

NOT FOR PUBLICATION

Appendix A 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: **2nd December 2021**

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

Portfolio Area: **Finance and Assets**

Wards Affected: **ALL**

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

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RECOMMENDATION

That the Executive:

- 1) note the content of the Monitoring Report;**
- 2) approve £66,044 to come from the Land and Development Earmarked Reserve to match fund a £250,000 grant from the Urban Tree Challenge Fund;**
- 3) agree to remove a budget of £400,000 from the capital programme for Steamer Quay Totnes Office Development as this scheme is no longer going ahead;**

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 7 (end of October 21) has shown that all projects are within their existing budget approved by Members. £8,941,037 has been profiled into 2021/22 with the remaining budgets rolled forward into future years. (Appendix A).

2. Background

- 2.1 The capital programme for 2021/22 was approved by Council on 11 February 2021 (38/20 and E.60/20 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 2020/2021 and prior years

3.2 Langage Business Park

Following the approval by the Executive to agree a long lease for the starter units at Langage, work has been ongoing with the land owner, LEPL, to conclude the masterplanning of the northern part of the site.

Habitat surveys of the land north of Holand Road have now been completed (this took a season to undertake). More recently, consideration of any potential impacts of the Freezone are being factored in to ensure complementarity for the wider site.

Discussions are ongoing with LEPL to determine the location and design of the proposed build and a detailed planning application will be brought forward in due course. Once a planning application has been agreed and submitted, development of a contract to design and

build the units can commence. This will be funded from the allocated S106 money secured for that purpose.

Construction is not anticipated to start until late 2022 at the earliest. This timetable will be impacted by both the planning phase and the procurement timeline, which themselves are influenced by the Freezone work.

3.3 Affordable Housing Update

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

| Scheme | Budget | Narrative |
|-------------------------------|---------------|---|
| Community Led Housing | £100,000 | There is a balance of £24,500 remaining. An application has been received by Salcombe Community Land Trust and this is expected to be spent in 2021/22. |
| Rural Affordable Housing | £400,000 | There is a remaining balance of £78,654. Investigations into setting up a first time buyers deposit loan scheme are in progress and it is expected that it will be spent in 2022/23. |
| 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. Projects need to be worked up as part of the emerging housing strategy. Investigations into setting up a first time buyers deposit loan scheme are in progress and it is expected that it will be spent in 2022/23. |

Affordable Housing Proposals

| | 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 |
| Expenditure against the Affordable Housing Budget: | | |
| 6 Affordable Homes, Kingsbridge | This contribution has been made to Kingsbridge Feoffees to help with construction costs of these affordable homes. | £150,000 |
| Harberton Community Led Trust | The contribution has now been made to the Trust. | £104,500 |
| St Anns Chapel housing project | Council Minute 88/19 from 30 th April 2020 – £100,000 to be allocated to delivering St Ann’s Chapel Housing Scheme | £100,000 |
| Set up costs of the Community Benefit Society – Wholly Owned Company | As per the report to the Executive and approved at Council on 13 February 2020 | £40,000 |
| Tenants Incentive Scheme | Amount set aside from the Affordable Housing Earmarked Reserve | £55,400 |
| Remaining Uncommitted Balance | | £470,100* |
| *(This is the uncommitted balance on the Affordable Housing Earmarked Reserve) | | |

There is currently an uncommitted balance on the Affordable Housing Budget of £470,100.

There is a report to Council on 25th November 2021 on the St Anns Chapel Housing project, which recommends the approval of a further £250,000 from this affordable housing earmarked reserve, as part of the financing for the St Anns scheme.

3.4 Market Square, Totnes

SHDC have been working with Totnes Town Council (TTC) 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. TTC had submitted an application for Corporate Development funding which was unsuccessful. Alternative funding options are being investigated, which if successful, would have a beneficial impact on the overall scope of the project. As the programming of the project is refined in consultation with the TTC element of the works, there will inevitably be further delay.

