

HAMPSHIRE COUNTY COUNCIL

Decision Report

Decision Maker:	Executive Member for Policy and Resources
Date:	22 January 2018
Title:	2018/19 to 2020/21 Capital Programme Report for Policy and Resources
Report From:	Chief Executive, Director of Culture, Communities and Business Services, Director of Transformation and Director of Corporate Resources

Contact name: Rob Carr

Tel: 01962 847508

Email: rob.carr@hants.gov.uk

1. Recommendation(s)

To approve for submission to the Leader and the Cabinet:

- 1.1. The capital programme for 2018/19 to 2020/21 as set out in Appendix 1.
- 1.2. The revised capital programme for 2017/18 as set out in Appendix 2.

2. Executive Summary

- 2.1. This report seeks approval for submission to the Leader and Cabinet of the proposed capital programme for Policy and Resources for 2018/19 to 2020/21.
- 2.2. The report has been prepared in consultation with the Executive Member and will be reviewed by the Policy and Resources Select Committee. It will be reported to the Leader and Cabinet on 5 February 2018 to make final recommendations to County Council on 22 February 2018.
- 2.3. In accordance with the provisional capital guidelines approved by Cabinet in December 2017, the report considers the schemes which it is proposed to include in the capital programmes for 2018/19, 2019/20 and 2020/21 and also presents the revised programme for 2017/18.
- 2.4. The proposals contained in this report are derived from the departmental service plans which have been developed to support the priorities of the Corporate Strategy.

3. Contextual information

- 3.1. Executive Members have been asked to prepare proposals for:

- a locally-resourced capital programme for the three-year period from 2018/19 to 2020/21 within the guidelines used for the current capital programme including the third year, 2020/21, at a similar level to 2019/20
 - a programme of capital schemes in 2018/19 to 2020/21 supported by Government grants as announced by the Government.
- 3.2. The medium term financial strategy is closely linked to the Corporate Strategy and the Corporate Business Plan to ensure that priorities are affordable and provide value for money and that resources follow priorities.

4. Locally resourced capital programme

- 4.1. The cash limit guidelines for the locally resourced capital programme for the Policy and Resources portfolio service set by Cabinet are as follows:

	£'000
2018/19	4,692
2019/20	4,692
2020/21	4,692

- 4.2. Executive Members may vary the guidelines between years provided their total three-year guideline is not exceeded and bunching of payments in any one year or front-loading is avoided.
- 4.3. Executive Members may propose supplementing their capital guidelines under the 'prudential framework' agreed by Cabinet at its meeting on 24 November 2003, as amended by Cabinet in February 2006. From 2009/10, Hampshire Transport Management (HTM) has used prudential borrowing to fund the purchase of vehicles instead of leasing them to generate savings. The allocation for this scheme is included within the guidelines above.
- 4.4. Further details of the 2018/19 capital programme are provided in section 5.

5. Proposed capital programme 2018/19 to 2020/21 – locally resourced schemes

- 5.1. The programme proposed for 2018/19 to 2020/21 is largely based upon the allocation of resources between priorities in the current 2017/18 to 2019/20 capital programme. The programme is detailed in Appendix 1.
- 5.2. Capital investment by business units is also included in the capital programme. This includes an annual allocation of £3 million for vehicle purchases by Hampshire Transport Management (HTM). An increase of £1m per annum from 2017/18 was approved by Cabinet in October 2017 to enable HTM to respond to growing business especially with schools and colleges looking for an environmentally friendly fleet alongside an upsurge in customers reviewing their fleets again considering environmental credentials alongside potential efficiencies. The cost of these purchases is recovered through business unit charges to customers.

