

Public Document Pack



EXECUTIVE DECISION DAY NOTICE

Executive Member for Commercial Strategy, Estates and Property Decision Day

Date and Time Friday, 21st January, 2022 at 2.00 pm

Place Remote Decision Day

Enquiries to members.services@hants.gov.uk

Carolyn Williamson FCPFA
Chief Executive
The Castle, Winchester SO23 8UJ

FILMING AND BROADCAST NOTIFICATION

This decision day is being held remotely and will be recorded and broadcast live via the County Council's website.

AGENDA

DEPUTATIONS

To receive any deputations notified under Standing Order 12.

KEY DECISIONS (NON-EXEMPT/NON-CONFIDENTIAL)

None

NON KEY DECISIONS (NON-EXEMPT/NON-CONFIDENTIAL)

1. 2022/23 REVENUE BUDGET REPORT FOR CULTURE, COMMUNITIES AND BUSINESS SERVICES (Pages 3 - 18)

To consider a report of the Director of Culture, Communities and Business Services and Director of Corporate Operations setting out the proposals for the 2022/23 revenue budget for the Culture, Communities and Business Services.

2. 2022/23 TO 2024/25 CAPITAL PROGRAMME REPORT FOR CCBS (Pages 19 - 44)

To consider a report of the Director of Culture, Communities and Business Services and Director of Corporate Operations seeking approval for the submission of the Culture, Communities and Business Services capital programme to the Leader and Cabinet.

EXCLUSION OF THE PRESS AND PUBLIC

To resolve that the public be excluded from the meeting during the following item of business, as it is likely, in view of the nature of the business to be transacted or the nature of the proceedings, that if members of the public were present during this item there would be disclosure to them of exempt information within Paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972, and further that in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information, for the reasons set out in the report.

KEY DECISIONS (NON-EXEMPT/NON-CONFIDENTIAL)

3. PROPERTY SERVICES ASSET DECISIONS (Pages 45 - 60)

To consider an exempt report from the Director of Culture, Communities and Business Services regarding formal transactions relating to County Council owned or occupied assets.

NON-KEY DECISIONS (NON-EXEMPT/NON-CONFIDENTIAL)

None

ABOUT THIS AGENDA:

On request, this agenda can be provided in alternative versions (such as large print, Braille or audio) and in alternative languages.

ABOUT THIS MEETING:

The press and public are welcome to observe the public sessions of the decision day via the webcast.

HAMPSHIRE COUNTY COUNCIL

Decision Report

Decision Maker:	Executive Member for Commercial Strategy, Estates and Property
Date:	21 January 2022
Title:	2022/23 Revenue Budget Report for Culture, Communities and Business Services
Report From:	Director of Culture, Communities and Business Services and Director of Corporate Operations

Contact name: Felicity Roe
Sue Lapham

Tel: 01962 847876 **Email:** felicity.roe@hants.gov.uk
03707 794503 sue.lapham@hants.gov.uk

Section A: Purpose of this Report

1. The purpose of this report is to set out proposals for the 2022/23 budget for the Culture, Communities and Business Services (CCBS) services that fall within the remit of the Executive Member for Commercial Strategy, Estates and Property (CCBS Transformation & Business Management and Property Services & Facilities), in accordance with the Council's Medium Term Financial Strategy (MTFS) approved by the County Council in November 2021.

Section B: Recommendation(s)

To approve for submission to the Leader and the Cabinet:

2. The revised revenue budget for 2021/22 as set out in Appendix 1.
3. The summary revenue budget for 2022/23 as set out in Appendix 1.

Section C: Executive Summary

4. This report provides the summary outputs of the detailed budget planning process undertaken by the CCBS Department (of which the services included within this report are a part) for 2022/23 and the revised budget for 2021/22. This process has been undertaken against a backdrop of considerable uncertainty, both in terms of the resources available to the Council and the ongoing impacts of Covid-19 on service delivery. As we transition towards a 'new normal' post-Covid, the distinction between latent and longer term Covid

impacts and 'business as usual' financial pressures is difficult to establish. For the purposes of budget setting, the impact of Covid-19 continues to be dealt with as a discrete one-off financial impact as far as possible, separate from the business as usual medium term financial strategy.

5. The 2021 Spending Review announced a 3% per annum real terms increase in local government core spending power to 2024/25. In 2022/23, local authorities will benefit from a considerable boost to grant funding allocated through the local government finance settlement, however this is set against a requirement for £26m additional grant as part of the SP2023 programme. The Spending Review has therefore not diminished the challenges that the authority faces in securing financial sustainability over the medium term.
6. The current financial strategy which the County Council operates works on the basis of a two year cycle of delivering departmental savings targets, with deficits in the intervening years being met from the Budget Bridging Reserve (BBR). In line with this strategy, there will be no new savings proposals presented as part of the 2022/23 budget setting process. Savings targets for 2023/24 were approved as part of the MTFs in July 2020 and detailed savings proposals, developed through the Savings Programme to 2023 (SP2023), were agreed by Cabinet and County Council during October and November last year.
7. The anticipated delay to delivery of some aspects of the existing Transformation to 2019 (Tt2019) and Transformation to 2021 (Tt2021) programmes has been factored into our financial planning, and a combination of one-off corporate and departmental funding will be provided to bridge the forecast savings gap in 2021/22 and 2022/23. As of November 2021, £9m of Tt2019 savings and £38m of Tt2021 savings have yet to be delivered, in addition to the £80m of SP2023 savings required by 2023/24. The Council therefore faces the substantial challenge of delivering three overlapping change programmes, requiring a total of £127m budget savings. The report discusses the specific issues impacting delivery of the savings programmes for the CCBS Department (of which the services included within this report are a part) in Section H.
8. The report also provides an update on the business as usual financial position for the current year. The outturn forecast for the CCBS Department (of which the services included within this report are a part) for 2021/22, excluding the financial impact of Covid-19, is a budget under spend of £2.2m of which £1.0m relates to Commercial Strategy, Estates and Property services.
9. The proposed budget for 2022/23 for CCBS as a whole and analysed by service for the CCBS services within the portfolio of the Executive Member for CSEP is shown in Appendix 1.
10. This report seeks approval for submission to the Leader and Cabinet of the revised budget for 2021/22 and detailed service budgets for 2022/23 for the CCBS services within the portfolio of the Executive Member for CSEP. 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 8 February 2022 to make final recommendations to County Council on 17 February 2022.

