

HAMPSHIRE COUNTY COUNCIL

Decision Report

Decision Maker:	Executive Lead Member for Adult Social Care and Public Health
Date:	16 January 2024
Title:	Capital Programme for 2024/25 to 2026/27
Report From:	Director of Adults' Health and Care and Director of Corporate Operations

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Purpose of this Report

1. The purpose of this report is to seek approval for the submission of the Adult Services and Public Health capital programme to the Leader and Cabinet.

Recommendation(s)

To approve for submission to the Leader and Cabinet:

2. The proposed capital programme for 2024/25 and provisional capital programme for 2025/26 and 2026/27 as set out in Appendix 1 and the revised capital programme cash limit for 2023/24 as set out in Appendix 2 including the transfers between years and the carry forward of resources as set out in paragraph 16-18.

Executive Summary

3. This report seeks approval for submission to the Leader and Cabinet of the proposed capital programme for 2024/25 and provisional for 2025/26 to 2026/27.
4. The report has been prepared in consultation with the Executive Lead Member and will be reviewed by the Health and Adult Social Care Select Committee. It will be reported to the Leader and Cabinet on 6 February 2024 to make final recommendations to County Council on 22 February 2024.
5. The report considers the schemes which it is proposed to include in the capital programmes for 2024/25, 2025/26 and 2026/27 and also presents the revised programme for 2023/24.
6. The proposals contained in this report are derived from the departmental service plans which have been developed to support the priorities of the Strategic Plan.

Contextual information

7. The County Council has maintained its capital programme throughout the period of austerity, doing so by making use of external sources to fund a significant proportion of expenditure, supplemented by the use of capital receipts and the County Council's own revenue resources. Approximately 80% of expenditure was externally funded in 2022/23 with the remaining c.20% funded by capital receipts (12.5%) and other local resources (7.3%).
8. Where expenditure is funded from local resources, this impacts the revenue budget in one of three ways:
 - A reduction in existing reserves
 - Increased capital financing costs (e.g., interest and MRP) as a result of prudential borrowing
 - The need for direct contributions to schemes from the revenue budget
9. Any impact on the revenue budget is considered as part of the Medium Term Financial Strategy (MTFS) and alongside the priorities within *Serving Hampshire's Residents – Strategic Plan 2021 – 2025*. Given the challenging financial position the County Council faces, any revenue contributions to capital schemes must balance recognition of the importance of capital investment with the need to review and challenge all revenue based expenditure as part of the overall MTFS.
10. The current MTFS assumes continuing revenue contributions to capital schemes throughout the forecast period. In order to allow the County Council time to continue to consider the evolving MTFS position, the capital cash limit guidelines approved by Cabinet in December 2023 only allocated the funding from these revenue based contributions to directorates for 2024/25, with the amounts for 2025/26 and 2026/27 to be held centrally pending further review.
11. The County Council continues to maintain a significant capital programme, resulting in investment in assets to support and enable the provision of local services and delivering benefits to the local economy.
12. Executive Members have been asked to prepare proposals for:
 - a locally resourced capital programme for 2024/25.
 - a programme of capital schemes in 2024/25 to 2026/27 supported by Government grants as announced by the Government.

The capital guidelines are determined by the Medium-Term Financial Strategy which is closely linked to 'The 'Serving Hampshire's Residents - Strategic Plan 2021 – 2025' with its strategic aims and Departmental Service plans to ensure that priorities are affordable and provide value for money and that resources follow priorities.

Locally resourced capital programme

13. The cash limit guidelines for the locally resourced capital programme for the Adult Services service set by Cabinet are as follows:

	£000
2024/25	481
2025/26	
2026/27	

14. As highlighted in paragraph 10 the allocations for 2025/26 and beyond are being held centrally at this stage and are subject to review in light of the County Council revenue position.
15. Executive Members may propose supplementing their capital guidelines under the 'prudential framework' agreed by Cabinet at its meeting on 24 November 2003, amended by Cabinet in February 2006, thereby integrating more closely decisions on revenue and capital spending in support of strategic aims. The additions may include virements from the Executive Member's revenue budget or use of temporary unsupported borrowing, to provide bridging finance in advance of capital receipts or other contributions.