- 5.3. In addition, HTM plan to draw on their business unit reserves to fund vehicle workshop refurbishment works.
- 5.4. These movements are summarised in the table below:

	2018/19	2019/20	2020/21
	£'000	£'000	£'000
Guideline set by Cabinet	4,692	4,692	4,692
HTM – use of business unit reserves	600	-	-
Proposed locally resources programme	5,292	4,692	4,692

6. Proposed capital programme 2018/19 to 2020/21 supported by Government allocations

- 6.1. The Government has allocated all of its support for the capital programme in the form of capital grants, and not as borrowing allocations.
- 6.2. The Secretary of State has not yet announced details of individual local authority capital allocations for 2018/19, 2019/20 and 2020/21. However, the Education and Skills Funding Agency (ESFA) has recently announced that the 2018/19 Schools Condition Allocation (SCA) will be allocated to Local Authorities based on the same criteria as 2017/18. For planning purposes, a continuation of 2017/18 allocations is being assumed.
- 6.3. In 2017/18, the Government announced a Schools Condition Allocation grant of £17,536,055 for local authority schools and Sure Start early years centres. This is similar to the allocation for 2016/17 and is indicative of future years allocations, although these will be adjusted for any changes in the size of the Hampshire school estate.
- 6.4. The full grant is added to the Policy and Resources cash limit to allow the funding to be managed flexibly between condition and suitability works. Priorities are jointly agreed with Children's services.

6.5. The cash limit guidelines for this part of the capital programme are as follows:

Capital grant	
£'000	
2018/19 (Assumed)	17,536
2019/20 (Assumed)	17,536
2020/21 (Assumed)	17,536

6.6. Close working between Property Services and Children's Services staff ensures maximum impact is achieved from the Schools Condition Allocation funding. The detailed programme of work will continue to be reported to the Building, Land and Procurement Panel with any major schemes being reported to the Executive Member Policy & Resources for approval.

7. Capital programme summary

7.1. On the basis of the position outlined above, the total value of the capital programmes submitted for consideration for the three years to 2020/21 are:

	Schemes within locally resourced guidelines	Schemes supported by Government allocations	Total
	£'000	£'000	£'000
2018/19	5,292	17,536	22,828
2019/20	4,692	17,536	22,228
2020/21	4,692	17,536	22,228

Note: The above figures are net of developers' contributions and exclude the costs of land for programme schemes which are dealt with outside the guidelines

8. Revenue implications

8.1. The on-going service and maintenance implications of the proposed capital programme are funded from within the revenue budget. Some schemes are

of an invest to save nature and thus have a positive impact on the revenue budget.

- 8.2. In line with proper accounting practice, the asset value resulting from capital expenditure is depreciated over the expected life of the asset with a corresponding charge to the income and expenditure account. However, this accounting adjustment does not directly impact the cash limited budget of services. The estimated depreciation arising from the proposed capital programme is as follows:

	Full year cost
	£'000
2018/19	681
2019/20	669
2020/21	669
Total	<u>2,019</u>

9. Revised 2017/18 capital programme

- 9.1. The revised 2017/18 capital programme for Policy and Resources is shown in Appendix 2 and totals £75.5 million. The changes since the capital programme was approved in February 2017 are summarised below:

	2017/18
	£'000
Approved programme	32,272
Underspends and schemes carried forward from previous years	9,353
Approved additional prudential borrowing	10,500
Draw down of approved corporate funding	6,970
External funding	99
Future capital receipts	15,966
Developers contributions	256
Revenue contributions to capital	276
Transfers to other departments	-680

Technical adjustments

466

75,478

10. Conclusions

10.1. The proposed capital programme for Policy and Resources as summarised in section 7 is in line with the guidelines set by Cabinet. In addition, it plans to use the allocated Government grants in full. The main priority of the programme continues to be structural maintenance and improvement of the County's built and rural estate, cultural facilities together with planned investment in IT infrastructure. The programme supports the delivery of services countywide and contributes to the corporate aims:

- Hampshire maintains strong and sustainable economic growth and prosperity
- People in Hampshire live safe, healthy and independent lives
- People in Hampshire enjoy a rich and diverse environment
- People in Hampshire enjoy being part of strong, inclusive communities.

