

NOT FOR PUBLICATION

Appendices A & B to this report contains exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972

Report to: **Executive**

Date: **19 December 2019**

Title: **Capital Programme Monitoring –
Cllr Bastone**

Portfolio Area: **Support Services**

Wards Affected: **ALL**

Urgent Decision: **N** Approval and clearance obtained: **Y**

Author: **Angela Endean** Role: **Capital Accountant**
Pauline Henstock **Head of Finance Practice**

Contact: angela.endean@swdevon.gov.uk **01803 861480**
pauline.henstock@swdevon.gov.uk **01803 861377**

Recommendations:

1. That the Executive notes the content of the Monitoring Report.
2. That the Executive recommends to Council that £110,000 of the remaining capital programme contingency budget of £183,399 is approved to be allocated to the Whitestrand, Salcombe capital project set out in exempt Appendix B to this report
3. That the Executive recommends to Council that the capital budget of £140,000, as set out in exempt Appendix B, be approved retrospectively, to be funded from the Dartmouth Ferry reserve.
4. That the Executive recommends to Council that the capital budgets for developing beach huts in Salcombe and Beesands are withdrawn as per 3.7 of the report.

1. Executive summary

1.1 The report advises Members of the progress on individual schemes within the approved capital programme, including an assessment of their financial position.

1.2 The monitoring of the capital programme at month 6 (end of September 19) has not highlighted any significant areas of overspend to report to Members. All of the capital projects are within the existing capital budgets approved by Members (Appendix A).

There is a remaining balance of £183,399 from the capital programme contingency budget. As part of this report it is recommended that £110,000 of the remaining contingency budget is approved to be allocated to the Whitestrand, Salcombe capital project as set out in exempt Appendix B.

If the recommendations in this report are approved, this would leave £73,399 remaining in the capital programme contingency budget.

1.3 The report requests that the Executive recommends to Council that the capital budget of £140,000 as set out in exempt Appendix B be approved retrospectively, to be funded from the Dartmouth Ferry reserve.

2. Background

2.1 The capital programme for 2019/20 was approved by Council on 21 February 2019 (54/18 and E.72/18 refer). This report provides an update on the Capital Programme and also on those schemes that remain outstanding from previous programmes.

2.2 A summary of the Capital Programme is shown in exempt Appendix A. The award of contracts is subject to the Council's procurement rules on competitive tendering and therefore the allocated budget is commercially sensitive.

3. Outcomes/outputs

3.1 Members are requested to endorse the following updates on the Capital Projects:

Capital Programme 2018/2019 and prior years

3.2 Langage Business Park

As part of the s106 agreement for the Langage Energy Park, the energy park operator, along with the owner of the land surrounding the park, jointly agreed a payment of £1,200,000 to SHDC towards the provision of 30,000ft² of industrial-use starter units. The Council is in receipt of this sum and is continuing discussion with the land owner (LEPL) to agree the timing, form and location of these starter units. The s106 also provides for LEPL to procure land and lease this to the Council on a peppercorn rent for the starter unit development, either on land surrounding the Energy Park or elsewhere within the South Hams. The s106 agreement was prepared a number of years ago and many of the linked planning conditions are now being reviewed as the developer believes these should be discharged.

A report was considered at the Executive meeting on 31st October which recommended approving the use of up to £200,000 to fund the cost of extending the lease of the starter units from 21 years to 125 years, funded from the business rate retention earmarked reserve.

3.3 Affordable Housing Update

The table below gives an update on the various affordable housing capital budgets and schemes.

Affordable Housing Proposals 2013/14

Scheme	Budget	Narrative
Community Led Housing	£100,000	There is a balance of £50,000 remaining. An application has been received from Stoke Gabriel CLT for £25,000 which is currently being assessed.
Rural Affordable Housing	£400,000	There is a remaining balance of £78,654.
Existing Stock/Sustainability	£100,000	Available to reduce empty homes and make best use of the existing housing stock. £5,000 has been spent to date.

