

2014/15 Capital Budget Monitoring Report for the Quarter ending 30th September 2014

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Purpose of the Report

1. The purpose of this report is to update Members on the current financial position of the capital programme of the Council and to report the reasons for variations from approved budgets for the period 1st July to 30th September 2014.

Forward Plan

2. This report appeared on the District Executive Forward Plan with an anticipated Committee date of November 2014.

Public Interest

3. This report updates progress on capital expenditure in 2014/15.

Recommendation(s)

4. That the District Executive: -
 - a) note the spend of £487,000 so far on capital for 2014/15 and approve the revised capital programme for 2014/15 and beyond (paragraph 6 and 7);
 - b) note the progress of individual capital schemes as detailed in Appendix A;
 - c) note the slippage over £50,000 in the capital programme as detailed in paragraph 10;
 - d) approve the virement of £30,000 outline in paragraph 11;
 - e) approve the revenue contribution of £42,000 to capital outlined in paragraph 12;
 - f) approve the re-allocation of funding as detailed in paragraph 13;
 - g) note the schemes that were approved prior to 2010, as detailed in Appendix D, and confirm approval for those projects that they wish to remain in the programme
 - h) note the total land disposals to registered social landlords as detailed in Appendix B;
 - i) note the balance of S106 deposits by developers held in a reserve as detailed in Appendix C;

- j) note the current position with regard to funds held by the Wessex Home Improvement Loans as detailed in paragraph 17;

Background

5. Full Council approved the Capital Programme in February 2014. Monitoring of the agreed programme has been delegated to District Executive.

Qtr 2 Spend Position

6. The actual net position as at 30th September 2014 is net expenditure of £487,000. This is made up of actual expenditure being £1.164m less grants received in advance for various projects of £677,000.

Revised Capital Programme

7. The capital programme for this financial year and beyond has been revised to take account of amendments requested since Quarter 1. A summary of those amendments are outlined below and Members are requested to approve the revised Capital Programme shown in Appendix A. The estimated spend for 2014/15 has been revised from **£5.294 million** to **£4.291 million** for the following reasons: -

	14/15 £'000	15/16 £'000	16/17 £'000	17/18 £'000
Capital Programme for 2014/15 onwards approved at DX August 2014	5,294	951	202	
Plus projects added to Capital Programme:				
Affordable Housing reserve to Mortgage Rescue Contingency Fund 3	277			
Sharing Brympton Way with SCC 1	254			
Affordable Housing reserve to Rural exception, Broadway Farm, Merriott 3	240			
Affordable Housing reserve to Yarlinton, Buy back of share property 3	65			
Adaptions for lease of floor, Churchfields 3	50			
CCTV Cameras in Yeovil 2	29			
Affordable Housing reserve to Knightstone Housing, Somerton Hybrid Rent 3	14			
Thorney Ringbank Flood Defence Grant	10			
Area North reserve to Chilthorne Domer Rec Trust for Pavilion 4	6			
Area North reserve to Seavington Playing Field for accessible paths 4	6			
Area North reserve to Norton Sub Hamdon Comm Land Trust for shop 5	5			
Revenue contributions to capital (RCCO) quarter	42			

	14/15	15/16	16/17	17/18
	£'000	£'000	£'000	£'000
2: See paragraph 12				
Less surplus funding moved to the reserve:				
Affordable Housing schemes 3	(1,310)			
Area North part funding of extension to Chilthorne Domer Village Hall	(3)			
Less slippage from 2014/15 forecast to slip into 2015/16 and beyond (re-profiling)	(688)	565	123	
Revised Capital Programme for 2014/15 at 30th September 2014.	4,291	1,516	325	

(Figures shown in brackets reduce the capital spend in any particular year)

- 1 Approved at District Executive 7th November 2013
- 2 Approved at District Executive 7th August 2014
- 3 Approved at District Executive 4th September 2014
- 4 Approved at Area North Committee 23rd July 2014
- 5 Approved at Area North Committee 27th August 2014

Capital Programme & Reserves

8. The current Capital Programme allocates £10.240 million to various schemes over the next five years. Further details are shown in Appendix A.

	£'000
Capital Programme (as detailed in paragraph 6)	6,132
Contingent Liabilities and Reserve Scheme	4,108
Total programme to be financed	10,240

Available Capital Resources

9. The amount of capital resources the Council has remaining unallocated is shown in the table below.

	£'000
Useable Capital Receipts & Capital Fund as at 1 st April 2014	38,313
Add new capital receipts as at 30 th September 2014	75
Less capital programme & reserve schemes	(10,240)
Less other schemes in pipeline	(11,922)
Total remaining unallocated resources	16,226

Progress on various schemes

10. Progress on individual schemes is attached at Appendix A. Appendix A also incorporates responsible officer comments on slippage and performance against targets. Schemes which are expected to be delayed this year, are more than £50,000 and have slipped to 2015/16 include:

Project	Date Funding Originally Approved	Slippage to 2015/16 £'000	Reason for Delay
Capital Works to the Councils Portfolio	Feb 2014	164	Delays due to staff shortages & office accommodation moves.
Home Repairs Assistance	Feb 2014	150	Estimate of grants to be paid this year less than original estimate.
Reckleford Gyratory (Eastern Gateway)	Feb 2007	88	Remaining budget to be spent on removal of traffic lights.

