	688	0	0	11,570
Capital Fund Earmarked Reserve	177	2,225	0	0	0	2,402
Internal Borrowing Reserve	37	0	0	0	0	37
Borrowing	8,990	5,956	0	0	0	14,946
<b>Total Capital Programme Financing</b>	<b>16,428</b>	<b>13,965</b>	<b>689</b>	<b>0</b>	<b>0</b>	<b>31,082</b>

\*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

10. 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.
11. Within the current financial year **£5.309 million** has been spent up to the end of Q2, of the total of **£16.428 million** projected for the year. The most significant areas of spend so far this year include:
  - £2.670m on Regeneration schemes.
  - £1.414m on Commercial loans.
  - £468k on Disabled Facility and Home Repair grants.
  - £223k on Investment Properties.
  - £146k on the Yeovil Crematorium Refurbishment.
  - £125k on Affordable Housing projects.
  - £43k on Transformation.
12. Schemes which are expected to be delayed this year and are more than £50,000 and have slipped to 2021/22 in Q2 are shown on Table 3:

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

<b>Project</b>	<b>Date Funding Approved</b>	<b>Slippage to 2021/22 £'000</b>	<b>Reason for Delay</b>
Lyde Road Pedestrian & Cycle Way, Yeovil	Feb-17	250	Capital Bid being submitted to extend this project. Funds to be spent in 2021/22.

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

## Request to Transfer Capital Funding

13. The Leisure & Recreation Manager is requesting that the £100k approved on capital bid 2019-06 for the extension at Ninesprings café be transferred to the John O'Donnell Pavilion Improvements Project at Yeovil Recreation Centre, for which £100k was also approved on capital bid 2019-06, to create a total capital budget of £200k for the John O'Donnell Pavilion.
14. COVID has caused delays in the delivery of both projects. To enable the swift progression and completion of the project that has the most commercial value, but that also delivers the greatest wellbeing benefits for our residents, Members are asked to consider the transfer of the Ninesprings capital to the YRC capital project budget. This transfer would preserve the already confirmed £52,000 of grant offers as delivery needs to be in the coming 12 months, but with increased competition



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for all grants officers cannot be sure of securing the full grant amount as originally set out in the capital appraisal. Officers will continue to pursue grant funding to keep the overall capital contribution down. This move would complete the project budget and allow works to commence early 21/22. Any unspent capital would be returned, and the Ninesprings extension would be re-visited with a new capital application in future years.

### 15. Impact Statement for the Ninesprings project:

- Extra café covers are not realised in the short term and therefore no increased sales.
- Heritage service does not have a permanent display space.
- Tourist Information Centre remains closed (in Petters Way) and is delayed in finding a new permanent home at an attraction.
- The cafe remains open and continues to trade without disruption. The existing good income levels, exceeding the budget, are retained.
- Solar PV project is not delayed and panels can be fitted to the building to bring running costs down.
- Heritage service focuses on an improved online presence (through a new shared website), a digital archive, to open the collections to more people.
- The Tourism team focus their resource at Cartgate TIC (staying open through the winter) and business support through the period of COVID response and recovery, ensuring the visitor economy is supported.

### 16. Impact Statement for the Yeovil Recreation Centre Project:

- Project can commence in March 2021 after the outcome of the submitted Viridor bid (40k). Enabling an opening in Summer 2021 for the school holidays.
- Income is maximised by having a full café facility open for the busy summer months following the same successful model as the Ninesprings Café.
- Secured grant funding (Sport England £40k, Clarks Foundation £5k, Yeovil Town Council £5k, and other parish councils £2k) is retained as part of the project budget. These offers were some time ago now and some funders need us to deliver in the coming 12 months or offers will be withdrawn.
- An estimated seven new part time jobs would be created for baristas and shift leads in the new café.
- The community room would provide a safe space for a range of wellbeing and exercise sessions. Partners and session leaders are already engaged with us on potential opportunities e.g. SASP for young people excluded from formal education. New wellbeing sessions for target groups would be developed including families.
- The Recreation Ground would have a gateway to activities, the new website would enable online bookings and all areas of the site would experience enhanced use
- A volunteering team could be established for the site as they have a space to meet and operate from.
- The site develops a sense of community, as has happened at Ninesprings, as the café provides a welcoming space with staff trained in dementia awareness and shared chatty tables.

17. Overall, the local communities experience enhanced well-being through an improved greenspace and access to new opportunities. The facility is improved and is more marketable as an attraction and improves the visitor economy for Yeovil and South Somerset. The site generates more income and decreases overall running costs at the facility.

