

HAMPSHIRE COUNTY COUNCIL

Decision Report

Decision Maker:	Executive Member for Policy and Resources
Date:	18 January 2019
Title:	2019/20 to 2021/22 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

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1. Recommendation(s)

To approve for submission to the Leader and the Cabinet:

- 1.1. The capital programme for 2019/20 to 2021/22 as set out in Appendix 1.
- 1.2. The revised capital programme for 2018/19 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 2019/20 to 2021/22.
- 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 1 February 2019 to make final recommendations to County Council on 14 February 2019.
- 2.3. In accordance with the provisional capital guidelines approved by Cabinet in December 2018, the report considers the schemes which it is proposed to include in the capital programmes for 2019/20, 2020/21 and 2021/22 and also presents the revised programme for 2018/19.
- 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 2019/20 to 2021/22 within the guidelines used for the current capital

programme including the third year, 2021/22, at a similar level to 2020/21

- a programme of capital schemes in 2019/20 to 2021/22 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
2019/20	4,692
2020/21	4,692
2021/22	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 2019/20 capital programme are provided in section 5.

5. Proposed capital programme 2019/20 to 2021/22 – locally resourced schemes

- 5.1. The programme proposed for 2019/20 to 2021/22 is largely based upon the allocation of resources between priorities in the current 2018/19 to 2020/21 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 February 2018, County Council approved additional funding of £1.5m to fund essential infrastructure works on the Basingstoke Canal. Of this total,

£0.23m is included in the 2018/19 capital programme and £0.25m in the 2019/20 capital programme, with the balance funding associated revenue repair and maintenance works.

- 5.4. In addition, a sum of £1.8m was approved by County Council in September 2018, to be added to the 2018/19 capital programme and £0.5m to the 2019/20 capital programme, to support the next phase of the Country Parks Transformation Programme and specific proposals for the Empire Room at Royal Victoria Country Park, the farm attractions at Staunton and Manor Farm and for Queen Elizabeth Country Park. This is to be funded from departmental reserves. Due to re-phasing of projects between financial years, £1.65m is shown in the 2018/19 programme and £0.45m in the 2019/20 programme, and £0.2m has been set aside to fund associated revenue costs.
- 5.5. These movements are summarised in the table below:

	2019/20 £'000	2020/21 £'000	2021/22 £'000
Guideline set by Cabinet	4,692	4,692	4,692
Basingstoke Canal	250	-	-
Country Parks Transformation Programme – Phase 2	450	-	-
Proposed locally resources programme	5,392	4,692	4,692

6. Proposed capital programme 2019/20 to 2021/22 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 2019/20, 2020/21 and 2021/22. However, for planning purposes, a continuation of 2018/19 allocations is being assumed.
- 6.3. In 2018/19, the Government announced a Schools Condition Allocation (SCA) grant of £17,264,317 for local authority schools and Sure Start early years centres. This is similar to the allocation for 2017/18 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. Priorities for 2019/20 include two 2 storey timber framed schools in Hampshire that need replacing. This need was reported to EMPR on 9 March 2017. The schools are Fryern Junior School in Chandlers Ford and Grange Junior School in Gosport. Feasibility work has been undertaken to consider the options of how best to replace these structures. Consequently, it is proposed to fund the replacement of both these schools in totality and to include replacement of the single storey parts of both schools as this is only marginally more expensive than the alternative partial rebuild and

refurbishment solutions. It also has the significant benefit of removing the cost of otherwise addressing all the condition liabilities and associated risks in those residual single storey parts of the existing school building structures. Furthermore, value for money will be achieved through the economies of scale in adopting a common approach to the design, procurement and delivery of the two projects. The total cost estimate for full replacement of the two schools is £15.566m.