CORPORATE OR LEGAL INFORMATION:**Links to the Strategic Plan**

Hampshire maintains strong and sustainable economic growth and prosperity:	Yes
People in Hampshire live safe, healthy and independent lives:	Yes
People in Hampshire enjoy a rich and diverse environment:	Yes
People in Hampshire enjoy being part of strong, inclusive communities:	Yes

Other Significant Links

Links to previous Member decisions:	
<u>Title</u>	<u>Date</u>
Medium Term Financial Strategy Update and Transformation to 2019 Savings Proposals (Cabinet) Medium term financial strategy	16 October 2017
Budget Setting and Provisional Cash Limits 2018/19 (Cabinet) Budget setting - provisional cash limits	11 December 2017
Direct links to specific legislation or Government Directives	
<u>Title</u>	<u>Date</u>

Section 100 D - Local Government Act 1972 - background documents

The following documents discuss facts or matters on which this report, or an important part of it, is based and have been relied upon to a material extent in the preparation of this report. (NB: the list excludes published works and any documents which disclose exempt or confidential information as defined in the Act.)

<u>Document</u>	<u>Location</u>
None	

IMPACT ASSESSMENTS:

1. Equality Duty

1.1 The County Council has a duty under Section 149 of the Equality Act 2010 ('the Act') to have due regard in the exercise of its functions to the need to:

- Eliminate discrimination, harassment and victimisation and any other conduct prohibited under the Act;
- Advance equality of opportunity between persons who share a relevant protected characteristic (age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation) and those who do not share it;
- Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

Due regard in this context involves having due regard in particular to:

- a) The need to remove or minimise disadvantages suffered by persons sharing a relevant characteristic connected to that characteristic;
- b) Take steps to meet the needs of persons sharing a relevant protected characteristic different from the needs of persons who do not share it;
- c) Encourage persons sharing a relevant protected characteristic to participate in public life or in any other activity which participation by such persons is disproportionately low.

1.2 Equalities Impact Assessment:

Equalities impact assessments will be considered when individual project appraisals are developed.

2. Impact on Crime and Disorder:

2.1 Crime prevention issues will be considered when individual project appraisals are developed.

Climate Change:

- a) How does what is being proposed impact on our carbon footprint / energy consumption?

All relevant developments within the capital programme are subject to specific, detailed assessments. Energy conservation, and where applicable enhancing biodiversity, are priorities for all major building schemes.

- b) How does what is being proposed consider the need to adapt to climate change, and be resilient to its longer term impacts?

Where appropriate capital schemes are planned with adaptation to climate change in mind, such as the inclusion of passive cooling, solar shading, sustainable urban drainage and rainwater harvesting systems in building projects where technically feasible and deliverable within budget constraints.

Policy and Resources

Ref	Project	Construct- ion Works	Fees	Furniture Equipment Vehicles Grants	Total Cost (excluding sites)	Revenue Effect in Full Year	
						Running Costs	Capital Charges
		£'000	£'000	£'000	£'000	£'000	£'000
	2018/19 Schemes						
	Schemes Supported from Local Resources						
	Culture, Communities and Business Services						
1	Office Accommodation Schemes	350	58	-	408	-	8
2	Vehicles for Hampshire Transport Management #	-	-	3,000	3,000	-	300
3	Hampshire Transport Management Vehicle Workshop	515	85	-	600	-	12
4	Community Buildings and Village Halls	-	-	125	125	-	-
5	CCBS Minor Works	328	-	-	328	-	7
	Corporate Services						
6	Contingency	185	-	-	185	-	3
	Total Programme Supported by Local Resources	1,378	143	3,125	4,646	-	330

Capital Programme - 2018/19

Site Position	Contract Start		Remarks	Ref
	Date	Duration		
	Qtr	Months		
			The following schemes all reflect the current Corporate Priorities	
N/A	-	-	Various schemes throughout the County	1
N/A	-	-	Continuing programme of replacing vehicles	2
N/A	-	-	Refurbishment of Petersfield HTM vehicle workshop	3
Owned	1	12	Grants and contributions towards the development of community buildings and village halls.	4
N/A	1	12	Provision of minor works across the department including Library and Countryside services	5
N/A	-	-		6
			# controlled on an accrued expenditure basis	