Section D: Contextual Information

11. The Medium Term Financial Strategy (MTFS) update presented to Cabinet and County Council in October and November respectively, addressed the challenges of long term financial planning in an environment of significant uncertainty, in respect of both ongoing spending commitments and the national funding position for the local government sector.
12. The 2021 Spending Review represents the first multi-year budget since 2016/17 following single year spending announcements in 2019 and 2020 linked to uncertainty surrounding the UK's exit from the EU and recently the economic impacts and fiscal response to Covid-19. Whilst the additional certainty offered by a multi-year settlement is welcome, it is disappointing that local authority funding will remain relatively flat in 2023/24 and 2024/25. The settlement therefore does not present a long term solution to funding growth in service demand, for which the Council has lobbied the government for a number of years.
13. The impact of Covid-19 continues to be dealt with as a discrete one-off financial impact, separate from the business as usual medium term financial strategy. The budget summary presented in this report does not take account of Covid impacts as these will be centrally funded on a one-off basis in line with the pressures reported by departments in their financial monitoring returns. However, it should be noted that as we transition towards a 'new normal' post-pandemic, the distinction between latent and longer term Covid impacts and 'business as usual' financial pressures is difficult to establish. The complex inter-relationship between numerous variables post-pandemic makes forecasting challenging but based on recent analysis carried out as part of detailed budget preparation work, the medium term forecast for departmental spending now anticipates significant pressure building by 2024/25 within Adults' and Children's social care.
14. The current financial strategy which the County Council operates, works on the basis of a two year cycle of delivering change to release resources and close the anticipated budget gap. This provides the time and capacity to properly deliver major transformation programmes every two years, with deficits in the intervening years being met from the Budget Bridging Reserve (BBR) and with any early delivery of resources retained by departments to use for cost of change purposes or to cash flow delivery and offset service pressures. The model has served the authority well.
15. The County Council's action in tackling its forecast budget deficit and providing funding in anticipation of further reductions, placed it in a very strong position to produce a 'steady state' budget for 2022/23, giving itself the time and capacity to develop and implement the SP2023 Programme to deliver the next phase of

savings totalling £80m by April 2023. This also avoids the worst effects of sudden and unplanned decisions on service delivery and the most vulnerable members of the community.

16. Consequently, there are no new savings proposals to be considered as part of the 2022/23 budget, however other factors will still affect the budget, such as the publication of specific grant allocations and potential increases in unavoidable pressures such as inflation.
17. The Autumn Budget and Spending Review announcement took place on 27 October 2021 and the key elements were as follows:
 - Local government Core Spending Power will increase by 3% per year in real terms in the period to 2024/25, however this includes raising Council tax and the Adult Social Care (ASC) Precept by the maximum permitted increases.
 - Over the next three years, local authorities will be allowed to increase core council tax by up to 2% per year without a referendum. In addition, ASC authorities will be allowed to raise the ASC Precept by 1% each year. The MTFs assumes that the Council will have the flexibility to raise the ASC Precept by 2% each year and the reduction in the available precept therefore presents a further funding shortfall for the Council of £14m by 2023/24.
 - An additional £4.8bn grant funding was announced for social care and other services to 2024/25. This includes around £1.5bn per year to be distributed through the local government finance settlement in addition to an extra £200m for the Supporting Families Programme and over £70m to boost cyber security and to further strengthen local delivery and transparency. The County Council's share of this funding will be announced as part of the financial settlement in December.
 - The Spending Review confirmed that £3.6bn of the additional £5.4bn funding for adult social care reforms announced on 7 September 2021 will be routed through to local government. The funding is expected to cover all additional costs resulting from the personal care cap and revised capital limits, however a further sum of £1.7bn has been set aside to compensate public sector employers for the additional national insurance costs they will face as a result of the new Health and Social Care Levy.
 - Included within the Department of Health and Social Care settlement was an additional £1.7bn over three years to improve the wider social care system, including the quality and integration of care. At least £500m of this will be allocated to improve qualifications, skills, and wellbeing across the adult social care workforce.
 - £2.7bn funding for local road maintenance for non-mayoral authorities over the remaining years of the parliament, equivalent to £900m per year. This allocation is expected to maintain highways funding at 2021/22 levels.

- The government published its report on the outcome of the Fundamental Review of Business Rates. The review reaffirmed the advantages of business rates as a form of business taxation and did not propose any fundamental changes to the basis on which the tax is levied. However, the government announced a move to 3-yearly revaluations starting in 2023, a freeze on the multiplier and significant new temporary and permanent reliefs, including a 50% relief for retail, hospitality and leisure businesses in 2022/23. Local authorities will be fully compensated for the multiplier freeze and new reliefs via Section 31 grants.
18. The provisional Local Government Finance Settlement has not been announced at the time of writing this report but is anticipated in mid-December 2021. This will provide more clarity as to the impact of the Spending Review on Hampshire County Council and details will be provided in a separate briefing to members and within the Policy and Resources Select Committee Briefing presentation in January 2022.
 19. The final grant settlement for 2022/23 is not due out until January / February 2022 and should there be any changes to the figures that are released in December 2021 these will be reflected in the final budget setting report to County Council.
 20. The CCBS Department, which includes the services within the portfolio of the Executive Member for CSEP, has been developing its service plans and budgets for 2022/23 and future years in keeping with the County Council's priorities and the key issues, challenges and priorities for the Department are set out below.

Section E: Departmental Challenges and Priorities

21. The CCBS Department delivers a wide range of services with gross expenditure in the region of £117m a year and income streams of around £72m, leaving a cash limit of £45m. In addition, the Department is responsible for the Coroners Service, three business units, and the River Hamble Harbour Authority budgets, all of which sit outside the cash limit. The diversity of the Department is illustrated below:
 - Business units with a combined turnover of £57.2m.
 - Managing the repairs and maintenance of the corporate estate (with a net cash limit of £8.3m).
 - Service level agreements with c460 schools (£13.7m).
 - HM Coroner Service in Hampshire (£2.4m).
 - The relationship with various major Trusts including the Hampshire Cultural Trust.