- 6.6. Owing to the size of these projects, it is proposed to include them in the Children's Services capital programme and transfer the required funding from the Policy and Resources 2018/19 SCA grant allocation.
- 6.7. The cash limit guidelines for this part of the capital programme are as follows:

Capital grant	£'000
2019/20 (Assumed)	17,264
2020/21 (Assumed)	17,264
2021/22 (Assumed)	17,264

- 6.8. 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 2021/22 are:

Schemes within locally resourced guidelines	Schemes supported by Government allocations	Total
£'000	£'000	£'000
2019/20	5,392	17,264
2020/21	4,692	17,264
2021/22	4,692	17,264

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
2019/20	678
2020/21	663
2021/22	663
<hr/>	
Total	<hr/> 2,004

9. Revised 2018/19 capital programme

- 9.1. The revised 2018/19 capital programme for Policy and Resources is shown in Appendix 2 and totals £39.2 million. The changes since the capital programme was approved in February 2018 are summarised below:

	2018/19
	£'000
Approved programme	22,828
Underspends and schemes carried forward from previous years	28,682
Draw down of approved corporate funding	2,880
Removal of schemes from capital programme	-400
Adjustment to Government grant	-272
Share of 2017/18 capital receipts	290
Developers contributions	271
Net revenue contributions to capital and other technical adjustments	513

Transfer of SCA grant funding to Children's Services	-15,566
	39,226

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, and cultural and community facilities. 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> Looking Ahead - Medium Term Financial Strategy (Cabinet) <u>Medium Term Financial Strategy</u>	<u>Date</u> 18 June 2018
Budget Setting and Provisional Cash Limits 2019/20 (Cabinet) <u>Budget Setting and Provisional Cash Limits</u>	10 December 2018
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.)

DocumentLocation

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 constraint

Appendix 1

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							
1	Office Accommodation Schemes	350	58	-	408	-	8
2	Vehicles for Hampshire Transport Management #	-	-	3,000	3,000	-	300
3	Community Buildings and Village Halls	-	-	125	125	-	-
4	CCBS Capital	328	-	-	328	-	7
5	Country Parks Transformation (Phase 2) - Staunton Country Park	386	64	-	450	-	9
6	Basingstoke Canal	215	35	-	250	-	5
7	Corporate Services	185	-	-	185	-	3
	Total Programme Supported by Local Resources	1,464	157	3,125	4,746	-	332

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	1
N/A	-	-	Continuing programme of replacing vehicles	2
Owned	1	12	Grants and contributions towards the development of community buildings and village halls.	3
N/A	1	12	Provision of minor works across the department including Library and Countryside services	4
Owned	1	12	To support a range of specific improvements at Staunton Country Park, including development of glasshouses and farm attractions, as well as improvements to catering facilities and toilets	5
Owned	1	12	Essential infrastructure works to ensure the Canal remains in good working order and the County Council meets its obligations as part owner of the Canal	6
N/A	-	-		7
			# controlled on an accrued expenditure basis	

Appendix 1

Policy and Resources

Ref	Project	Construct-ion Works	Fees	Furniture Equipment Vehicles Grants	Total Cost (excluding sites)	Revenue Effect in Full Year	
					£'000	£'000	£'000
	2019/20 Schemes (continued)						
	Schemes Supported by the Government						
	Schools Condition Allocation (SCA)						
8	Crestwood School, Eastleigh	800	132		932	-	19
9	Stoke Park Infant School, Eastleigh	800	132		932	-	19
10	Testbourne School, Whitchurch	2,500	413		2,913	-	58
11	Schools Condition Allocation (costing less than £250,000)	10,718	1,769	-	12,487	-	250
	Total Schemes Supported by the Government	14,819	2,445	-	17,264	-	346
	Total Excluding Land				22,010	-	678
	Advance and Advantageous Land Purchases				646	-	-
	Total Programme				22,656	-	678

Capital Programme - 2019/20

Site Position	Contract Start		Remarks	Ref
	Date	Duration		
	<i>Qtr</i>	<i>Months</i>	The following schemes all reflect the current Corporate Priorities	
Owned	2	9	Roof replacement	8
Owned	2	9	Roof replacement	9
Owned	2	9	SCOLA recladding and internal alterations	10
Owned	-	-	Major improvements to school buildings	11

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
	2020/21 Schemes		£'000	£'000	£'000	£'000	£'000
	Schemes Supported from Local Resources						
	Culture, Communities and Business Services						
12	Office Accommodation Schemes	350	58	-	408	-	8
13	Vehicles for Hampshire Transport Management #	-	-	3,000	3,000	-	300
14	Community Buildings and Village Halls	-	-	125	125	-	-
15	CCBS Capital	328	-	-	328	-	7
16	Contingency	185	-	-	185	-	3
	Total Programme Supported by Local Resources	863	58	3,125	4,046	-	318
	Schemes Supported by the Government						
17	Schools Condition Allocation	14,819	2,445	-	17,264	-	345
	Total Schemes Supported by the Government	14,819	2,445	-	17,264	-	345
	Total Excluding Land				21,310		663
	Advance and Advantageous Land Purchases				646		
	Total Programme				21,956		663

