

NOT FOR PUBLICATION

This report contains exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972
(applies to Appendices A and C)

Report to: **Hub Committee**

Date: **21 November 2023**

Title: **Review of Capital Programme
(Capital Programme Monitoring) and
Review of Earmarked Reserves**

Portfolio Area: **Resources – Cllr C Edmonds**

Wards Affected: **All**

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

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RECOMMENDATIONS

It is RECOMMENDED that the Hub Committee RESOLVES to RECOMMEND to Council to: -

- 1) withdraw three capital projects from the current Capital Programme, being Parklands Leisure Centre contribution to moveable floor (£50,000) and Tavistock Viaduct (£20,000). It is also recommended to withdraw the Springhill Temporary Accommodation budget from the capital programme, following the Hub Committee decision to put this project on hold whilst other options are explored, freeing up a further £193.2k. Therefore, the review of the capital programme is freeing up capital resources of £263.2k which is potentially available for future corporate priorities and can be re-purposed;**
- 2) continue to progress all other capital projects, in line with the existing capital projects within the overall Capital Programme;**
- 3) note the content of the Capital Programme Monitoring Report in Appendix C which shows the current expenditure on capital projects between April 2023 and September 2023 of £1.692m, being 21% of the profiled budget for 2023/24 (the first six months of the financial year);**

4) note the revised capital allocation for the UK Shared Prosperity fund (UKSPF) scheme for 2023/24 and 2024/25 as set out in section 3.2;

5) note the addition of £26,632 to the capital programme for a new boiler at Okehampton Business Centre to be financed from the Maintenance Earmarked Reserve, set out in section 3.3;

6) approve the outcome of the review of revenue reserves, releasing revenue reserves of up to £871,000 which is potentially available to support the delivery of the emerging Corporate Strategy.

1. Executive summary

1.1 This report advises Members of the progress on individual schemes within the approved capital programme, including an assessment of their budgets and financial position. In addition, initial consideration has been given to how schemes may align with the emerging corporate priorities.

Review of the Capital Programme

1.2 The conclusion from the review of the Capital Programme is that it is recommended to withdraw all three capital schemes (being Parklands Leisure Centre contribution to moveable floor (£50,000), Tavistock Viaduct (£20,000) and Springhill Temporary Accommodation (total budget £953,311 with reserves of £193,248)). This would free up **£263,248** of capital funding which could be re-deployed (Appendix A).

Review of Revenue Reserves

1.3 The review of revenue reserves has identified up to **£871,000** of revenue reserves which is potentially available to support the delivery of the emerging corporate strategy (Appendix B).

1.4 Therefore there is potentially **£1,134,200** available to fund the new emerging corporate strategy.

Capital Budget monitoring for 2023/24 (spend at Month 6)

1.5 The monitoring of the capital programme at month 6 (end of September 23) has shown that all projects are within their existing budget approved by Members. £8,119,687 has been profiled into 2023/24 with the remaining budgets rolled forward into future years. The spend against this profiled budget is £1,692,503 (21% of the profiled budget) as at the end of September 2023 (Appendix C).

- 1.6 It was approved at Hub Committee on 19 September 2023 (minute ref HC17/23) that expenditure of up to £80,000 from the Affordable Housing Revenue Earmarked Reserve is used for the modernisation of 3 Springhill to a suitable standard, to enable it to be used as additional temporary accommodation. This has been added to the capital programme.