3.5 Cemetery Expansion, Ivybridge

A budget of £30,000 was approved for this project as part of the 2018/19 capital budget. A S106 contribution of £35,000 has recently been received by the Council in relation to a housing development in Ivybridge. Officers have received ecological surveys, a preliminary contamination assessment and drawings which will support a planning application to be made in early 2022. The bulk of works and spend are anticipated in 2021/22 and 2022/23 and the budget has been profiled accordingly.

3.6 Car Parks – Resurfacing

Officers have identified a number of car parks across the District which are in need of resurfacing (this is a rolling programme).

3.7 Investing in Kingsbridge

Officers have been in consultation with Kingsbridge Town Council to establish a preferred delivery route and that has been the activity undertaken since the last monitoring report. Recently in response to the Housing Crisis, modular rented accommodation has become a priority and that is being explored with modular providers.

3.8 Dartmouth Health and Wellbeing Hub Development

The scheme received planning consent in early December 2020. The contracts for the lease agreement between SHDC and the Torbay, South Devon NHS Foundation Trust and SDH Innovations Partnership LLP was signed on the 18 June 2021. The main construction works contract was signed on the 22 July 2021. A Letter of Intent preceded the main contract signature allowing necessary design works and material procurement to proceed leading to physical works

commencing on the 21 June 2021. Works are currently at foundation level, with forecasted completion now anticipated in August 2022.

The Council has an agreed (fixed) contribution to the delivery of the main scheme. Any further costs are met by the NHS Trust who are managing the contract and its delivery through to completion. A full detailed report on the project progress of this scheme will be included within the January Executive Capital Programme monitoring report.

3.9 Housing capital projects

There is a separate report on the December Executive agenda on Housing, which includes an update on housing projects. There is a report on the Council agenda for 25th November 2021 for the St Anns Chapel housing project for £4.2million to deliver up to 8 affordable homes, 3 open market units and 2 serviced plots. If this is approved, it will be added to the next Capital Programme update report.

3.10 Play Parks (owned by SHDC) – replacement of play equipment in SHDC owned play parks

A total of £370,930 has been spent on the Play Parks scheme to date. It is anticipated that once all the work has been completed, there will be a potential underspend of approximately £93,500 against the original £520,000 allocation. In the most part this is due to success in securing match funding for projects undertaken to date and those which will be completed this financial year. Executive (22nd October) resolved that this underspend be used to set up a Play Area Renewals Revenue Earmarked Reserve to be used for replacement play area equipment as required (Minute E.26/20 refers).

3.11 Coastal Assets

A re-survey of all coastal assets was completed in 2020. This information is now being evaluated and will assist with the development of the ongoing maintenance programme.

Works have completed on the delivery of 70 metres of urgent coastal remedial works at Beesands and to address the accelerated erosion that has occurred at the northern extent of the village green.

The works featured within the launch of the new issue of Innovation Magazine. [Innovation Magazine Issue 3](#)

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

Due to the COVID-19 pandemic, the number of DFG applications significantly reduced in the first part of last financial year. Following the relaxing of the lockdown measures, the number of applications has increased beyond levels expected in a "normal" year. This may result in a number of grant applications that have been approved but waiting for work to commence due to shortages in labour and materials.

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, the Council is able to spend the Better Care Fund on other areas such as home assistance and Energy Company Obligation top-ups.

The Council is using part of the funding to support wider fuel poverty interventions and supplement national grant programmes. This will also have a positive impact on climate change by supporting vulnerable lower income households to access lower carbon solutions.

3.13 Ivybridge Regeneration

On 11 February 2021, Council approved the progress of the Ivybridge Regeneration project through to planning, tender, construction and lease (subject but not limited to the regulatory statutory planning process and the total scheme cost being within the £9 million financial envelope).

Following a successful tender process the design and build contract has been awarded to a contractor. Their Architects are working with the design team to submit a planning application during December and works envisaged starting on site in 2022.

