

Report to: **Hub Committee**
Date: **29th January 2019**
Title: **Capital Budget Monitoring 2018/2019**
Portfolio Area: **Performance & Resources – Cllr C Edmonds**
Wards Affected: **All**
Relevant Scrutiny Committee: **Overview and Scrutiny Committee**

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

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Recommendations:

It is recommended that the Hub Committee resolves:-

- i. To endorse the contents of the Report.
- ii. To recommend to Council to fund the capital requirement of the Public Conveniences Pay on Entry equipment of up to £50,000 from the Strategic Change Earmarked Reserve.

1. Executive summary

The report advises Members of the financial position as at 31st December 2018 for the purposes of budget monitoring. ***The majority of the capital projects are within the individual capital budgets approved by Members. Two of the schemes are slightly overspent by £2,249 and £4,703 respectively (this equates in total to 0.03% of the 2018/19 capital budget) as shown in Appendix A.***

The total capital budget for 2018/19 is £22,609,815 of which £21,421,957 has been spent to date (Appendix A).

The capital programme is currently underspent in comparison to the budgets. This is mainly due to the acquisition costs for the commercial properties being less than the budgeted amount of 7% and remaining works to be carried out at the office block, Bristol. In addition, expenditure on Improvement Grants (Disabled Facilities Grants) is £236,737 at Month 9, compared to the budget for 18/19 of £551,087.

2. Background

The capital programme for 2018/19 was approved by Council on 20 February 2018 (CM57 and HC61 refer). This report provides an update on the Capital Programme.

3. Outcomes/outputs

Members are requested to note the following updates on Capital Projects:

Community Project Grants (previously Village Hall & Community Project Grants)

There is no additional budget allocation for Community Project Grants in 2018/19 however there is a budget of £67,377 from underspends in previous years.

Expenditure to date in 2018/19 is £24,294 and it is thought a further £15,000 may be spent before the end of the financial year. The remainder will be retained for projects during 2019/20.

Compared with the previous year, there are now other funding schemes available to users of this grant scheme, i.e. SeaMoor Lotto, Crowdfunding and the Communities Together Fund. There is merit in this scheme being retained as it would benefit projects that are unlikely to be supported in other ways. S106 Open Space, Sport and Recreation funds could also be channelled towards such projects in the future.

No budget is being recommended to be set aside to fund this grant scheme for 2019/20 (this will be proposed as part of the 2019/20 Budget Proposals report). It is felt that this is acceptable given the current fund will not be fully spent. For 2020/21 onwards, it will be proposed that £36k per annum is allocated into this grant fund.

Leisure Investment

Investment in both Meadowlands, Tavistock and Parklands, Okehampton is being made in accordance with the capital drawdown schedule.

Meadowlands Leisure Centre, Tavistock - The main building works for the new gym, studio, dry side changing, reception and cafe were all completed over the Christmas period. The new gym kit was installed over the weekend 5th/6th January and the main entrance and new turnstiles are now in operation. Full public opening and class programmes for the new facilities will take place in the next few weeks.

Parklands Leisure Centre, Okehampton - All main capital investment works have now been completed.

Affordable Housing

The budget for Affordable Housing in 2018/19 is £50,000. The budget brought forward from previous years is £89,000 giving a total of £139,000 available in 2018/19.

In recent times the capital programme has facilitated affordable housing developments in rural areas by providing a sum of money, normally between £10,000 and £15,000 per plot, to enable the development to proceed. These schemes are typically on exception sites and therefore do not rely on cross subsidy from open market properties, evidence from a Registered Provider (RP) is provided to ensure additional money is required to make the scheme viable. Money is normally required where there are abnormalities on the site or there is a shortage of public subsidy.

In 2017/18 £50,000, 50% of an agreed contribution, was made towards Cannonsmead Cottages, South Tawton. This is a scheme of 6 units of rented accommodation owned and managed by Rural Specialists Hastoe Housing. There was a larger funding gap than expected at South Tawton due to abnormalities and the amount of time taken for the much needed affordable housing units to come forward. The remaining £50,000 was paid to Hastoe in October 2018 on completion and occupation of the development. The properties were advertised through Devon Home Choice and have been occupied by people with a local connection to South Tawton. An opening ceremony will take place in the Spring.

This will leave £89,000 in the affordable housing capital programme.

Tenants Incentive Scheme

The Tenants incentive Scheme offers an incentive payment to tenants of Social Landlords who wish to downsize. This frees up larger accommodation for families on our housing register or in temporary accommodation.

It also prevents the spiral of debt tenants may find themselves in if they are affected by the spare room subsidy (sometimes referred to as the "bedroom tax") and cannot afford to pay increased rents or the cost of moving. A common use of the incentive payment is where older people move to a property where there are no carpets. Payments can be made to provide carpeting in the property, combating the risk of trips and falls and possible hospital admissions. A sum of £3,500 has been spent to date from a budget of £51,348.