Affordable Housing Proposals 2014/15 – 2017/18

Commitments to date	Narrative	Budget for Scheme
BUDGET (4 years at £230,000 per annum)	An annual budget of £230,000 per annum was being made in the Capital Programme for Affordable Housing. This annual budget has now ceased due to the current uncommitted balance.	£920,000
Commitments against the Affordable Housing Budget:		
6 Affordable Homes, Kingsbridge	There is a commitment to Kingsbridge Feoffees to help with construction costs of these affordable homes.	£150,000
Harberton Community Led Trust	A contribution will be made to the Trust this financial year.	£104,500
Remaining Uncommitted Balance		£665,500

There is currently an uncommitted balance on the Affordable Housing Budget. The developing Housing Strategy will identify the best approach to utilise this funding.

There are a number of potential schemes that the Council is seeking to bring forward in the future. Where these are new initiatives, the Affordable Housing Team will be able to present these to the relevant Committees for approval. However, the schemes that could be implemented in a short timescale, subject to funding are:

Rural Housing Schemes: The Council can continue to provide small top up funding to our Registered Provider partners to increase the supply of affordable housing within the District. There are also likely to be other projects in the early planning process that may need to also utilise this finance. The Council is starting to build its own community housing schemes and confidence for housing providers is starting to improve with the adoption of the Joint Local Plan and

'Made' neighbourhood plans which may require top up funding for projects to progress.

Downsizing Initiative: This initiative has been approved by Members and allows the Council to make payments to tenants in our current housing stock, to downsize to a smaller property. This then enables the larger property that they were moving from to be let to someone in housing need, thus reducing the Council's housing register. This scheme will be promoted again with the help of our Registered Provider partners to ensure that their tenants are aware of this. There have been a number of areas discussed which could be targeted and discussions have taken place with our main stock holder LiveWest about how we can raise awareness of this scheme in line with some of their other projects.

The schemes below are new initiatives that could also utilise some of the uncommitted balance, subject to Member approval.

Do It Yourself Shared Ownership (DIYSO): This new initiative would require Member approval with regard to the scheme itself and the funding allocated and in turn the households the Council could help. This would need to be run as a pilot scheme in the first instance and officers would need to ensure that the risks to the Council could be overcome. The basic idea of the scheme will be based on the original DIYSO which the Government introduced in the 1990's. This scheme allowed people to purchase a property from the open market with a grant from the government of 25%, no rent is payable on the 25%, just the mortgage that the owner has for their 75% stake. When the property is sold the owner would market the property at the full valuation and the owner would be responsible for the up or down turn in the 75% that they owned and the Government would have the same return on the 25%. A section 106 would not be relevant but the details of the equity will be registered to ensure the Council recoups the 25% stake.

Regeneration/Best use of stock – The Council will continue to work with our partners to improve the stock that currently exists in the South Hams. There are instances where the Council may be seeking to achieve an outcome which may be over and above what is required. Ultimately this could cost over and above what a Housing Association needs to achieve in terms of making the property suitable for occupation. Very early discussions are taking place regarding this

3.4 Leisure Investment

The leisure contract with Fusion Lifestyle commenced on 1st December 2016. Works have now been completed on centres at Dartmouth, Kingsbridge and Totnes, with retention payments due in 2019/20.

Ivybridge – the new swimming pool is on schedule to be completed by the end of 2019 and open to the public in the New Year. Works in the rest of the Centre is complete and the whole sports hall is now available for use.

Payments are made to Fusion monthly in respect of each leisure centre in accordance with the capital drawdown schedule which forms part of the contract. The drawdown schedule reflects the current payment profile and timing of works. See table below:

Capital budget approved for Leisure Investment

2016/17	2017/18	2018/19	2019/20	Total
£242,896	£480,142	£5,443,503	£170,459	£6,337,000

Note: This excludes the £650,000 separate budget for Ivybridge Leisure Centre

3.5 Market Square, Totnes

SHDC have been working with Totnes Town Council to identify the priority elements, specifications and programming. In order to control quality and minimise disruption there is a need to delay the procurement programme by 12 months.