22. The CCBS services supported by cash limit funding already rely on income and recharges to fund 62% of the gross costs of service delivery. Maintaining existing levels of income from 'choose to use' services such as Country Parks and Outdoor Centres is challenging and depends at least in part on ongoing digital, marketing and other investment to ensure the services remain attractive and relevant to Hampshire residents and visitors. However it remains a key objective for the Department that these services are able to both maintain and increase sustainable external income streams as an alternative way to fully cover their operating costs and reduce reliance on core cash limit funding and this ambition is reflected in the Department's SP2023 programme.
23. Covid-19 has clearly had a major impact on service delivery across the board including services' ability to generate income. The financial impacts have varied significantly reflecting the diversity of services (for example, within Country Parks car parking income continues to hold up well but income from catering remains below pre-pandemic levels). Corporate funding has been set aside to deal with the impacts of Covid-19 (as set out in paragraph 13 above) so the net financial impacts on CCBS in 2021/22 financial year will be met corporately. However, it is worth noting that the forecast net impact of Covid-19 for CCBS services funded from the cash limit is a £2.1m pressure.
24. A key priority for the Department is to understand the medium to long term changes resulting from the pandemic and their impact on service delivery and operating models including identifying a sustainable financial basis for future operation. This includes the ability of individual services to recover from the impacts of Covid-19 and to respond when changes seen during the pandemic are expected to become longer-term trends and it is already clear that the new 'steady state' will be different for different services.
25. In support of the County Council's declaration of a Climate Emergency in July 2019 CCBS continues to place a high importance on actions to reduce carbon emissions or improve climate resilience. On 13 July 2021 Cabinet approved a £1.2m programme of climate change actions to be led by CCBS covering activities across the County Council's own estate and operations that will reduce carbon emissions and mitigate the risks to the County Council from the potential impacts of climate change in the coming years. Progress is already being made including piloting Hydrotreated Vegetable Oil fuel for County Council vehicles and a programme of tree planting.
26. Finally, most services within the Department are facing increasing challenges in retaining and recruiting staff at all levels. There are likely to be a number of factors influencing this position including pay inflation in the wider labour market making County Council roles less attractive. The Department is reviewing approaches to recruitment to seek to counteract this but there remains a potential risk that service delivery in some areas could be affected.

Section F: 2021/22 Revenue Budget

27. Enhanced financial resilience reporting, which looks not only at the regular financial reporting but also at potential pressures in the system and the achievement of savings being delivered through transformation, has continued through periodic reports to the Corporate Management Team (CMT) and to Cabinet.
28. Given the diverse nature of the services provided by CCBS reporting of the overall CCBS budget has always been split across more than one Executive Member portfolio. During the 2021/22 financial year Emergency Planning, Corporate Health and Safety, and the Leader's Grant budget were all moved from within the Policy and Resources portfolio to the CCBS Department. As a result, the original budget for the CCBS Department has been restated to show the inclusion of these services, and the adjusted allocations across the Executive Member for Recreation, Heritage, Countryside and Rural Affairs, the Executive Member for Commercial Strategy, Estates and Property (CSEP) and also the Executive Member for Performance, Human Resources and Partnerships and the Executive Lead Member Economy, Transport and Environment, to whom Health and Safety and Emergency Planning respectively will now be reported.
29. The restated budgets and allocations for the service budgets now reported to the Executive Member for CSEP, and for CCBS as a whole, are set out in Appendix 1.
30. The anticipated business as usual outturn forecast for CCBS 2021/22 is a saving against the budget of £2.2m. The £2.2m is made up as follows:
 - £683,000 from planned savings which are expected to be put towards SP23 savings targets (including what has now been confirmed as sustainable over-achievement of earlier T19 saving plans).
 - Vacancy management and other support cost savings across a range of services totalling £1.509m.
 - Net savings on direct service provision of £196,000, including additional income from Outdoors Centres school bookings and marriage and civil partnerships ceremonies (which have increased much more than expected since the lifting of lockdown restrictions), and additional property services work on the decarbonisation programme, offset by pressures such as one-off expenditure on bridge works within Countryside services, and lower than expected Learning in Libraries funding.
 - Net pressures on Office Accommodation (delayed delivery of Tt019 target which will be met corporately – see paragraph 36) and the PrintSmart budget (which manages the corporate print contract) totalling £211,000.
31. The budget for the CCBS services within the portfolio of the Executive Member for CSEP has been updated throughout the year and the revised budget is shown in Appendix 1. The revised budget for CCBS as a whole, of which the

CCBS services within the portfolio of the Executive Member for CSEP are a part, shows an increase of £7.5m made up of:

- £1.931m temporary funding from the CoC reserve to support the delivery of transformation savings programmes and other priority projects e.g. works to repair Countryside paths following the wet winter and increased usage resulting from lockdowns, investment in improved IT systems, and temporary staff posts to manage the transformation programme.
- £3.055m drawn down from the funding agreed by Cabinet to support the Strategic Land Programme in 2021/22.
- £1.030m drawdown from the funding agreed by Cabinet in November 2020 for the critical one-off health and safety works identified for the Adults' Health and Care residential and nursing estate.
- £786,000 drawn from the CCBS Minor Capital Works to meet the costs of bridge works on Countryside rights of way and the Office Accommodation reserve to cover office accommodation moving costs delayed from 2020/21 due to Covid.
- An increase of £970,000 to address Ash Dieback (part of the allocations agreed by Cabinet in February 2020 and December 2020).
- A net reduction of £259,000 from transfers between departments including IT growth charges.

Section G: 2022/23 Revenue Budget Pressures and Initiatives

32. In addition to the issues covered in Section E CCBS services are facing inflationary pressures and shortages of labour and materials in particular construction related activity. This affects the cost of works and is increasingly causing delays to contractors being able to start work on site with resultant slippage e.g. in planned and funded work to maintain paths and bridges on the Rights of Way network. The inflation pressures and volatility in some markets are unprecedented in recent years and result from a combination of factors including the pandemic, Brexit and global supply chain issues and are expected to persist throughout 2022/23.

Section H: Revenue Savings Proposals

33. Savings targets for 2023/24 were approved as part of the MTFS by the County Council in July 2020. Proposals to meet these targets have been developed through the SP2023 Programme and were approved by Executive Members, Cabinet and County Council in October and November 2021.
34. In line with the Council's financial strategy, SP2023 savings will be delivered over a two year period with the business as usual deficit in 2022/23 being met from the Budget Bridging Reserve. Given the medium term deficit due to Covid-19 pressures and the resulting financial response package, which uses up all available financial flexibility, it remains critical that SP2023 is delivered by 1 April 2023. Rigorous monitoring of the delivery of the programme has already

begun, to ensure that the Department is able to achieve the savings by the required date.