2. Conclusion of Review of the Capital Programme and Revenue Reserves

Capital Programme Review

- 2.1 The capital programme has been reviewed and analysed against the following criteria and with regard to the emerging priorities set out within the new Council:

Colour Code	Criteria	Total Amount
	Projects in progress and nearing completion - Recommend continuing with these projects. This is the Rewilding Woodland Creation project.	£52,430
	Projects not yet started but either recently approved or still considered to be in line with emerging corporate priorities - Recommend continuing with these projects. The largest project in this category is the solar panel installation on the leisure centres.	£590,000
	Capital projects which remain consistent with emerging corporate priorities through ringfenced Government Grant Funding. This grant funding is ring-fenced for these specific projects. The main project in this category is the Okehampton Transport Hub (£14,950,000).	£17,692,240
	Capital projects needed to maintain the Council's assets and essential service delivery. This category consists of IT scheme to maintain IT infrastructure (£175,000) and Community Project Grants (£56,446)	£323,782
	Waste and recycling service. This includes Waste Fleet vehicle replacements and funding for Hayedown Depot.	£1,035,863
	Housing enabling funding (seed funding). It is envisaged that members will want to review these projects whilst developing the new corporate strategy. The schemes in this category relate to Affordable Housing.	£67,500

Colour Code	Criteria	Total Amount
	Capital projects that have not yet started and would free up an element of capital resources if a decision was made not to proceed with them. There are three projects within this category. Further detail is in paragraphs 2.2 to 2.5.	£1,023,311
	TOTAL	£20,785,126

2.2 The conclusion from the review of the Capital Programme is that it is recommended to withdraw three capital schemes (being Parklands Leisure Centre contribution to moveable floor (£50,000), Tavistock Viaduct (£20,000) and Springhill Temporary Accommodation (total budget £953,311 with reserves of £193,248)). **This would free up £263,248 of capital funding which is potentially available to support the delivery of the emerging corporate strategy and this funding can be re-purposed.**

2.3 Withdrawing the Springhill project from the capital programme (minute HC17/23) would also free up £683,683 of Section 106 funding that could be used on other Affordable Housing projects. Of this amount, £410,000 S106 has been approved for Local Authority Housing Fund (LAHF) 2.

2.4 The moveable floor at Parklands is currently working and there isn't a need for this partnership contribution at the current time.

2.5 The other Tavistock capital project (Tavistock viaduct) has not progressed and is therefore no longer required in the capital programme.

Revenue Reserves Review

2.6 The revenue earmarked reserves have been reviewed and analysed against the following criteria:

Colour Code	Criteria	Total Amount
	Earmarked Reserves which are essential for operational core service delivery (for example programmed renewal and replacement of plant and equipment). The largest reserve in this category is the Business Rates Retention Reserve at £971k.	£4,951,000

Colour Code	Criteria	Total Amount
	Earmarked Reserves which are being used to fund new corporate initiatives and corporate priorities. The largest reserve in this category stands at £376k for the Innovation Fund (Invest to Earn).	£756,000
	Earmarked Reserves which is Government Grant funding being used for the purposes of the grant determination letter. Revenue Grants (Government Grant Funding) is the largest reserve in this category with a balance of £1.303m.	£2,017,000
	Notional Earmarked Reserves which are held for a technical accounting purpose for the Collection Fund (this is not funding available to the Council to spend). This is the Section 31 Compensation Grant for business rates relief.	£307,000
	<i>Uncommitted Revenue Earmarked Reserves and available for Members to decide how to allocate these funds for future priorities. There are two reserves within this category being the COVID-19 Reserve and the Financial Stability Reserve. Further information is in paragraph 2.6 below</i>	£871,000
	TOTAL	£8,902,000

2.7 The review of revenue reserves has identified **£871,000** of revenue reserves that are available for Members to decide how to allocate these funds for future priorities. Recommendation 6 is to approve the outcome of the review of revenue reserves, releasing revenue reserves of up to £871,000 which is potentially available to support the delivery of the emerging corporate strategy.

2.8 These reserves are as shown below: -

Reserve	Amount (£)	Background of the Reserve
COVID-19	£254,000	This was a reserve set up at the end of 20/21 used to hold grant funding provided by central government to finance costs & income losses incurred as a direct result of dealing with the COVID-19 pandemic. The current balance in this reserve is uncommitted.