3.6 Cemetery Expansion, Ivybridge

A budget of £30,000 was approved for this project as part of the 2018/19 capital budget. A contribution of £35,000 is included within a s106 agreement related to a housing development in Ivybridge to put towards the cemetery expansion project and match fund our £30,000. It is unlikely that the trigger for payment of the s106 will come forward before 2020/21.

3.7 Beach Huts in Salcombe and Beesands

It is recommended to Council (Recommendation 4 of this report) that the capital budgets for developing beach huts in Salcombe and Beesands be removed, following further clarity from the Joint Local Plan which means that these projects are unable to proceed.

3.8 Pay on Entry (Public Conveniences)

Pay on Entry equipment has been installed in public conveniences in Hope Cove, Ivybridge, Kingsbridge – Fore Street and Quay and Dittisham.

Totnes Town Council has opted to pay the lost pay-on-entry income to the District Council for the remainder of this financial year, pending a long-term solution.

Capital Programme 2019/20

3.9 Play Parks (owned by SHDC) – replacement of play equipment

Contracts have now been awarded for the supply and installation of play equipment at eight play areas across the South Hams owned by SHDC:

- Woodburn Close, Ivybridge
- Lower Brook Park, Ivybridge
- Barn Close, Ivybridge
- Weatherdon Drive, Ivybridge
- Duncombe Park, Kingsbridge
- Montagu Road, Kingsbridge
- Cann Wood View, Woolwell
- Courtenay Park, Salcombe

Construction started on 14th October at Cann Wood View, and improvements to the first seven are expected to be complete by mid-December, with works to Courtenay Park to be undertaken in early 2020.

The play areas in question are all in need of replacement/upgrading and the primary objective is to secure the design of attractive, imaginative and low maintenance new play spaces making best use of the sites.

This project marks the first phase of an improvement scheme of SHDC owned play areas agreed by the SHDC Public Spaces Working Group.

2019/20 is year 2 of a three year programme as shown below:

Capital budget for Play Parks (2017/2018 and 2019/20 approved, 2020/21 budget to be confirmed)

2017/18	2018/19	2019/20	2020/21	Total
£190,000	Nil	£190,000	£140,000	£520,000

To date there are commitments of £380,000 against the play parks capital budget.

3.10 Coastal Assets

Approved budget and capital expenditure for Coastal Assets

	15/16 £000's	16/17 £000's	17/18 £000's	18/19 £000's	19/20 £000's	Total £000's
Budget	300	300	300	300	300	1,500
Expenditure (financed by SHDC)	64	161	80	507	201	1,013
Balance c/f To 2019/20						487

2019/20 is the final year of a 5 year programme of planned Coastal Assets repairs.

A re-survey of all coastal assets is currently underway with delivery due by the end of the financial year. This will then allow a further five year maintenance plan to be developed and a further budget provision will be considered in the 2020/21 Capital Budget report also on this agenda.

3.11 Ivybridge Depot

A planning application has been submitted to Devon County Council and the project is progressing in line with the timescales envisaged.

3.12 Vehicle Fleet Replacement

As per the final accounts for 2018/19 the balance brought forward on the Vehicle and Plant Renewals Reserve is £1,263,918. The contribution into the Reserve in 2019/20 is £550,000 giving a total budget of £1,813,918.

Expenditure to date is £321,502 however other vehicles have been procured and ordered in line with the contractor's bid submission as there is a significant lead time on vehicle purchases.

A climate change action plan will be presented to Members at the Council meeting on 19th December, 2019. This action plan will include consideration of the future procurement of the Council's waste fleet over the remainder of the contract term.

3.13 New Employment Units, Ermington

The units have been constructed with the project now about to enter the 12 month defects period.

Three of the four units already have tenants ready to move in.

3.14 Ermington Mill – improvements to existing units inc. H & S

Road surfacing and refurbishment of the existing units have been completed in parallel with the construction of the four new units.