35. This early action in developing and implementing the savings programme for 2023/24 means that the County Council is in a strong position for setting a balanced budget in 2022/23 and that no new savings proposals will be considered as part of the budget setting process for the next financial year.
36. All previous savings programmes for CCBS are expected to be fully delivered by 2022/23, with the exception of the one outstanding Tt2019 saving relating to Office Accommodation where spend is impacted by decisions of all departments of the County Council. The modest £160,000 balance outstanding is expected to be partially delivered in 2022/23 and fully delivered by 2023/24.
37. CCBS has an SP2023 target of £3.361m to be achieved in full by April 2023 and the programme to achieve this was approved by the County Council on 4 November 2021. Work is already underway to achieve the savings but, against the backdrop of continuing uncertainty around the pandemic impacts, the income generation targets may be challenging to achieve. This emphasises the need to achieve as many of the non-income savings as possible ahead of target and current forecasts would see £1.58m delivered before April 2023.

Section I: 2022/23 Revenue Budget Other Expenditure

38. The budget includes some items which are not counted against the cash limit. For CCBS these are the Coroners Service and the four business units, including the River Hamble, as shown in Appendix 1.
39. There are separate approval processes in place for the business units' financial plans with detailed business plans for HC3S (catering), County Supplies and Hampshire Transport Management to be reported to the Executive Member for Commercial Strategy, Estates and Property on 6 April 2022 for approval and the 2022/23 revenue budget for the River Hamble Harbour Authority reported to the River Hamble Harbour Board on 7 January 2022.

Section J: Budget Summary 2022/23

40. The budget update report presented to Cabinet on 07 December 2021 included provisional cash limit guidelines for each department. The cash limit for the CCBS Department in that report was £44.8m (of which £24.6m related to CSEP services), a £1.4m increase on the previous year. The increase comprised:
 - £1.530m increase covering non-pay inflation.
 - A net reduction of £128,000 from transfers between departments including IT growth charges.
41. Appendix 1 sets out a summary of the proposed budgets for the service activities provided by the CCBS Department within the portfolio of the

Executive Member for CSEP for 2022/23 and show that these are within the cash limit set out above.

42. In addition to these cash limited items there are further budgets which fall under the responsibility of the CCBS Department, which are shown in the table below:

	2022/23	
	£'000	£'000
Cash Limited Expenditure	117,111	
Less Income (Other than Government Grants)	(72,336)	
Net Cash Limited Expenditure		44,775
Trading Units Net (Surplus) / Deficit		(773)
Coroners		2,391
Total Net Expenditure		46,393

Section I: Consultation, Equalities and Climate Change Impact Assessment

43. Consultation on the budget is undertaken every two years when the County Council considers savings to help balance the budget. All savings proposals put forward by the County Council has an Equality Impact Assessment published as part of the formal decision making papers and for some proposals stage 2 consultations are undertaken before a final decision is made by the relevant Executive Member.
44. This report deals with the revenue budget preparation for 2022/23 for the Commercial Strategy, Estates and Property budgets. This is the interim year of the two year financial planning cycle when no new savings proposals are being considered. Therefore no consultation or Equality Impact Assessments are required.
45. Hampshire County Council utilises two decision-making tools to assess the carbon emissions and resilience impacts of its projects and decisions. These tools provide a clear, robust, and transparent way of assessing how projects, policies and initiatives contribute towards the County Council's climate change targets of being carbon neutral and resilient to the impacts of a 2°C temperature rise by 2050. This process ensures that climate change considerations are built into everything the Authority does.
46. This report deals with the revenue budget preparation for 2022/23 for Commercial Strategy, Estates and Property budgets. Climate change impact assessments for individual services and projects will be undertaken as part of the approval to spend process. There are no further climate change impacts as

part of this report which is concerned with revenue budget preparation for 2022/23 for the Commercial Strategy, Estates and Property services.

REQUIRED CORPORATE AND LEGAL INFORMATION:

Links to the Strategic Plan

Hampshire maintains strong and sustainable economic growth and prosperity:	Yes / No
People in Hampshire live safe, healthy and independent lives:	Yes / No
People in Hampshire enjoy a rich and diverse environment:	Yes / No
People in Hampshire enjoy being part of strong, inclusive communities:	Yes / No

Other Significant Links

Links to previous Member decisions:	
<u>Title</u>	<u>Date</u>
Savings Programme to 2023 – Revenue Savings Proposals (Executive Member for Commercial Strategy, Estates and Property) https://democracy.hants.gov.uk/documents/s82556/Report.pdf	29 September 2021
Medium Term Financial Strategy Update and Savings Programme to 2023 Savings Proposals https://democracy.hants.gov.uk/ieListDocuments.aspx?CId=163&MId=7737	Cabinet – 12 October 2021 / County Council – 4 November 2021
Budget Setting and Provisional Cash Limits 2022/23 https://democracy.hants.gov.uk/ieListDocuments.aspx?CId=134&MId=7745	Cabinet – 7 December 2021
Direct links to specific legislation or Government Directives	
<u>Title</u>	<u>Date</u>

Section 100 D - Local Government Act 1972 - background documents	
<p>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.)</p>	
<u>Document</u>	<u>Location</u>
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:

The budget setting process for 2022/23 does not contain any proposals for major service changes which may have an equalities impact. Proposals for budget and service changes which are part of the Savings Programme to 2023 Programme were considered in detail as part of the approval process carried out in October and November 2021 and full details of the Equalities Impact Assessments relating to those changes can be found in Appendices 4 to 8 in the October Cabinet report linked below:

<https://democracy.hants.gov.uk/ieListDocuments.aspx?CIId=163&MIId=7737>

For proposals where a Stage 2 consultation is required the EIAs are preliminary and will be updated and developed following this further consultation when the impact of the proposals can be better understood.

Budget Summary 2022/23 – CCBS Transformation & Business Management and Property Services & Facilities

Service Activity	Original Budget 2021/22 £'000	Revised Budget 2021/22 £'000	Proposed Budget 2022/23 £'000
Business Development Team	671	888	682
CCBS Maintenance and Development ⁽¹⁾	81	320	322
Transformation	997	1,186	1,109
Rural Broadband	130	130	130
Asbestos	111	59	83
Business Support ⁽²⁾	634	448	521
Scientific Services	177	175	211
Corporate Estate	(195)	(195)	(180)
Development Account	(345)	(345)	(357)
Facilities Management and the Great Hall ⁽³⁾	3,748	3,721	3,894
Hampshire Printing Services	(24)	(24)	(24)
Property Services ⁽²⁾	3,816	3,625	3,911
Sites for Gypsies and Travellers	39	39	41
Manydown and Other Miscellaneous	(23)	(23)	(23)
Feasibility	1,035	1,035	1,035
Strategic Land ⁽⁶⁾	0	3,055	0
Strategic Land Disposal of Sites	231	231	236
Office Accommodation	4,040	4,436	4,010
Repairs and Maintenance	8,127	8,107	8,289
Adults Health and Safety Works ⁽⁶⁾	0	1,030	0
PrintSmart ⁽³⁾	(55)	(57)	(57)
Net Contribution To / (From) Cost of Change ⁽⁴⁾	(25)	56	137
Climate Change ⁽⁵⁾	0	600	600
CCBS CSEP Net Cash Limited Budget	23,170	28,497	24,570
CCBS Recreation, Heritage and Rural Affairs	19,160	21,352	19,134