Policy and Resources

Ref	Project	Construct- ion Works	Fees	Furniture Equipment Vehicles Grants	Total Cost (excluding sites)	Revenue Effect in Full Year	
						Running Costs	Capital Charges
		£'000	£'000	£'000	£'000	£'000	£'000
	2018/19 Schemes (continued)						
	Schemes Supported by the Government						
	Schools Condition Allocation (SCA)						
7	Alderwood School, Aldershot	800	132		932	-	19
8	Applemore School, Dibden Purlieu	900	148		1,048	-	21
9	Westgate School, Winchester	900	148		1,048	-	21
10	Schools Condition Allocation (costing less than £250,000)	12,453	2,055	-	14,508	-	290
	Total Schemes Supported by the Government	15,052	2,484	-	17,536	-	351
	Total Excluding Land				22,182	-	681
	Advance and Advantageous Land Purchases				646	-	-
	Total Programme				22,828	-	681

Capital Programme - 2018/19

Site Position	Contract Start		Remarks	Ref
	Date	Duration		
	Qtr	Months		
			The following schemes all reflect the current Corporate Priorities	
Owned	1	9	ROSLA block thermal upgrading, roof recovering and recladding	7
Owned	1	8	ROSLA block thermal upgrading, roof recovering and recladding	8
Owned	1	9	SCOLA recladding and window replacement	9
Owned	-	-	Major improvements to school buildings	10

Policy and Resources

Ref	Project	Construct- ion Works	Fees	Furniture Equipment Vehicles Grants	Total Cost (excluding sites)	Revenue Effect in Full Year	
						Running Costs	Capital Charges
		£'000	£'000	£'000	£'000	£'000	£'000
	2019/20 Schemes						
	Schemes Supported from Local Resources						
	Culture, Communities and Business Services						
11	Office Accommodation Schemes	350	58	-	408	-	8
12	Vehicles for Hampshire Transport Management #	-	-	3,000	3,000	-	300
13	Community Buildings and Village Halls	-	-	125	125	-	-
14	CCBS Minor Works	328	-	-	328	-	7
15	Contingency	185	-	-	185	-	3
	Total Programme Supported by Local Resources	863	58	3,125	4,046	-	318
	Schemes Supported by the Government						
16	Schools Condition Allocation	15,052	2,484	-	17,536	-	351
	Total Schemes Supported by the Government	15,052	2,484	-	17,536	-	351
	Total Excluding Land				21,582		669
	Advance and Advantageous Land Purchases				646		
	Total Programme				22,228		669

Capital Programme - 2019/20

Site Position	Contract Start		Remarks	Ref
	Date	Duration		
	Qtr	Months		
			The following schemes all reflect the current Corporate Priorities	
N/A	-	-	Various schemes throughout the County	11
N/A	-	-	Continuing programme of replacing vehicles	12
Owned	1	12	Grants and contributions towards the development of community buildings and village halls.	13
N/A	1	12	Provision of minor works across the department including Library and Countryside services	14
N/A	-	-		15
Owned	-	-	Major improvements to school buildings	16
			# controlled on an accrued expenditure basis	