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

As at the end of December (Month 9), £236,737 has been spent compared to the budget for 18/19 of £551,087.

A further £54,117 has already been approved (committed) and there are further Statements of Need being progressed which total another £290,450.

Old Mill Site, Okehampton

The Council is currently in process of disposing of this site to a third party after the Council opted not to pursue plans to re-develop the site. The cost of these exploratory works will be deducted from the capital budget brought forward of £22,925. After disposal, it is estimated that £7,000 will be surplus and available to be re-used for other purposes.

Waste Fleet

All vehicles for the new waste fleet have now been purchased and are in use. Expenditure to the end of December (month 9) is £949,503 bringing the total spend to £2,602,249 (an amount of £1,652,746 was spent in 2017-18). This represents an overspend of less than 0.09% on the approved budget of £2,600,000. The fleet totals 35 vehicles and includes dedicated refuse and recycling collection vehicles of various capacities.

Purchase of Land – Okehampton

The purchase of three undeveloped parcels of land in the centre of Okehampton was approved by Hub committee on 12 September 2017 (HC 28 refers) and these have now all been completed. This came in slightly overspent by £4,703 against a budget of £255,000 (1.8%).

Commercial Investment Properties

On 5th December 2017 Council approved the recommendations of a report entitled "Commercial Property Acquisition Strategy Update". This agreed to borrowing of up to £37.45m to implement the strategy that was adopted.

Three purchases have been made to date totalling £18.725m plus costs (£19.416m) representing 52% of the agreed borrowing (£37.45m). The budgets for commercial investment properties are currently underspent mainly due to the acquisition costs for the commercial properties being less than the budgeted amount of 7% and remaining works to be carried out at the office block, Bristol.

As of 25/09/18, the commercial property acquisition strategy has been superseded by a new strategy which blends commercial acquisitions with in area developments.

The average yield of the portfolio is 5.42% which is lower than the 5.85% target for the end of the project but reflects the current 'appetite for risk' of the Council through the Invest to Earn Group. Further purchases can look to raise this percentage if 5.85% remains as the target. This target may be reviewed against the level of risk the Council is content to accept.

The project has a property in each of the main asset classes – Office, Industrial and Retail. The capital expenditure on the Office asset class (Bristol) includes the refurbishment which is part way through.

A geographical spread within the SW peninsular has been achieved; Regional - Bristol, Sub-regional – Exeter, Local – Okehampton.

Full details can be found in the Commercial Investment Property – Update and Monitoring Report which was taken to Audit Committee on 9th October 2018:

<http://mg.swdevon.lan/documents/s19568/Commercial%20Investment%20Property%20Update%20and%20monitoring%20report.pdf>

Replacement Cash Receipting System

On 25th September Council approved the funding of a replacement cash receipting system in the sum of £58,250 to be met from the ICT Earmarked Reserve (CM34 & HC32 refer). See Appendix A. The majority of this budget will be spent before the year end.

Brook Street Car Park, Tavistock

A report was presented to the Hub Committee on 20th November in respect of the Brook Street car park refurbishment contract. This report contained a recommendation to Council to fund the WDBC share of the work (40%) from the Car Park Maintenance Earmarked Reserve.

Public Conveniences – Pay on Entry

On 16th October 2018 Hub Committee considered a report on the Public Conveniences Review. This referred to a requirement for capital funding for the Pay on Entry equipment, anticipated to be in the region of £50,000. Approval is now sought from Members to fund this capital requirement of up to £50,000 from the Strategic Change Earmarked Reserve.

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		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.
Financial		<p>The total capital budget for 2018/19 is £22,609,815 of which £21,421,957 has been spent as at 31 December 2018 (Appendix A).</p> <p>The majority of the capital projects are within the individual capital budgets approved by Members. There are two schemes which are slightly overspent by just under £7,000 (0.03% of the 2018/19 capital budget).</p> <p>It is recommended to Council to fund the capital requirement for the Public Conveniences Pay on Entry equipment of up to £50,000 from the Strategic Change Earmarked Reserve.</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		None

Supporting Information

Appendices:

Appendix A – Details of capital expenditure to 31st December 2018

Background Papers:

Revenue and Capital Budget proposals for 2018/19 - Council 20 February 2018 (CM57 refers)

Revenue and Capital Budget proposals for 2018/19 – Hub 6 February 2018 (HC61 refers)

Process checklist	Completed
Portfolio Holder briefed	Yes
SLT Rep briefed	Yes
Relevant Exec Director sign off (draft)	Yes
Data protection issues considered	Yes
If exempt information, public (part 1) report also drafted.	N/a