CCBS Performance, Human Resources and Partnerships Services	748	748	770
Emergency Planning	295	289	301
CCBS Cash Limited Budget	43,373	50,886	44,775
Coroners	2,391	2,391	2,391
CCBS Trading Units	(878)	(875)	(773)

- (1) The Maintenance and Development budget has been created to cover cyclical and one-off maintenance and development costs associated with the Department's key service delivery, using over-achievement of savings from the Tt2019 programme which have proved to be sustainable.
- (2) During the 2021/22 financial year, the CCBS department management team (DMT) and service groupings were restructured, resulting in a number of budget movements within the Department. These changes have been reflected in the revised and forward budget.
- (3) The PrintSmart budget had previously been included within the CCBS cash limited services as part of Facilities Management, but the original budget above is restated to show this within the CCBS managed services.
- (4) The budgeted net contribution to Cost of Change includes the expected achievement of savings which will be allocated to the Department's SP23 savings targets.
- (5) As approved by Cabinet in February 2021, the CCBS Community Grants Fund was realigned, together with the Leader's grant pot and Members Devolved Grant budgets, to re-instate the increased grant budget level per member, to increase the Leader's grant budget to £400,000, to retain a smaller CCBS Grants Fund of £32,000 and to create a one-off fund of £1.2m over two years overseen by CCBS targeted at climate change initiatives. These changes are reflected in the revised and forward budgets.
- (6) The revised budgets for Strategic Land and Adults Health and Safety works reflect the one-off funding agreed by Cabinet to support the 2021/22 Strategic Land Programme and the critical health and safety works identified for the residential and nursing estate.

This page is intentionally left blank

HAMPSHIRE COUNTY COUNCIL

Decision Report

Decision Maker:	Executive Member for Commercial Strategy, Estates and Property
Date:	21 January 2022
Title:	2022/23 to 2024/25 Capital Programme Report for CCBS
Report From:	Director of Culture, Communities and Business Services and Director of Corporate Operations

Contact name: Felicity Roe

Tel: 01962 847876

Email: Felicity.Roe@hants.gov.uk

Purpose of the Report

1. This report seeks approval for submission to the Leader and Cabinet of the proposed capital programme for Culture, Communities and Business Services (CCBS) for 2022/23 to 2024/25 and the revised capital programme for 2021/22.

Recommendation(s)

To approve for submission to the Leader and the Cabinet:

2. The capital programme for 2022/23 to 2024/25 as set out in Appendix 1.
3. The revised capital programme for 2021/22 as set out in Appendix 2.
4. The carry forward of resources of £30.7M from 2021/22 to 2022/23 as set out in paragraph 30.
5. An increase in the value of the 2021/22 Schools Condition Allocation (SCA) funded named scheme at Nightingale Primary school by £985,000 (scheme total now £2.5M).
6. Spend of £786,000 capital funding from cost of change reserves allocated for the proposed improvements to the Formal Meeting Chamber.
7. The Executive Member recommends to Council to increase the value of and the expenditure approvals for the Uplands Development Infrastructure (UDI) project by £1.498m (scheme total now £28.139m) and the wider master developer funding by £0.85m using part of the enhanced forecast sale receipts following the successful marketing of the initial phase of development on the Woodhouse Meadows site, together with a 'windfall' compensation payment from Scottish and Southern Electric.

Executive Summary

8. This report seeks approval for submission to the Leader and Cabinet of the proposed capital programme for CCBS for 2022/23 to 2024/25.
9. 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 8 February 2022 to make final recommendations to County Council on 17 February 2022.
10. In accordance with the provisional capital guidelines approved by Cabinet in December 2021, the report considers the schemes which it is proposed to include in the capital programmes for 2022/23, 2023/24 and 2024/25. The report also presents the revised programme for 2021/22.
11. The proposals contained within this report are derived from the departmental service plans which have been developed to support the 'Serving Hampshire - Strategic Plan 2021 – 2025'.

Contextual information

12. Executive Members have been asked to prepare proposals for:
 - a locally resourced capital programme for the three-year period from 2022/23 to 2024/25 within the guidelines used for the current capital programme including the third year, 2024/25, at a similar level to 2023/24
 - a programme of capital schemes in 2022/23 to 2024/25 supported by Government grants as announced by the Government.
13. The capital guidelines are determined by the Medium Term Financial Strategy which is closely linked to the 'Serving Hampshire - Strategic Plan 2021 – 2025' and departmental Service plans to ensure that priorities are affordable and provide value for money and that resources follow priorities.
14. The majority of the schemes included in the three-year capital programme reported to the Executive Member for Commercial Strategy, Estates and Property (EMCSEP), will be delivered by the Culture, Communities and Business Services (CCBS) Department. However, from time to time, the three-year programme may also need to include one-off proposals from Corporate Operations.
15. CCBS services are reported to different Executive Members and individual project appraisals for schemes within the approved programme will be taken to the appropriate Executive Member depending on the service bringing the project forward.

Locally resourced capital programme

16. The cash limit guidelines for the locally resourced capital programme for the Culture, Communities and Business Services (CCBS) portfolio service set by Cabinet are as follows:

	£'000
2022/23	4,559
2023/24	4,559
2024/25	4,559

17. 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.
18. 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.