Revised 2023/24 capital programme

16. The revised 2023/24 capital programme for Adults' Health and Care is shown in Appendix 2 and totals £49,154. The changes since the capital programme was approved in January 2023 are summarised below:

	2023/24 £000
Approved Programme	14,733
Additional Disabled Facilities Grant	1,244
Carry Forward from 2022/23	33,177
Total	<u>49,154</u>

17. The schemes carried forward from previous years of £33.177m were agreed by Cabinet on 18 July 2023. These predominantly relate to the Extra Care Housing (£0.906m), Adults with a Disability Accommodation (£3.795m) and Younger Adults Extra Care, (£15.185m) programmes together with the addition of £0.4m for improvements to the Kershaw Centre.
18. In addition to the above the carry forwards against schemes in the 2021/22 capital programme, Cabinet also agreed that unspent balances from starts within the capital programmes from prior years of £12.722m. This related to previously committed funding due to reduced costs on the Nightingale Lodge and Oak Park projects within the Extra Care Housing Transformation programme. This will enable additional projects to be completed against the

funding for the programme of £45m that was agreed by County Council in February 2012, to be funded from prudential borrowing.

Health and Safety

19. A programme to constantly review the need for essential health and safety work at our in-house care facilities, including residential care and nursing homes is ongoing. In light of the new and extensive proposals to make the HCC Care estate fit for the future, as outlined later in this report, and there being remaining funds within previously agreed allocations to continue the identified works for the forthcoming year there are no new proposals.
20. This portfolio of buildings remains the highest priority in the HCC estate in terms of health and safety, compliance, and operational risk management, with a consequential ongoing demand for routine and one-off investment in maintenance and improvement. It is anticipated that further requests for funding will be made as the estate continues to age and liabilities identified.
21. Accordingly, should there be the need for any further requests for funding in the forthcoming year, to support the maintenance of the estate, these will also be informed by the plans contained within the longer-term strategy for the HCC Care estate, to ensure that where appropriate, investment is targeted only to sites that are included within the longer-term vision.

HCC Care – Fit for the future

22. As outlined above a new capital scheme is proposed to be added to the Adults' Health and Care Capital Programme in order to safeguard the long-term viability of the Older Adult care estate. It is proposed that the scheme will commence from 2024/25 and will total £173m as outlined in the HCC Care Service and Capital Strategy report that was presented to and agreed by Cabinet in July 2023. It should be noted that these proposals are still subject to public consultation and that the £173m is currently an indicative value of the overall scheme. Within this scheme each individual development will be subject to a separate detailed business case prior to approval for spend.
23. Additionally, it should be noted that the longer-term strategy for the portfolio of buildings will take into consideration the pressure highlighted within the Adult Services and Public Health Revenue Budget report, specifically where internal provision, with capital investment may help to mitigate these revenue pressures.

Transformation of Adult Learning Disability Services

24. On the 27 October 2011, the Executive Member for Policy and Resources approved the Adult Learning Disability (LD) Business Case for the early

implementation phase of LD transformation and the broader programme. The business case links to the consultation of the transformation proposals reported to the Executive Member for Adult Social Care on 16 May 2011.

25. The Executive Member for Policy and Resources Decision Day on 21 July 2011 approved that 100% of LD capital receipts to be reinvested in LD service re-provision.
26. The Executive Member for Policy and Resources on 9 March 2017 approved the revised Business case plan. The financial position has evolved since October 2011 largely as a result of the value likely to be secured by selling surplus property and the consequent impact on prudential borrowing. The business case improved with the use of the Community Grant funding of up to £3.4m.
27. The LD Transformation programme has been successfully delivering capital projects to update and improve the department's LD estate. In that time the programme has successfully delivered eight schemes through the delivery of new facilities and significant improvements to existing assets. The programme has one further scheme in its programme, Romsey & Waterside and Jacob's Lodge and is expected to utilise the remaining £3.6m within the scheme budget.

Older Persons Extra-Care Housing

28. On the 24 October 2011 Cabinet approved the strategy to extend the development of Older Persons Extra-Care Housing. This included approval of an indicative maximum financial envelope of £45m of capital investment to deliver the programme of work, including transition cost.
29. Capital funding for the extensions to Westholme, Winchester and Oakridge, Basingstoke of £3m was formally approved by the Executive Member for Policy and Resources on 24 January 2013.
30. A review of the Older Persons Extra-Care programme was undertaken in early 2016 and the Executive Member for Policy and Resources reaffirmed the Older Persons Extra-Care programme to the original £45m capital envelope. With this in mind, further work on the remaining programme and project opportunities is being undertaken to ensure the most cost-effective programme is identified. Capital funding for future Extra-Care developments will be subject to the development of individual business cases.
31. On 26 September 2018, the Executive Member for Policy and Resources identified three sites for development opportunities in Gosport, New Milton, and Petersfield, of which the latter is likely to open in 2026 whilst Gosport opened July 2023 and New Milton will open by April 2024. In addition, there will likely be the development of a business case for the scheme at Havant during 2024/25. This is in addition to previously approved schemes in other

parts of the county, including the Nightingale site in Romsey, which was completed in the 2020/21 financial year.

