

2020/21 Capital Budget Monitoring Report for the Period Ending 31st December 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 February 2021.

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 31st December 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 that 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 up from **£16.428 million** to **£22.930 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 Q3 2020/21 – 2024/25

	20/21 £'000	21/22 £'000	22/23 £'000	23/24 £'000	24/25 £'000	Total £'000
Capital Programme for Quarter 2 of 2020/21	16,428	13,965	689	0	0	31,082
Projects approved since 1st Oct 20:						
Affordable Housing - Barnabus House	45	0	0	0	0	45
S106 projects approved since 1st Oct 20						
Grants for Parishes with Play Area - Ilton	17	0	0	0	0	17
Projects moved to Reserve List:						
Transformation	-4	0	0	0	0	-4
Allocations from the reserve list:						
Investment in Land, Property & Renewables Reserve (for 3 x assets)	9,328	680	0	0	0	10,008
E5 Upgrade – ICT Replacement Reserve	69	0	0	0	0	69
RPA Pilot – ICT Replacement Reserve	54	0	0	0	0	54
Projects agreed at Area Committee:						
Area East - 9 Seat Minibus for Community Transport	12	0	0	0	0	12
Area East - Mudford Memorial Village Hall	4	0	0	0	0	4
Area East - Charlton Memorial Playing Field Play Area	12	0	0	0	0	12
Area West - Chard Town Centre Gateway and Seating Area	0	29	0	0	0	29
Area West - Horton Parish Council Playing Field Project	13	0	0	0	0	13

	20/21 £'000	21/22 £'000	22/23 £'000	23/24 £'000	24/25 £'000	Total £'000
Area West - Ilchester Hall, Chiselborough	13	0	0	0	0	13
Re-profiling of forecast spending between financial years	-3,060	2,137	923	0	0	0
Revised Gross Capital Programme for 2020/21 at 31st December 2020	22,930	16,811	1,612	0	0	41,353

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

7. As Table 1 shows the total planned capital investment in the approved programme 2020/21 to 2024/25 has increased from **£31.082 million** to **£41.353 million**. This is primarily due to Investment in Land, Property & Renewables.
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 December 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	72	278	1	0	0	351
External Grants & Contributions – REFCUS*	1,657	0	0	0	0	1,657
Capital Receipts	2,712	8,340	1,611	0	0	12,663
Capital Fund Earmarked Reserve	165	2,237	0	0	0	2,402
Internal Borrowing Reserve	37	0	0	0	0	37
Borrowing	18,287	5,956	0	0	0	24,243
Total Capital Programme Financing	22,930	16,811	1,612	0	0	41,353

*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 **£17.972 million** has been spent up to the end of Q3, of the total of **£22.930 million** projected for the year. The most significant areas of spend so far this year include:
- £10.703m on Commercial loans.
 - £5.455m on Regeneration schemes.
 - £799k on Disabled Facility and Home Repair grants.
 - £246k on Investment Properties.
 - £188k on the Yeovil Crematorium Refurbishment.
 - £148k on Affordable Housing projects.
 - £87k on Sports facilities and play areas.
 - £78k on Yeovil Innovation Centre car park extension.
 - £71k on Area capital programmes.
12. Schemes which are expected to be delayed this year and are more than £50,000 and have slipped to 2021/22 in Q3 are shown on Table 3:

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

Project	Date Funding Approved	Slippage to 2021/22 £'000	Reason for Delay
E5 Upgrade	Feb 19	63	Covid restrictions and staff availability.
Yeovil Refresh	Jan 19	800	The Westminster Street works have been delayed due to Covid.
Affordable Housing - 4 Properties Chard Working Mens Club	May 17	54	There were some Covid related delays early in 2020/21, but the scheme is now progressing well with completion set for September 2021.
Loan to Somerset Waste Partnership for Vehicles (2)	Feb 17	311	Roll out has been delayed due to Covid-19.
New Car Parks	Feb 08	200	There have been delays with obtaining planning consent and

			also releasing the legal covenant.
Enhancement to SSDC Bldgs	Feb 16	155	Further expenditure to be deferred until 21/22 due to Covid restrictions.
Westlands Building Improvement Works	Feb 20	358	Spending currently on hold.
Brympton Way Building Improvement Works	Feb 20	84	Further expenditure to be deferred until 21/22 due to Covid restrictions.
Forton Playing Pitches, Chard	S106	85	It was hoped that completion would have taken place by the end of Q4 but the legal positions have proved difficult to reach an agreement on.
Goldenstones Sports Centre - 10 Yr Maintenance Plan	Mar 17	310	Has not been spent due to Property team capacity. Maintenance will pass to the new leisure operator from April 2021 whereupon this capital will be fully utilised.
Wincanton Sports Centre - 10 Year Maintenance Plan	Feb 19	306	Has not been spent due to Property team capacity. Maintenance will pass to the new leisure operator from April 2021 whereupon this capital will be fully utilised.