Revised 2021/22 capital programme

19. The resources for the revised 2021/22 capital programme for CCBS are shown below and total £70.8 million. The changes since the capital programme was approved in February 2021 are summarised below with further details shown in Appendix 2:

	2021/22
	£'000
Approved programme	38,232
Allocations carried forward from previous years	50,784
Draw down of approved corporate funding	1,690
Draw down of approved gainshare funding	1,000
Draw down of approved cost of change funding	115
Salix interest free loan funding adjustment	-500
Adjustment to Government grant	5,979
Developers contributions	540
Other external funding	850

Carry forward to 2022/23	-30,744
Funding transferred from Children's Services	253
Net transfers between capital and revenue and other technical adjustments to meet accounting requirements	232
Botley (Uplands) Additional Funding	2,348
	<hr/> 70,779 <hr/>

20. The schemes carried forward from previous years of £50.784m were agreed by Cabinet on 13 July 2021. Significant additions to the programme include a higher than anticipated School Condition Allocation (SCA) grant for local authority schools and Sure Start early years centres of £23.391M compared to £17.412M assumed in the capital programme approved in February 2021. This was higher than previous years' allocations due to changes in the allocation formula, including an increase in the SCA base rate and the incorporation of a 'condition factor' that takes account of the outcome from the first round of the government's condition data capture (CDC) programme.
21. The increase in SCA grant allowed additional funding to be allocated to a number of the larger named schemes in the 2021/22 capital programme to accommodate cost inflation pressures and changes in scope to improve the energy savings and carbon emissions reductions achieved in line with the County Council's carbon net zero targets for the built estate.
22. A number of additional named schemes were also brought forward for approval by the Executive Member for Commercial Strategy, Estates and Property in October 2021, to allow early development and procurement in order to mitigate the risks arising from material and labour shortages in the supply chain.
23. It is now proposed to allocate additional funding of £985k to the SCOLA recladding project at Nightingale Primary school, included in the 2021/22 capital programme, increasing the total scheme value to £2.5M.
24. Grants totalling £29.3M under the government's Public Sector Decarbonisation Scheme (PSDS), supported by a further £3.27M allocated from the 2020/21 SCA grant, are enabling the delivery of a significant programme of investment across the schools and corporate estates to reduce operational carbon emissions.
25. Good progress has been made on the programme since March 2021, in line with the tight timescales set by the funding grants. However, the ongoing material and labour supply chain shortages across the construction industry has impacted on the delivery of works on site. As a result, an extension to the completion deadline has been agreed with Salix, the government's funding body managing the PSDS, and some adjustments have been made to the programme. This includes the re-allocation of up to £1.5M of grant funding, previously identified for a programme of improved boiler and heating controls, to

a new programme of cavity wall insulation. While it is currently anticipated that all work will be completed by 31 March 2022, discussions are ongoing with Salix to address any extension of the programme beyond this date, should this become necessary.

26. There is a need to increase the funding for the Uplands Development Infrastructure (UDI) project which will see the provision of the servicing arrangements (highways and utilities) to support the delivery of Deer Park School and housing on the County Council owned Woodhouse Meadows site at Hedge End. The Executive Member for Policy and Resources approved an updated project appraisal position for the UDI works in January 2021 to allow the contract for these works to be let. However, unfortunately challenging groundwater conditions, the need for remedial works and a consequent change in the construction specification, together with re-re-sequencing of works to ensure a serviced access was available to the new school has resulted in an additional cost to the UDI contract of £1.498m. The improved land value arising from the recent marketing exercise of Phase 2 of Woodhouse Meadows site will more than meet this cost increase.
27. The provision of a serviced access for the Woodhouse Meadows site forms part of a wider master-developer approach being taken by the County Council in its capacity as landowner for which a separate capital provision of £600k was approved by Cabinet in February 2019. Unfortunately, a substantial part of this funding has been used to support unforeseen costs, yet there remain a number of key landowner obligations to meet under the S.106 agreement with insufficient funding in place to meet the cost.
28. The smaller Botley Fields site which is located off Winchester Street in Botley and directly interfaces with the proposed Botley Bypass, will be sold un-serviced. As the detailed design of the Botley Bypass has progressed, there are potential scheme cost savings and/or an enhanced land value if the required noise attenuation arrangements for the development site are implemented as *part* of the Bypass scheme and in *advance* of the sale of the site. The estimated cost of these attenuation bunds is in the region of £500k. A 'windfall' compensation payment of at least £850k will be payable by Scottish and Southern Electricity following their decision to retain existing, overhead high voltage cables that cross the Woodhouse Meadows site. It is proposed that this payment is used to support the County Council's role as master developer across the two Uplands Farm sites.
29. Approval is therefore sought to recommend to Council to add a further £2.348m to the CCBS capital programme in 2021/22 using part of the improved Woodhouse Meadows receipt value and also the drawing on the SSE compensation payment to support the Uplands Development project(s), together with the associated expenditure approvals.
30. Funding of £786,000 has been added to the 2021/22 capital programme for the improvement works to the Formal Meeting Chamber. The proposals for these improvement works together with funding of £786,000 were included in the Medium Term Financial Strategy Update Cabinet report, approved by the County Council on 4th November 2021. Since then, further review has been undertaken to confirm that the proposals represent the most appropriate option, and the design has been further developed. The start of work on site is

anticipated in the spring of 2022 subject to an acceptable tender return and consequently approval to spend is now being sought in this report.

Resources and projects proposed to be carried forward to 2022/23

31. The following table outlines the projects and resources that for reasons set out below, it is proposed to defer and carry forward to 2022/23:

Project	Cost of Projects & Resources carried forward
	£'000
Office Accommodation capital projects	1,850
County Farms	1,982
CCBS Capital carried forward (to fund Countryside – Bridges & Rights of Way in 2022/23)	169
Basingstoke Canal - Swan Cutting Restoration	775
Hampshire Transport Management - Vehicle Workshop	600
School Condition Allocation (building improvements)	24,618
Corporate estate capital projects	750
Total	30,744

32. Capital receipts from previous rationalisation of the office accommodation portfolio have been amalgamated and retained in the capital programme. It is proposed to use this capital funding, together with a previously allocated £700k revenue contribution, to address essential condition related maintenance works at the Fareham Parkway corporate office and undertake some internal refurbishment works to improve the working environment. Utilisation of the Fareham Parkway office has increased following the end of lease arrangements at Fareham Reach and Fareham Borough Council offices in early 2021 and relocation of a number of teams to Fareham Parkway. These moves are part of the overall strategy for corporate office accommodation.
33. In accordance with the strategy for the County Farms estate, capital receipts from the sale of farmland and buildings are accrued and earmarked for future investment in County Farms. Minor improvements are required to a number of farms, mainly to ensure compliance.