3.14 Green Homes Grant

In July 2020, the Government announced a £2 billion Green Homes Grant (GHG) scheme to save households money, cut carbon emissions and create jobs. The Council, as part of a consortium with West Devon Borough Council, submitted a bid and have been awarded a total sum of £1,025,250 (SHDC share).

The grant will be used to deliver the installation of 21 external wall insulations and 9 Air source heat pumps for eligible households and will be delivered during 2021/22. Due to major supply chain difficulties nationally and locally, we are reviewing our approach to delivering these grants.

A range of metrics including lifetime financial and carbon savings will be calculated and reported back to the Executive at the end of the project.

The full report was presented at Executive on 22nd October 2020, minute ref E.31/20.

Capital Programme 2021/22

3.15 Follaton House Refurbishment of Roof

Options are in the process of being developed with our consultant surveyor and ecologist for the refurbishment of the roof at Follaton House. Works are not anticipated to commence until Summer 2022 and due to the presence of bats in the roof space, this will have to be carried out over a number of seasons.

3.16 Replacement of IT Hardware

Following extensive analysis of performance requirements, a number of platforms and configurations were considered, including cloud. A replacement for the existing servers and storage has been purchased and the new hardware will be installed and configured throughout the autumn. This will provide an excellent foundation for delivering digital services over the coming years.

3.17 Electric Vehicle Charging

In the next two years there is the opportunity to migrate up to ten vehicles to electric, which will require the installation of the necessary infrastructure within the council's Assets. These would be located in Totnes Depot, which requires both the power supply and network to

be upgraded and the chargers installed. The network supply upgrade cost is £60k and the install of the chargers is estimated to be a further £20k. This would provide 30 fast chargers.

The initial engineering surveys and cost estimates for power upgrades at Follaton House have been concluded. These upgrades will result in the capacity for EV charging points to be increased to 50 rapid chargers. The power supply upgrade costs are estimated at £70k and the cost of the chargers would be in addition to that and allowance of £20k would deliver a limited first phase roll out, aligned to the fleet transition timeline. It is anticipated that further phases would be rolled out to match EV fleet transition as EV van technology evolves.

3.18 Urban Tree Challenge Fund

A bid was submitted to the Forestry Commission's £10m Urban Tree Challenge Fund for £250,000 to plant 600 trees at 32 sites within the four main South Hams towns along with funds for three years maintenance. This bid requires match funding of £66,044 which is proposed to come from the Land and Development Earmarked Reserve (Recommendation 2 of this report). Once the grant is received, it is anticipated to be spent over £2021/22 and 2022/23.

3.19 S106 Deposits

An update on S106's will be provided in the next report (January 2022). The previous s106 Deposits report (totalling £5.879 million) was considered by the Executive on 16th September 2021 as below.

<http://mg.swdevon.gov.uk/ieListDocuments.aspx?CIId=149&MIId=1493&Ver=4>

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 regarding the budgets for individual projects, there are grounds for the publication of this appendix to be restricted, and considered in exempt session.</p> <p>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.</p> <p>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 7 (end of Oct 21) has shown that all projects are within their budgets approved by Members (Appendix A).</p> <p>£8,941,037 has been profiled into 2021/22 with the remaining budgets rolled forward into future years. (Appendix A).</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. |
| Risk | | <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 | | The Capital Programme supports all six Themes of Climate, Homes, Environment, Economy, Community Wellbeing and Council services. |
| Climate Change - Carbon / Biodiversity Impact | | <p>The Council declared a Climate Change and Biodiversity Emergency on 25 July 2019 and a Climate Change Action Plan was presented to Council in December 2019.</p> <p>The Council has approved a budget of £600,000 in the Climate Change Earmarked Reserve.</p> <p>Further detail is set out in the Council's 'Better Lives for All' strategy.</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 – Details of capital expenditure to 31st October 2021

Background Papers:

None

| 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 |