The redesign of the Mill building is being considered and a feasibility report produced by an external consultant. This report needs to be reviewed and a business case brought to Council should any options be deemed worth pursuing.

3.15 Car Parks – Resurfacing

Officers have identified a number of car parks across the District which are in need of resurfacing.

3.16 Investing in Kingsbridge

The Executive was presented with a report in July 2019 that sought approval of the revised business case for the Kingsbridge Hotel development project, previously approved by the Executive in December 2018 (Minute ref:E.62/18).

It was then:

RESOLVED that:

1. The revised business case for the project, as set out in the presented report and Exempt Appendix A, be approved; and
2. Officers undertake a public consultation outside the planning process, the format of which should be discussed with Kingsbridge Town Council and local Ward Members.

The Council is preparing to go out to consultation and stakeholders e.g. Members, residents, businesses, will be made aware of how to engage in the consultation process.

The Consultation document has been worked up with input from all key stakeholders including the Town Council and local Members.

Since the last reporting period the business case has changed as a result of Public Works Loan Board interest rate increases.

It is proposed to review the project with the final business case and the results of the consultation before Members make a final decision on the scheme.

3.17 Dartmouth Health and Wellbeing Hub Development

At the Executive in July 2019, Members were presented with a report that asked for consideration of the relative merits and approval of a proposal to deliver a key health facility at Dartmouth in line with the Council's Health and Wellbeing theme.

It was then:

RESOLVED that:

1. The project to deliver a Health and Wellbeing HUB in Dartmouth and associated business case in exempt Appendix A be approved;
2. The borrowing identified in the business case under the delegation provided by the Commercial Investment Strategy be approved;
3. Authority be delegated to the Head of Assets Practice to enter into leases (and associated legal agreements) associated with the project with a term longer than the delegated limit of 15 years; and
4. The minimal impact that the proposals may have on total parking capacity in Dartmouth be recognised and officers instructed to bring forward proposals for consideration by local members to mitigate that loss.

Currently the Architect is working up the outline scheme during the pre application process. There is also a requirement for surveys to be undertaken such as trees, ecology etc. A Collaboration agreement with NHS Trust is being finalised and other legal work is also ongoing.

To ensure all the legal processes are complete it is envisaged that the planning application will not be submitted until early next year.

3.18 Private Sector Renewals including Disabled Facilities Grants (DFG's)

The budget for Private Sector Renewals Grants in 2019/20 is £700,000. The budget brought forward from 2018/19 is £805,962 giving a total budget of £1,505,962 available in 2019/20.

Expenditure to the end of September was £512,835 with a further £327,738 committed. There are Statements of Need being progressed which total another £340,239.

Spend on DFG's is based on demand, over which the Council has no control, and at present the service is processing and approving applications in line with this demand.

The Council has a healthy budget as a result of good performance and astute negotiations. With a wider Private Sector Renewal (PSR) Policy which has been recently approved, the Council is able to spend the Better Care Fund on other areas such as home assistance and Energy Company Obligation top-ups. Some of these areas take a while to publicise and be put into action but progress is being made.

The Council is also looking at how the funding could be used to support wider fuel poverty interventions that would also have a positive impact on climate change by supporting lower income households to access Air Source Heat Pumps, Photovoltaic cells etc. in the future.

The new Homes Strategy will focus on some of these interventions on existing housing.

3.19 S106 Deposits

The list of S106 Deposits are shown in Appendix C. Some of these S106 Agreements have a clause within the S106 Agreement which states that the Council shall be entitled to use up to a five per cent (5%) part of the total payments and contributions payable pursuant to the provisions of the Agreement, towards the costs to be reasonably and properly incurred by the Council in monitoring compliance with the S106 Agreement and in assessing the details submitted to the Council for approval pursuant to the S106 Agreement.

For clarity, the figures shown in Appendix C are before any monitoring fee has been deducted by the Council.