34. Two improvement projects have been identified as named schemes to carry forward to 2022/23, with a combined value of up to £1.2M to be funded from existing capital receipts. Lyde Green Farm, Rotherwick, requires considerable investment in slurry storage. The existing lagoon is insufficient to take the slurry and dirty water quantities generated by the farm and is also poorly situated close to residential properties. A new lagoon is to be provided in a different location, which will resolve all risk and compliance issues. Hollam Hill Farm buildings consist largely of a range of timber-framed portal buildings that are costly to maintain and no longer considered to be safe or structurally viable. These are to be replaced with modern steel portal frame buildings which will be more fit for purpose and much less costly to repair. These projects were due to take place in 2021/22 but have been carried forward, chiefly due to covid-related and other project delays. The reported costs have risen this year to allow for the possibility of higher build costs that are prevalent in the current market.
35. In 2018 the Basingstoke Canal was allocated £1.5m Capital Investment Priorities funding (Cabinet 5th February 2018) over three years to meet the Council's obligations as the owner of the Canal. This will have been fully utilised in 2022/23 on schemes and addressing issues such as Dogmersfield landslip. The Swan Cutting scheme was added as a named scheme in the 2019/2020 programme with the sum of £335,000 from the Canal Capital. Further investigation of this scheme by geotechnical specialists have indicated that more funding will be necessary. The funding drawn from the Canal Capital has been increased to £775,000 for 2021/2022 and will be carried forward to 2022/23. The scheme is highly sensitive involving over 11 different landowners and is unlikely to be completed in 2022/2023. There will be a requirement for future capital funding for the Basingstoke Canal as part of the wider CCBS Asset Strategy.
36. A range of options are being explored for the Hampshire Transport Management (HTM) vehicle workshop at Petersfield including refurbishment of the existing buildings to address significant deterioration of some of the fabric of the buildings through to a new build on a different part of the site to accommodate all three main parties on site. Due to the complexity of the operations on site, the assessment of the impact of any changes to the location of buildings on site and the need to ensure that the project is affordable and commercially viable for HTM (as a self-funding business unit) the project has been delayed and is to be carried forward into 2022/23.
37. The SCA grant is used to improve the condition of the school's estate on a priority basis. In line with normal timescales for design development and procurement, a number of the larger named schemes and the new schemes added to the 2021/22 capital programme are planned for delivery on site in future years. In 2022/23 there is a need to carry forward £24.618M of funding from the 2021/22 programme. This includes named schemes with a combined value of £18.122M, a further £1.920M of schemes below the named schemes threshold and £4.576M of currently unallocated SCA grant funding.
38. £750k of capital repairs and maintenance funding is to be carried forward to the 2022/23 programme to support the delivery of priority schemes to address condition liabilities and priorities across the corporate estate. This includes

essential upgrades to mechanical and electrical systems and further improvements to fire precautions within the corporate buildings portfolio.

Proposed capital programme 2022/23 to 2024/25 – locally resourced schemes

39. The programme proposed for 2022/23 to 2024/25 is detailed in Appendix 1.
40. The largest allocation is £3.4 million per annum for vehicle purchases by Hampshire Transport Management (HTM). An increase of £0.4m per annum from 2020/21 was approved by County Council in February 2020 to enable HTM to respond to growing business for electric vehicles. The cost of these purchases is recovered through business unit charges to customers.
41. The 2022/23 cash limit guideline is supplemented by contributions from departmental revenue budgets and cost of change reserves and capital receipts to fund specific schemes. This includes improvements to the visitor facilities at the Great Hall.
42. New capital improvement schemes totalling £334k have been identified as part of the annual programme of essential repairs and maintenance for the corporate estate in 2022/23. Individual schemes will be approved under officer delegations in line with agreed priorities. These schemes can be funded by revenue contributions to capital, using the repairs and maintenance budget in 2022/23.
43. The Countryside Service has a statutory duty to maintain the Rights of Way network to ensure it remains safe and accessible for the public. Works identified for 2022/23 represent the most essential priorities in order for the County Council to fulfil its statutory responsibilities.
44. A review of the current Right of Way structures is currently underway. The schemes identified by the Countryside Service for 2022/23 represent essential health and safety and improvement works to assets such as bridges, where structural issues have been identified during inspections. Funding of £400,000 is drawn from CCBS minor capital works programme, including some which has been carried forward from prior years.
45. There is a requirement for surfacing and drainage works across the Rights of Way network to ensure that paths are available and safe to use. These schemes represent a prioritised list of works for 2022/23. Funding of £282,000 is drawn from the carried forward CCBS minor capital works programme along with the CCBS capital contingency allocation for 2022/23.
46. The 2022/23 capital programme also includes the proposal to carry forward funding from the 2021/22 programme in respect of schemes that for a variety of reasons summarised from paragraph 31 will not start in the current financial year. The total of locally resourced funding proposed to be carried forward is £6.1M. The augmented locally resourced programme totals are shown in the table below:

2022/23	2023/24	2024/25
£'000	£'000	£'000

Guideline set by Cabinet	4,559	4,559	4,559
Departmental revenue and reserve contributions to capital	1,034		
Carry forward from 2021/22	6,126		
Proposed locally resourced programme	11,719	4,559	4,559

Proposed capital programme 2022/23 to 2024/25 supported by Government allocations

47. The Government has allocated all its support for the capital programme in the form of capital grants (Schools Condition Allocation), and not as borrowing allocations. This allocation is used to address condition based maintenance of the schools' estate which delivers improvements in the operational efficiency and quality of the learning environment in Hampshire's maintained schools.
48. The Secretary of State has not yet announced details of individual local authority capital allocations for 2022/23, 2023/24 and 2024/25. However, further changes to the allocation formula are anticipated from 2022/23 and it is unclear what the net impact will be on the SCA grant for Hampshire County Council. A continuation of 2021/22 allocation is assumed in the 2022/23 capital programme, however it is recognised that the confirmed allocation may be lower and this is being considered in the detailed planning for the 2022/23 SCA programme.
49. Three new named schemes totalling £6.1M, at Henry Cort Community College, Baycroft School and Marchwood Infant School, have been provisionally identified for inclusion in the 2022/23 SCA programme. Further programmes of work, below the threshold for named schemes and totalling the balance of the anticipated grant funding, are being developed to address the identified condition priorities across the schools' estate alongside the carry forward programme of grant funded works from 2021/22.
50. Schemes identified support the County Council's statutory responsibilities for schools and reduce the maintenance backlog liability through targeted risk-based investment. The most significant maintenance challenge in the schools' portfolio remains the high proportion of 'system buildings' including the SCOLA system used extensively throughout the 1950s to the 1970s. SCOLA buildings represent 40% of the floor area of the school estate in Hampshire and named schemes continue to progress modernising the SCOLA Mark 2 buildings.
51. Recladding SCOLA schools is a cost and carbon efficient way to address condition related maintenance issues and protect the overall structure of the buildings, extending their life. Recladding also significantly improves the internal building environment and energy efficiency of the buildings. Opportunities for further improvements in thermal performance and energy efficiency achieved through SCOLA recladding schemes are being explored for the tranche of projects in development. This approach supports the County Council's carbon net zero targets for the built estate.
52. Beyond the SCOLA programme, there is a need to continue to address the wider maintenance liabilities across the schools' estate. Programmes of work

below the threshold for named schemes will address mechanical, electrical and building fabric related liabilities, incorporating measures that reduce energy consumption and achieve carbon emission reductions wherever possible.