Reserve	Amount (£)	Background of the Reserve
Financial Stability Reserve	£617,000	This was a new reserve set up in 2018/19, which was to fund any future financial pressures arising from local government funding reforms and any other budget pressures. It is currently uncommitted funding.
TOTAL	£871,000	

3. Capital Programme Monitoring 2023-2024 (spend to month 6)

- 3.1 The monitoring of the capital programme at month 6 (end of September 23) has shown that all projects are within their existing budget approved by Members. £8,119,687 has been profiled into 2023/24 with the remaining budgets rolled forward into future years. The spend against this profiled budget is £1,692,503 (21% of the profiled budget) as at the end of September 2023 (Appendix C).
- 3.2 Part of the capital budget for the UK Shared Prosperity Fund (UKSPF) has been reallocated to revenue following discussions with the DLUHC (Department for Levelling Up, Housing and Communities). The DLUHC has confirmed that if we meet their minimum thresholds for capital spend, the rest of the funding can be used for revenue. The funding has been reallocated as follows:

	2023/24 (plus 2022/23 carried forward)	2024/25	TOTAL
Original agreed allocation			
Capital	80,568	282,148	362,716
Revenue	184,284	453,000	637,284
Total	264,852	735,148	1,000,000
Revised allocation			
Capital	50,954	147,030	197,984
Revenue	213,898	588,118	802,016
Total	264,852	735,148	1,000,000

- 3.3 £26,632 has been approved from the Maintenance Fund Earmarked Reserve for a new biomass boiler at Okehampton Business Centre. The current boiler has ceased working and parts are no longer easily obtainable, so a new boiler is the best option to ensure heating is in place for the winter months.

4. Implications

Implications	Relevant to proposals Y/N	Details and proposed measures to address
Legal/Governance		<p>The capital programme is implemented in accordance with the Council's statutory powers and the Council's governance 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 Appendices A and C regarding the budgets for individual capital projects, there are grounds for the publication of these appendices to be restricted, and considered in exempt session (paragraph 3 of Schedule 12A to the Local Government Act 1972).</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 A and C.</p>
Financial Implications to include reference to Value for Money		<p>The conclusion from the review of the Capital Programme is that it is recommended to withdraw all three capital schemes (being Parklands Leisure Centre contribution to moveable floor (£50,000), Tavistock Viaduct (£20,000) and Springhill Temporary Accommodation (total budget £953,311 with reserves of £193,248). <i>This would free up £263,248 of capital funding which is potentially available to support the delivery of the emerging corporate strategy.</i></p> <p>Recommendation 5 is to approve the outcome of the review of revenue reserves, releasing revenue reserves of up to £871,000 which is also potentially available to support the delivery of the emerging corporate strategy.</p> <p>Therefore, there is potentially £1,134,200 (being £263,248 from the capital programme review and £871,000 from the reserves review) available to fund the new emerging corporate strategy.</p> <p>The monitoring of the capital programme at month 6 (end of September 23) has shown that all projects are within their existing budget approved by Members. £8,093,055 has been profiled into 2023/24 with the remaining budgets rolled forward into future years. The spend against this profiled</p>

		<p>budget is £1,692,503 (21% of the profiled budget) as at the end of September 2023. (Appendix C)</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 the Thematic Delivery Plans within 'A Plan for West Devon'.
Consultation and Engagement Strategy		External consultation and engagement have not been undertaken regarding this report.
Climate Change - Carbon / Biodiversity Impact		<p>The Council declared a Climate Change and Biodiversity Emergency on 23 July 2019 and a Climate Change Action Plan was presented to Council in December 2019.</p> <p>Further detail is set out in the Council's 'A Plan for West Devon' 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		None

Supporting Information

Appendices:

Appendix A – Analysis of Capital programme – **Exempt**;

Appendix B – Revenue reserves as at 31 March 2023; and

Appendix C – Capital monitoring as at 30 September 2023 – **Exempt**.

Background Papers:

None