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	12
N/A	-	-	Continuing programme of replacing vehicles	13
Owned	1	12	Grants and contributions towards the development of community buildings and village halls.	14
N/A	1	12	Provision of minor works across the department including Library and Countryside services	15
N/A	-	-		16
Owned	-	-	Major improvements to school buildings	17
			# 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					
					£'000	£'000	£'000				
2021/22 Schemes											
Schemes Supported from Local Resources											
Culture, Communities and Business Services											
18	Office Accommodation Schemes	350	58	-	408	-	8				
19	Vehicles for Hampshire Transport Management #	-	-	3,000	3,000	-	300				
20	Community Buildings and Village Halls	-	-	125	125	-	-				
21	CCBS Capital	328	-	-	328	-	7				
22	Contingency	185	-	-	185	-	3				
Total Programme Supported by Local Resources											
		863	58	3,125	4,046	-	318				
Schemes Supported by the Government											
23	Schools Condition Allocation	14,819	2,445	-	17,264	-	345				
Total Schemes Supported by the Government											
		14,819	2,445	-	17,264	-	345				
Total Excluding Land											
Advance and Advantageous Land Purchases											
Total Programme											
				21,310		663					
				646							
				21,956		663					

Capital Programme - 2021/22

Site Position	Contract Start		Remarks	Ref
	Date	Duration		
N/A	-	-	The following schemes all reflect the current Corporate Priorities	
N/A	-	-	Various schemes throughout the County	18
Owned	1	12	Continuing programme of replacing vehicles	19
N/A	1	12	Grants and contributions towards the development of community buildings and village halls.	20
N/A	-	-	Provision of minor works across the department including Library and Countryside services	21
Owned	-	-	Major improvements to school buildings	23
			# controlled on an accrued expenditure basis	

Policy and Resources 2018/19 capital programme

1. Latest programme limit:	£'000
Total programme as per budget book	22,828
Carry forward schemes from 2017/18	28,682
Additional approved capital allocations	2,880
Removal of schemes from capital programme	-400
School Condition Allocation funding change	-272
Share of capital receipts	290
Developers contributions	271
Net revenue contributions to capital and other technical adjustments	513
Transfer of SCA grant funding to Children's Services	<u>-15,566</u>
	<u>39,226</u>

2. Analysis of 2018/19 programme including carry forwards from 2017/18:	
	£'000
Vehicles for Hampshire Transport Management (HTM)	3,000
Havant Day Services access road	55
Schemes controlled on an expenditure basis:	3,055
Capital repairs - Schools Condition Allocation (SCA) works	1,698
Non Schools Estate Capital projects	573
Schools Capital projects	69
Office Accommodation	986
Facilities Management schemes	205
Workstyle schemes:	
- Capital House	440
- Falcon House	300
Gosport Community Hub	750
Hampshire Transport Management (HTM) – Vehicle Workshop Refurbishment	600
Investment in Hampshire	2,842
Advance and Advantageous Land	1,292
Botley – Infrastructure and Utility Works (provisional allocation)	15,695
Energy Performance Programme (EPP):	
- LED Lighting Replacement	1,620
- Electric Vehicles & Battery Storage Technology	1,000
Winchester Leisure Centre	1,000
Community Building Capital Grant Fund	379
	£'000
CCBS - ICT Developments	120

Customer Access Improvements	80
CCBS Capital	328
Calshot Pay and Play Activity Development	320
Runway's End:	
- Camping Pods	170
- Campsite Development	249
Meon Valley Trail - Enhancement	244
Manor Farm – Hand Wash Stations (Zoonosis)	199
Country Parks Transformation (Phase 2):	
- Manor Farm	550
- Royal Victoria Country Park	800
- Queen Elizabeth Country Park	300
Other Countryside projects	27
Basingstoke Canal	230
Footway Improvements	15
Capital receipts – restricted for County Farms	1,585
Unallocated 25% of Capital receipts	<hr/> 369
Schemes controlled on a starts basis:	<hr/> 35,035
Unallocated	<hr/> 1,136
Policy and Resources Capital Programme 2018/19	<hr/> 39,226