(the figures shown above are included in the slippage figure at the bottom of the table in paragraph 7),

Virements between Capital Projects

11. The table below shows the requested budget virement between projects within the capital programme.

Amount £'000	From	To	Reason
30	Hardware Replacement Programme 2014/15 to 2016/17	Replacement 'Back up' system software	The Hardware Replacement Programme includes an allocation for replacing the hardware back up system with the latest version from the same vendor. However, due to recent problems with the software and industry opinions on the best way to back up our operating environment now, we need to move to a new vendor and purchase new software as well as hardware.
30	Total Virement		

Revenue Contributions to Capital Projects

12. Funding for projects can be transferred from revenue to capital. This can be because the project has been funded from revenue but results in an asset for the authority.

Amount £'000	From	To	Reason
26	Octagon Theatre	Octagon Theatre - Upgrade to Facilities	To enable refurbishment works to be carried out to ladies lavatories.
16	Streetscene	Enforcement Van	To enable purchase of new van.
42	Total Revenue Contributions to Capital		

Reallocation of Funding

13. Members will recall that the report on the affordable housing development programme made in September recommended that, together with several other schemes, funding

for the Raglan scheme at Font Villas, West Coker be de-allocated on the basis that grant subsidy had become available from the Homes and Communities Agency (HCA).

Whilst it was correct that HCA funding had been awarded, the complete withdrawal of Council funding from the scheme was in error as the HCA funding had been gained on the basis of joint funding for the scheme.

In total the decisions made at the September District Executive meeting released approximately £1.5million back into the 'unallocated' reserve within the approved affordable housing programme however the £143,000 for the scheme at Font Villas should not have been included.

It is therefore recommended that the allocation be re-instated. Members may wish to note that even with the Font Villas allocation re-instated the total de-allocated from Raglan Housing Association resulting from their successful bidding to the HCA remains at £850,000.

Projects agreed before 2010

14. There are number of schemes still in the capital programme where funding was agreed before 2010. Appendix D provides a reason for the delay in their progression. Members need to confirm their approval for the project to stay in the capital programme.

Disposals to Housing Associations

15. 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 Assistant Director – Finance and Corporate Services. The total disposals/leases of this nature agreed, since the policy began, now stands at £1.573 million. Details of the land involved and the date of transfer, where completed, are shown in appendix B to this report.

Section 106 (S106) Deposits by Developers

16. S106 agreements are legal agreements between Local Authorities and developers that are linked to a planning permission. Details of income relating to S106 agreements are shown in appendix C categories by project type. The total balance held is £2,481,677. This is purely a South Somerset District Council financial summary, more detail on S106's is given to Area Committees on a quarterly basis.

Wessex Home Improvement Loans (WHIL)

17. 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.

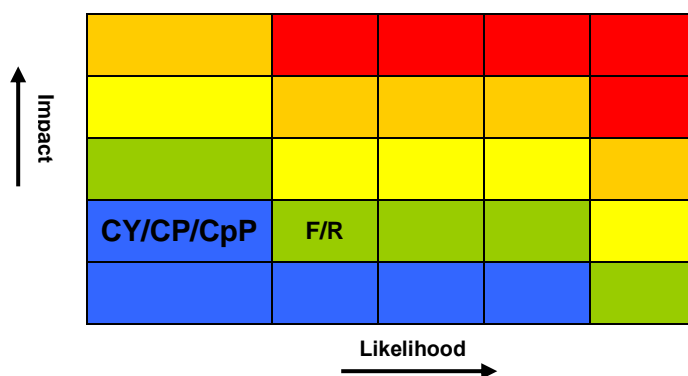
The Council has £672,948 of capital invested with WHIL. As at the end of September 2014 there was £282,315 on the loan book and £390,633 as available capital.

Financial Implications

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

Risk Matrix

19. 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

Corporate Priority Implications

20. There are no specific implications in these proposals.

Carbon Emissions and Climate Change Implications

21. There are no specific implications in these proposals.

Equality and Diversity Implications

22. There are no specific implications in these proposals.

Background Papers

Revenue Quarterly Monitoring Reports to District Executive
 Capital Monitoring Report to District Executive