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

Capital Programme & Reserves

13. The total capital reserve schemes approved in principle currently has a forecast gross spend of **£41.353 million** over the period 2021/22 to 2024/25, with a further **£0.753 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.
14. The total current Capital Programme, Area Capital Programme and Reserve Schemes allocates a total gross spend of some **£100.875 million** to various schemes over the next five years. This includes approved funding commitments of **£58.769 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

	£'000
Capital Programme (as detailed in paragraph 7)	41,353
Area Capital Programme	753
Reserve Schemes	58,769
Total Programme to be Financed	100,875

Projects agreed at or before August 2016

15. Schemes that were agreed before August 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

16. S106 agreements are legal agreements between local authorities and developers that are linked to a planning permission. The total balance held at 31st December 2020 is **£4,141,790**. 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.
17. There has been one S106 project added to the Q3 2020/21 capital programme, as detailed in table 1 of this report; £17,000 for 'Grants for Parishes with Play Areas – Ilton'.

Community Infrastructure Levy (CIL)

18. 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.
19. This flexibility gives local areas the opportunity to choose what infrastructure they need in order 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'.
20. SSDC also receive a 5% administration fee to fund the CIL case officer post. Table 5 below shows the amounts received and balance held on 31st December 2020.

Table 5 – Community Infrastructure Levy (CIL) balance held on 31st December 2020

	£'000
CIL Deposits	803
Less 15% / 25% to Parishes	-125
Less 5% Administration Fee	-40
Balance of CIL held by SSDC	638

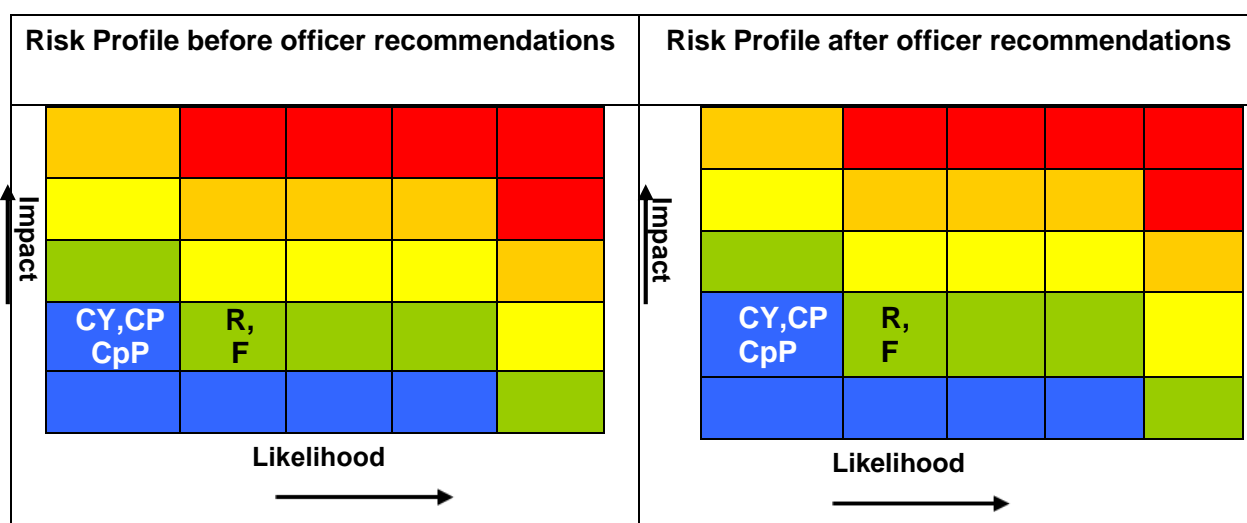
Wessex Home Improvement Loans (WHIL)

21. 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.
22. 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.
23. The Council has £672,988 of capital invested with WHIL. As at the end of December 2020 there was £497,789 on the loan book and £175,199 as available capital.

Financial Implications

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

Risk Matrix





Categories	Colours (for further detail please refer to Risk management strategy)
R - Reputation	High impact and high probability
CpP - Corporate Plan Priorities	Major impact and major probability
CP - Community Priorities	Moderate impact and moderate probability
CY - Capacity	Minor impact and minor probability
F - Financial	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 2020.