Policy and Resources

Ref	Project	Construct- ion Works	Fees	Furniture Equipment Vehicles Grants	Total Cost (excluding sites)	Revenue Effect in Full Year	
						Running Costs	Capital Charges
		£'000	£'000	£'000	£'000	£'000	£'000
	2020/21 Schemes						
	Schemes Supported from Local Resources						
	Culture, Communities and Business Services						
17	Office Accommodation Schemes	350	58	-	408	-	8
18	Vehicles for Hampshire Transport Management #	-	-	3,000	3,000	-	300
19	Community Buildings and Village Halls	-	-	125	125	-	-
20	CCBS Minor Works	328	-	-	328	-	7
21	Contingency	185	-	-	185	-	3
	Total Programme Supported by Local Resources	863	58	3,125	4,046	-	318
	Schemes Supported by the Government						
22	Schools Condition Allocation	15,052	2,484	-	17,536	-	351
	Total Schemes Supported by the Government	15,052	2,484	-	17,536	-	351
	Total Excluding Land				21,582		669
	Advance and Advantageous Land Purchases				646		
	Total Programme				22,228		669

Capital Programme - 2020/21

Site Position	Contract Start		Remarks	Ref
	Date	Duration		
	Qtr	Months		
			The following schemes all reflect the current Corporate Priorities	
N/A	-	-	Various schemes throughout the County	17
N/A	-	-	Continuing programme of replacing vehicles	18
Owned	1	12	Grants and contributions towards the development of community buildings and village halls.	19
N/A	1	12	Provision of minor works across the department including Library and Countryside services	20
N/A	-	-		21
Owned	-	-	Major improvements to school buildings	22
			# controlled on an accrued expenditure basis	

Policy and Resources 2017/18 capital programme

1. Latest programme limit:	£'000
Total programme as per budget book	32,272
Carry forward schemes from 2016/17	9,353
HTM – Approved additional prudential borrowing	10,500
Additional approved capital allocations	6,970
Transfers to other departments	-680
School Condition Allocation funding change	-276
Priority Schools Building Programme additional funding	315
Technical Adjustment – prior year starts	466
Future capital receipts	15,966
External grant funding – Arts Council England	60
Developers contributions (Countryside Rights of Way projects)	256
Revenue contributions to capital	<u>276</u>
	<u>75,478</u>

2. Analysis of 2017/18 programme including carry forwards from 2016/17:	£'000
Vehicles for Hampshire Transport Management (HTM)	3,000
Vehicles for Hampshire Highways Services Contract	9,500
Havant Day Services access road	<u>55</u>
Schemes controlled on an expenditure basis:	<u>12,555</u>
Capital repairs - Schools Condition Allocation (SCA) works	17,536
Priority Schools Building Programme (PSBP2)	10,673
Property Services Funded School Projects	62
Office Accommodation	408
Facilities Management schemes	205
Workstyle schemes:	
- Capital House	440
- Lymington Hub	300
- Falcon House	300
Farnborough Hub remodelling	257
Gosport Community Hub	750
Investment in Hampshire	3,000
Market Town Fund	1,320
Advance and Advantageous Land	646
Botley – Infrastructure and Utility Works	15,695
Energy Performance Programme (EPP):	
- LED Relighting	20
- LED Lighting Replacement & Electric Vehicle (EV) Charging Points	1,720
- Electric Vehicles & Battery Storage Technology	1,000

IT Services:

- Major replacement projects	382
- Replacement of Equipment	639
- SAP HANA	308
- Corporate Wi-fi Upgrade	1,500

Rights of Way/Byways	526
----------------------	-----

Countryside Storm Damage repair programme	282
---	-----

Community Buildings and Village Halls investment	1,328
--	-------

ICT Developments	120
------------------	-----

Customer Access Improvements	80
------------------------------	----

CCBS Minor Works	3
------------------	---

Calshot:

- POD Village	271
- Pay and Play Activity Development	275

Runway's End:

- Camping Pods	50
----------------	----

Arts Centres	30
--------------	----

Library DOTS (Digital; Options, Training and Support) project - Purchase of iPads	60
--	----

Footway Improvements	15
----------------------	----

Unallocated 25% of Capital receipts	<u>1,701</u>
-------------------------------------	--------------

Schemes controlled on a starts basis:	<u>61,902</u>
--	----------------------

Unallocated	<u>1,021</u>
-------------	--------------

Policy and Resources Capital Programme 2017/18	<u>75,478</u>
---	----------------------