Younger Adults Extra-Care Housing

32. The Executive Member for Policy and Resources approved the strategic business case for the Adults with a Disability Housing programme in April 2016. The business case approved a borrowing envelope of up to £35m to support the programme to transition service users with a learning and/or physical disability from an existing care home setting to a shared house or individual groups of flats.
33. An update was taken to the Executive Member for Policy and Resources in July 2020, which outlined the progress of the delivery of the scheme. The current position as at December 2023 is below:

	£000
Spend Tranche 1-3: Complete	31,100
Deregistration allocation:	428
Re-provision allocation:	650
Land Value Transfer:	1,300
Unallocated budget remaining:	1,522
Total	35,000

After spending across the three tranches, and allocated funds for planned and approved future spend, there is currently £1,522m left unallocated from the originally agreed funding approval of £35m.

Since last reported There has been £1.2m spent on six fully wheelchair accessible bungalows at Sonnet Court to support people with physical disabilities to live independently whose need would otherwise have been met from high cost residential care. It should also be noted that there are commitments outstanding for £170k that enabled two external providers to deliver eight new units of accommodation across two schemes for people with learning disabilities.

In addition, during 2021/22 a further £15.185m funding had been approved to be added to this programme. Plans for additional schemes up to the value of the £15.185m and any underspend from the original £35m, inclusive of the currently unallocated £1.522m will continue to be developed. In accordance with financial procedures each individual new scheme will be added to the programme subject to approval of an appropriate business case.

Proposed capital programme 2024/25 – locally resourced schemes

34. The Adult services capital programme for locally resourced schemes reflects the strategic aims of enabling people to live safe, healthy, and independent lives, enjoy a rich and diverse environment and be part of a strong and inclusive community. It includes contributions towards the costs of the following:
- Priority works on residential and nursing care premises to meet the needs of residents and service users to satisfy the requirements of regulators including the Care Quality Commission, The Fire Service and the Health and Safety Executive.
35. The budget also includes the provisional £173m budget for the HCC Care – Fit for the future programme outlined in paragraph 22 above which aims to deliver a package of new build and refurbished existing sites to facilitate both modern and greater capacity to meet the needs of complex and high needs dementia clients, and safeguard the long-term viability of the Older Adult care estate.
36. The detailed programme in Appendix 1 and expenditure for 2024/25 is summarised in the table below:

	£000
Operational building, including residential and nursing care, improvements.	481
HCC Care Fit for the future programme.	173,000
Total 2024/25 Budget	173,481

Capital programme supported by Government allocations

37. The locally resourced capital programme is supported by Government grant received from the Department for Levelling Up, Housing and Communities. In 2023/24 the initial allocation of capital funding to Adult Services was £14.252m for the Disabled Facilities Grant (DFG). A further £1.244m was received in September 2023. This funding forms part of the Better Care Fund – Pooled budget which is overseen by the Hampshire Health and Wellbeing Board.
38. The Secretary of State has not yet announced details of individual local authority capital allocations for 2024/25 or beyond. For planning purposes 2022/23 allocations are being assumed.
39. The DFG of £14.252m is capital money made available to local authorities as part of their allocations to award grants for changes to a person's home. There is a statutory duty for local housing authorities to provide grants to those who qualify. This part of the fund will be governed by the disabled facilities grant conditions of grant usage as made by the Department for Levelling Up, Housing and Communities under section 31 of the Local

Government Act 2003. Therefore, although officially part of the fund, the money cannot be used for other things and will be paid back out of the fund to the relevant district councils.

Capital programme summary

40. On the basis of the position outlined above, the total value of the capital programmes submitted for consideration for the three years to 2026/27 are:

	Schemes within locally resourced guidelines	Additional schemes funded within the prudential framework	Schemes supported by Government allocations (assumed)	Total
	£000	£000	£000	£000
2024/25	481	173,000	14,252	187,733
2025/26	-	-	14,252	14,252
2026/27	-	-	14,252	14,252

Revenue implications

41. The revenue implications of the proposed capital programme are as follows:

	Full Year Cost	
	Current Expenditure £000	Capital Charges £000
Schemes within the guidelines		
2024/25	-	3,478
2025/26	-	-
2026/27	-	-
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Total	-	3,478
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Conclusions

42. The proposed capital programme for Adult Services as summarised in paragraph 11 is in line with the guidelines set by Cabinet. In addition, it plans to use the allocated Government grants in full. The programme supports the delivery of services countywide and contributes to the strategic aims:

- Hampshire maintains strong and resilient 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, resilient communities.