## Capital Programme & Reserves

18. The total capital reserve schemes approved in principle currently has a forecast gross spend of **£31.082 million** over the period 2021/22 to 2024/25, with a further **£0.728 million** gross spend across the Area Capital Programme over the period 2021/22 to 2024/25. Detail of these reserve schemes can be found on page 4 of Appendix A.
19. The total current Capital Programme, Area Capital Programme and Reserve Schemes allocates a total gross spend of some **£109.642 million** to various schemes over the next five years. This includes approved funding commitments of **£77.832 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 on Appendix A, and summarised below in Table 4.

**Table 4 – Capital Programme and Reserve Schemes for 2020/21 - 2024/25**

	<b>£'000</b>
Capital Programme (as detailed in paragraph 7)	31,082
Area Capital Programme	728
Reserve Schemes	77,832
<b>Total Programme to be Financed</b>	<b>109,642</b>

## Projects agreed at or before May 2016

20. Schemes that were agreed before May 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

21. S106 agreements are legal agreements between local authorities and developers that are linked to a planning permission. The total balance held at 30<sup>th</sup> September 2020 is £4,020,348. This 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.
22. There has been no S106 funding added to the Q2 2020/21 capital programme.

## Community Infrastructure Levy (CIL)

23. 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.
24. 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'.
25. 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 30<sup>th</sup> June 2020.

**Table 6 – Community Infrastructure Levy (CIL) balance held on 30<sup>th</sup> September 2020**

	<b>£'000</b>
CIL Deposits	661
Less 15% / 25% to Parishes	-104
Less 5% Administration Fee	-33
<b>Balance of CIL held by SSDC</b>	<b>524</b>

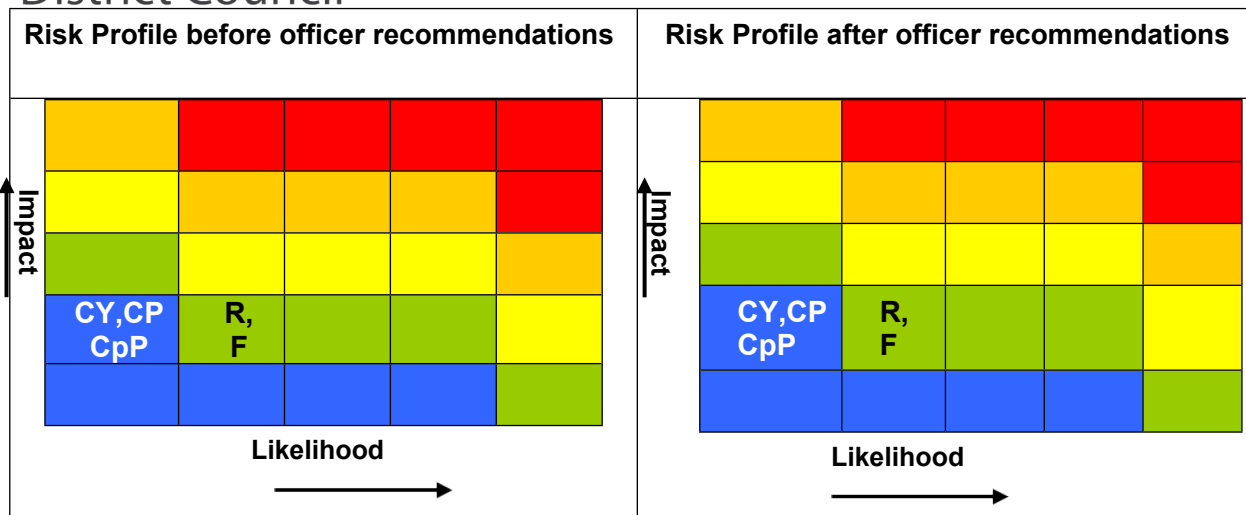
### **Wessex Home Improvement Loans (WHIL)**

26. 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.
27. 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.
28. The Council has £672,988 of capital invested with WHIL. As at the end of September 2020 there was £497,789 on the loan book and £175,199 as available capital.

### **Financial Implications**

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

### **Risk Matrix**



**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**

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

**Carbon Emissions and Climate Change Implications**

31. There are no specific implications in these proposals.

**Equality and Diversity Implications**

32. There are no specific implications in these proposals.

**Privacy Impact Assessment**

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

**Background Papers**

34. Capital Programme Budget report to Council in February 2020.