In 2015 a case against Oxford County Council held that a monitoring fee was an administrative function of the Council and could not be sought by the County Council. The Court accepted that there may be occasions where monitoring fees could be sought, for example, on large scale developments where obligations are phased. The Government is currently consulting on the Community Infrastructure Regulations reforming Developer Contributions. This includes an intention to clarify that local planning authorities can seek a sum as part of a section 106 planning obligation for monitoring planning obligations.

4. Options available and consideration of risk

This is considered on a project by project basis as part of the project appraisal document and initial business case for each capital project.

5. Proposed Way Forward

This is considered on a project by project basis.

6. Implications

Implications	Relevant to proposals Y/N	Details and proposed measures to address
Legal/Governance		<p>Statutory powers are provided by the S1 Localism Act 2011 general power of competence. The capital programme is implemented in line with the Council's legal requirements, which are examined on a project-by-project basis. To date there are no undue legal concerns.</p> <p>Since there is commercially sensitive information in Appendix A & B, regarding the budgets for individual projects, there are grounds for the publication of these appendices to be restricted, and considered in exempt session. The public interest has been assessed and it is considered that the public interest will be better served by not disclosing the information in the appendices. Accordingly this report contains exempt Information as defined in paragraph 3 of Schedule 12A to the Local Government Act 1972.</p>
Financial Implications to include reference to Value for Money		<p>The monitoring of the capital programme at month 6 (end of September 19) has not highlighted any significant areas of overspend to report to Members. The majority of capital projects are within the existing capital budgets approved by Members.</p> <p>There is a remaining balance of £183,399 from the capital programme contingency budget. As part of this report it is recommended that £110,000 of the remaining contingency budget is approved to be allocated to the Whitestrand, Salcombe capital project as set out in exempt Appendix B.</p>

		<p>If the recommendations in this report are approved, this would leave £73,399 remaining in the capital programme contingency budget.</p> <p>The regular monitoring of the Capital Programme ensures the Council has arrangements in place to secure economy, efficiency and effectiveness in its use of resources.</p>
Risk		<p>There is a risk that the Capital Programme does not meet the Council's corporate priorities in line with the Council's Asset Strategy and the opportunity to assess emerging projects, which could contribute to the Council's priorities. The mitigation is that there is a project appraisal for each proposal. This is taken into account when assessing possible implementation timescales. Complex capital programmes have a relatively long lead-in period.</p> <p>The Council demonstrates that capital investment contributes to corporate priorities, provides value for money and takes account of the revenue implications of the investment. Regular monitoring of the capital programme and consideration of new pressures enables Members to control the programme and secure appropriate mitigation where problems arise.</p> <p>There is regular quarterly monitoring of the Capital Programme to Members where any cost overruns are identified at an early stage.</p>
Supporting Corporate Strategy		<p>The Capital Programme supports all six of the Corporate Themes of the Council, Homes, Enterprise, Communities, Environment and Wellbeing.</p>
Climate Change - Carbon / Biodiversity Impact		<p>A climate change action plan will be presented to Members at the Council meeting on 19th December, 2019. This action plan will include consideration of the future procurement of the Council's waste fleet over the remainder of the contract term.</p>

Comprehensive Impact Assessment Implications		
Equality and Diversity		This matter is assessed as part of each specific project.
Safeguarding		This matter is assessed as part of each specific project.
Community Safety, Crime and Disorder		This matter is assessed as part of each specific project.
Health, Safety and Wellbeing		This matter is assessed as part of each specific project.
Other implications		

Supporting Information

Appendices:

EXEMPT - Appendix A – Summary of the approved programme plus allocated budget

EXEMPT - Appendix B – Schemes in Salcombe and Dartmouth Lower Ferry

Appendix C - Summary of S106 Deposits

Background Papers:

Capital programme for 2019/20 - Council 21 February 2019

Capital programme for 2019/20 – Executive 7 February 2018

(54/18 and E72/18 refer)

Process checklist	Completed
Portfolio Holder briefed	Yes
SLT Rep briefed	Yes
Relevant Heads of Practice sign off (draft)	Yes
Data protection issues considered	Yes
Accessibility checked	Yes