REQUIRED CORPORATE AND LEGAL INFORMATION:

Links to the Strategic Plan

Hampshire maintains strong and resilient 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, resilient communities:	Yes

Other Significant Links

Links to previous Member decisions:	
<u>Title</u>	<u>Date</u>
Adult Services Capital Programme 2017/18 to 2019/20 Strategy for the Older Persons Extra-Care Housing and Programme Update	20 January 2017
Transformation of Adult Learning Disabilities Services – Programme Update & Revised Business Plan	09 March 2017
Adults with a Disability Housing Programme: Progress update and approval to the strategy for Phase 2 new build projects	9 March 2018
Three Extra Care Development Opportunities in Gosport, Petersfield, and New Milton – Outcome of Procurement	26 September 2018
Learning Disability Housing - Programme Update	14 July 2020
Cabinet Financial Update and Budget Setting and Provisional Cash Limits 2021/22	24 November 2020
Cabinet 2022/23 – End of Year Financial Report	18 July 2023
HCC Care Service and Capital Strategy	18 July 2023
Cabinet Financial Update and Budget Setting and Provisional Cash Limits 2024/25	12 December 2023

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.)

Document

Location

None

EQUALITIES IMPACT ASSESSMENT:

1. Equality Duty

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 by or under the Act with regard to the protected characteristics as set out in section 4 of the Act (age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, and sexual orientation).
- Advance equality of opportunity between persons who share a relevant protected characteristic within section 149(7) of the Act (age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, and sexual orientation) and those who do not share it.
- Foster good relations between persons who share a relevant protected characteristic within section 149(7) of the Act (see above) and persons who do not share it.

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

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

2. Equalities Impact Assessment:

Equalities Impact Assessments outcomes will be carried out on the individual schemes within the capital programme in order to comply with the requirements of the Equality Act 2010

Adult Services

Capital Programme - 2024/25

Ref	Project	Construct- ion Works	Fees	Furniture Equipment Vehicles Grants	Total Cost (excluding sites)	Revenue Effect in Full Year		Site Position	Contract Start		Remarks
						Running Costs	Capital Charges		Date	Duration	
						£'000	£'000		£'000	£'000	
2024/25 Schemes											
Schemes Supported from Local Resources											
1	Maintaining Operational Buildings including Residential and Nursing Care	327	54	100	481	-	18	N/A	1	12	Continuation of programme for the provision / replacement of furniture and equipment in residential / day care establishments, and to upgrade establishments to contemporary standards.
2	HCC Care Fit for the future	148,498	24,502	-	173,000	-	3,460	N/A	1	48	New builds and refurbishment of existing sites to facilitate both modern and greater capacity to meet the needs of complex and high needs dementia clients.
Schemes supported by the Government											
3	Disabled Facilities Grant	-	-	14,252	14,252	-	-	N/A	1	12	Grant paid to District Councils to fund adaptations to people's homes
Total Programme		148,825	24,556	14,352	187,733	-	3,478				

Adult Services

Capital Programme - 2025/26

Ref	Project	Construction Works	Fees	Furniture Equipment Vehicles Grants	Total Cost (excluding sites)	Revenue Effect in Full Year		Site Position	Contract Start		Remarks
						Running Costs	Capital Charges		Date	Duration	
						£'000	£'000		£'000	£'000	
4	2025/26 Schemes										
	Schemes Supported from Local Resources										
	Schemes supported by the Government										
	Disabled Facilities Grant	-	-	14,252	14,252	-	-	N/A	1	12	Grant paid to District Councils to fund adaptations to people's homes
	Total Programme	-	-	14,252	14,252	-	-				

Adult Services

Capital Programme - 2026/27

Ref	Project	Construct- ion Works	Fees	Furniture Equipment Vehicles Grants	Total Cost (excluding sites)	Revenue Effect in Full Year		Site Position	Contract Start		Remarks
						Running Costs	Capital Charges		Date	Duration	
						£'000	£'000		£'000	£'000	
5	2026/27 Schemes										
	Schemes Supported from Local Resources										
	Schemes supported by the Government										
	Disabled Facilities Grant	-	-	14,252	14,252	-	-	N/A	1	12	Grant paid to District Councils to fund adaptations to people's homes
	Total Programme	-	-	14,252	14,252	-	-				

Adult Social Care 2023/24 capital programme

Resources	
1. Latest programme limit:	£000
Approved Programme	14,733
Additional Disabled Facilities Grant	1,244
Carry Forward from 2022/23	33,177
Total	<u>49,154</u>
Allocated to Projects / Schemes	
2. Project Extra-care Housing transformation project	906
Maintaining Operational Buildings including Residential and Nursing Care	650
Younger Adults Extra Care	15,185
Adults with a Disability Accommodation	3,795
Kershaw Centre – LD Transformation	400
Extra Care Housing Transformation	12,722
Disabled Facilities Grant	15,496
Schemes controlled on a starts basis	<u>49,154</u>