

NOT FOR PUBLICATION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: **3rd March 2022**

Title: **Month 10 Capital Programme Monitoring
2021/22**
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) RECOMMEND to Council to increase the Play Area Renewals Reserve by £34.5k for the forecast underspend on Play Parks as set out in paragraph 3.10, bringing the total reserve up to £128k;**

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 10 (end of January 22) has shown that all projects are within their existing budget approved by Members. £3,796,963 has been profiled into 2021/22 with the remaining budgets rolled forward into future years (Appendix A). The spend against this profiled budget is £2,431,610 as at the end of January 2022.

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

LEPL have provided a plan of the land proposed to site the starter units, as they are required to under the S106 agreement. This is being reviewed by the Assets team and is an important step forward.

Members will be aware that this site forms part of the potential Freeport, which is currently an area of focus.

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 2022/23.
Rural Affordable Housing	£400,000	<p>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. This scheme requires member approval but potential take up is anticipated to be promising.</p> <p>In addition to this, some of this budget may be utilised for Gypsy and Traveller site provision. If an opportunity arises, a report will be taken to Members to consider, as other costs will also need to be considered.</p>
Existing Stock/Sustainability	£100,000	<p>Available to reduce empty homes and make best use of the existing housing stock. £5,000 has been spent to date.</p> <p>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.</p> <p>Work is also expected to commence to bring in to the council's ownership long term empty properties. This is a lengthy process but will avoid the properties being sold on the open market, particularly in high value areas.</p>

Affordable Housing Proposals

	Narrative	Budget for scheme
(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. This scheme has recently been relaunched and we have enhanced the payments to encourage more take up.	£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.

Due to the Council declaring a housing crisis in 2021, officers are working up a number of projects where this budget could be used. It may also be required to extend the allocated budget of the tenants incentive scheme. A high number of enquiries have been received.

Other potential projects include:

- Compulsory purchase/management orders of long term empty properties;
- First time buyer deposit scheme;
- Opportunities the Community Benefit Society provides to the council;
- Purchase of open market units ;
- Rope Walk, Kingsbridge opportunity on council owned land ;
- Community Land Trust opportunities and request for finance which are emerging;

There was a report to Council on 25th November 2021 on the St Ann's Chapel Housing project, which approved a further £250,000 from this affordable housing earmarked reserve, as part of the financing for the St Ann's scheme.

3.4 Market Square, Totnes

Totnes Town Council (TTC) submitted an application for external funding which was unfortunately unsuccessful. Further to this, TTC continue to investigate potential funding opportunities, which if successful, would have a beneficial impact on the overall scope of the project and positive benefits for the wider Town.

Alongside this, SHDC & TTC continue to work together to identify priorities, specifications and programme works. It is likely this will see works delivered over three phases, with the first phase currently anticipated to commence this financial year. This first phase (delivered and funded by TTC) is to deliver improvements to the ramp and building adjoining the civic hall.

Further phases (landscaping and re-surfacing) will follow thereafter and it is anticipated works to the Market Square itself will begin early 2023.

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. A planning application is due for submission this financial year. Some preparatory habitat work has been undertaken at the site. 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 continue to progress well on site despite challenges the contractor has faced due to COVID. Works over the past month have consisted on progressing the first floor walls, removing the final excess topsoil and progressing car park and infrastructure. The contractor has confirmed that they remain on schedule to complete the Health and Wellbeing Centre in August 2022. The trust will then be able to start fitting out and equipping the internal spaces ready for everyone to move in and start fully functioning.

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.

3.9 Housing capital projects – St Anns Chapel

Full Council approved the recommendations made on 25th November 2021 relating to the St Anns Chapel Housing Project. £4.2million was approved to deliver 8 affordable homes, 3 open market units and 2 serviced plots.

It has been agreed that the scheme will be funded as follows:

- Long-term funding of up to £2.2m from a combination of internal and external borrowing (from the Public Works Loan Board);
- Funding of up to £250,000 from the Affordable Housing Earmarked Reserve (in addition to the £100,000 approved previously);
- £1.4m from the disposal of the 3 Open Market Units;
- Homes England grant of not less than £110,000; and
- £162,000 from Section 106 contributions (previously approved)

Delivery is expected to commence in spring 2022 with completion anticipated for late 2023.

Members of the Assets team have met on site with the developer to discuss the initial steps of entering into development. This will take the next couple of months and consists of contractual work, pre planning considerations, landowner and initial access and site set up.

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

A total of £301,603 has been spent on the Play Parks scheme to date. By the financial year end a further £90,000 will have been committed under contract/spent. It is anticipated that once all the work has been completed, there will be a potential underspend of approximately £128,000 against the original £520,000 allocation. In the most part this is due to success in securing match funding for projects undertaken to date. Executive (22nd October) resolved that an underspend of £93,500 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). It is requested that the remaining £34,500 anticipated underspend is added to the reserve to bring the total up to £128,000. This would be spent on renewals and replacement of play equipment in SHDC owned play parks.

3.11 Coastal Assets

No new coastal works are currently programmed. The project will be reviewed at Easter once the worst of the winter weather has hopefully passed.

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. There has also been volatility in material costs so we have reviewed our schedule of rates for bathroom adaptations this year and will need to do again by the end of the financial year. So far the council has completed 82 grants in 2021/22.

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 is currently undertaking a rebranding exercise on DFG's to highlight the service/offer to residents who may not identify themselves as being eligible.

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

Following Council approval on 11th February 2021, the Ivybridge Regeneration project was successfully tendered through the Southern Contractor Framework. This is a two stage process that covers the design and construction phases from start to finish therefore no further tendering is required. This is subject but not limited to the regulatory statutory planning process and the total scheme cost being within the £9 million financial envelope.

The Design team have completed the initial design scoping (RIBA stage 2) and are now working on detailed design (RIBA stage 3) with a view to submitting the planning application at the end of February. It is hoped this can then be considered at the June Planning Committee. If planning permission is granted, works could start on site in the Summer 2022.

3.14 Green Homes Grant

The Council continues to hold funding under the Government's Green Homes Grant (GHG) scheme and continues to work towards the delivery. The grant is used to deliver energy saving measures for eligible households and was initially due to be delivered during 2021/22. However, due to major supply chain difficulties nationally, a review of the process has been required and we have now secured a local approach to delivering these grants. We have approved grants with an average grant allocation of £11,080 to date with most applicants using a local installer based in Plymouth.

Currently there are ten grants approved in South Hams totalling £96,000 (including 6 air source heat pumps) out of a total budget of £900k. There are more surveys being booked and planned so further requests for approvals are expected.

Applications are still being accepted and all existing applicants have been written to just before Christmas encouraging them to take up the revised offer. Further communication was sent in January to encourage residents to apply.

We are working with partners in Community Energy to support the leads we have generated. Discussions are also being had with BEIS for an 8 week extension to the end of June 2022 to complete the project. We are confident the grant allocation we have will remain secured and spent on measures across the district.

South Hams is also part of the Devon Sustainable warmth project, which is a consortium of Devon Authorities and is the next phase of the Government's Green Home Grant scheme. South Hams has been allocated £750k and roll out is due to start in the Spring.

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

A proposal has been 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 and the need to avoid the impact of adverse weather, works will have to be carried out over a minimum period of two years.

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 was purchased and the new hardware has now been installed. Migration of the Council's applications to the new servers is almost complete and we are already seeing improvements in performance and monitoring.

3.17 Electric Vehicle Charging

There is the opportunity to migrate vehicles to electric, which will require the installation of the necessary infrastructure within the council's Assets. These would be located in Totnes Depot, Follaton House and other SH buildings. To facilitate this, both the power supply and network is to be upgraded and the chargers installed.

Initial engineering surveys and cost estimates for power upgrades have been concluded. A project team with representatives from Operations and Assets are identifying the best delivery route of EV infrastructure across our estate to support the transition, both for the first stage of implementation and further phases which are to be rolled out to match the ambition for EV Fleet transition.

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 from the Land and Development Earmarked Reserve. Once the grant is received, it is anticipated to be spent over 2021/22 and 2022/23.

Of this grant, £81,544 relates to capital expenditure and along with the £66,044 from reserves, a contribution of £15,500 from Kingsbridge Town Council give a total capital budget of £163,088. The remainder of this grant will be used to maintain the trees over the next four years.

Trees for the 2022 planting season have been ordered, with receipt in late February, and planting in March and April. Recruitment is underway for an additional member of the Grounds Maintenance team (funded by the UTCF grant) whose main role will be planting and maintenance of the trees for a four year period. Trees for the 2023 planting season will be ordered/reserved in mid 2022.

3.19 S106 Deposits

The list of S106 Deposits are shown in Appendix B totalling **£6,446,823.50**.

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 B are before any monitoring fee have been deducted by the Council.

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 10 (end of Jan 22) has shown that all projects are within their budgets approved by Members (Appendix A).</p> <p>£3,796,963 has been profiled into 2021/22 with the remaining budgets rolled forward into future years. (Appendix A). The spend against this profiled budget is £2,431,610 as at the end of January 2022.</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>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 of the thematic delivery plans within the 'Better Lives for All' strategy.
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 January 2022

Appendix B – S106 Summary as at 31st December 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