53. The full grant is added to the CCBS Capital Programme cash limit to allow the funding to be prioritised to ensure that school buildings are kept safe and in good working order. Priorities are jointly agreed with Children’s Services.
54. The cash limit guidelines for this part of the capital programme are as follows:

Capital grant	2022/23	2023/24	2024/25
	£’000	£’000	£’000
Assumed	23,391	23,391	23,391
Carry forward from 2021/22	24,618		
Proposed programme funded by Govt grant	48,009	23,391	23,391

Emerging construction inflation and resource capacity issues

55. 2021 has been a challenging year for the construction industry with material and labour shortages and cost increases impacting on programmes of work being delivered as part of the County Council’s capital programme.
56. The outlook for the UK economy remains uncertain, given the uncertainties of material price increases and availability of labour. Site productivity has returned to around 94% following the Covid-19 pandemic. Material prices have increased by 6.4% in the 3Q21(on a quarterly basis) which is a 16.9% increase year on year and is becoming evident in recent tender returns.
57. Tender price inflation is influenced by the level of risk accepted by the supply chain and how that is priced. Recently, the Construction Leadership Council have suggested introducing fluctuations into JCT and NEC forms of contract to collaboratively share the risk of inflation.
58. The BCIS are now indicating that 2021 saw a 6.4% increase in tender prices from 2020, which again is evident in some recent tender returns. They are also forecasting a further 4.4% increase from 3Q21 to 3Q22. The five-year tender price forecast suggests a 27% increase in costs (3Q21-3Q26).
59. The general fiscal position for the UK economy remains uncertain, although site productivity and construction activity has increased this quarter, it had previously dropped earlier in the year. There is a risk of higher prices but until material and labour shortages are resolved they are difficult to forecast.
60. Continued use of local and regional construction frameworks and the early engagement of contractors will be vital in securing cost certainty and value for money for the successful delivery of projects within the CCBS capital programme. Key to the success of the early engagement will be pipeline management and visibility to the market of programmes of work.

Capital programme summary

61. On the basis of the position outlined above, the total value of the capital programmes submitted for consideration for the three years to 2024/25 are:

	Schemes within locally resourced guidelines	Schemes supported by Government allocations	Total
	£'000	£'000	£'000
2022/23	11,719	48,009	59,728
2023/24	4,559	23,391	27,950
2024/25	4,559	23,391	27,950

Revenue implications

62. 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.
63. 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
2022/23	1,453
2023/24	818
2024/25	818
Total	3,089

Conclusions

64. The proposed capital programme for CCBS as summarised in paragraph 60 is in line with the guidelines set by Cabinet. In addition, it plans to use the allocated Government grants in full.

65. The main priority of the programme continues to be the maintenance and improvement of the County Council's built and rural estate, and the purchase of vehicles to support service delivery across the County Council. The programme supports the delivery of services countywide and contributes to the strategic 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.

REQUIRED CORPORATE AND 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>
Budget Setting and Provisional Cash Limits 2022/23 (Cabinet) https://democracy.hants.gov.uk/documents/s88288/Financial%20Update%20Budget%20Setting%20-%20Cabinet.pdf	7 December 2021
Medium Term Financial Strategy Update (Cabinet) https://democracy.hants.gov.uk/documents/s85095/SP2023%20Report.pdf	12 October 2021
Direct links to specific legislation or Government Directives	
<u>Title</u>	<u>Date</u>
Climate Change Action Plan 2020-25 (Cabinet) https://democracy.hants.gov.uk/documents/s57477/Climate%20Change%20Action%20Plan%202020-2025-2020-09-29-Cabinet%20Report.pdf	
Climate Change Strategy (Cabinet) https://democracy.hants.gov.uk/documents/s53569/Climate%20Change%20Strategy.pdf	

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	

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 will be considered when individual project appraisals are developed.

2.1. Impact on Crime and Disorder:

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

CLIMATE CHANGE IMPACT ASSESSMENT

1. Hampshire County Council utilises two decision-making tools to assess the carbon emissions and resilience impacts of its projects and decisions. These tools provide a clear, robust, and transparent way of assessing how projects, policies and initiatives contribute towards the County Council's climate change targets of being carbon neutral and resilient to the impacts of a 2°C temperature rise by 2050. This process ensures that climate change considerations are built into everything the Authority does.
2. **Climate Change Adaptation.** The climate change adaptation tool is not applicable because this is a financial report amending or proposing budgets for a number of individual projects or programmes, which are subject to assessment individually when project appraisals are developed.
3. **Carbon Mitigation.** The carbon mitigation tool is not applicable because this is a financial report amending or proposing budgets for a number of individual projects or programmes, which are subject to assessment individually when project appraisals are developed.

Culture, Communities and Business Services

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
	2022/23 Schemes						
	Schemes Supported from Local Resources						
	Culture, Communities and Business Services						
1	Vehicles for Hampshire Transport Management #	-	-	3,400	3,400	-	340
2	Hampshire Transport Management Vehicle Workshop	515	85	-	600	-	12
3	County Farms - Lyde Green Farm	472	78	-	550	-	11
4	County Farms - Hollam Hill Farm	564	93	-	657	-	13
5	Country Farms Improvement Projects	665	110	-	775	-	16
6	Corporate Estate	930	154	-	1,084	-	22
7	Fareham Parkway Improvements	2,146	354	-	2,500	-	50
8	Office Accommodation	43	7	-	50	-	1
9	Countryside - Bridges	343	57	-	400	-	8
10	Countryside - Rights of Way	242	40	-	282	-	6
11	Basingstoke Canal - Swan Cutting Restoration	665	110	-	775	-	16
	Corporate Services						
12	Contingency	-	-	-	-	-	-
	Total Programme Supported by Local Resources	6,586	1,087	3,400	11,073	-	493

Capital Programme - 2022/23

Site Position	Contract Start		Remarks	Ref
	Date	Duration		
	Qtr	Months		
N/A	-	-	Continuing programme of replacing vehicles	1
N/A	-	-	Refurbishment of Petersfield HTM vehicle workshop	2
N/A	1	12	Planned Building Upgrade at Lyde Green Farm	3
N/A	1	12	Planned Building Upgrade at Hollam Hill Farm	4
N/A	1	12	Planned improvements across the County Farms Estate	5
N/A	1	12	Planned improvements across the Corporate Estate	6
N/A	1	12	Condition related and internal refurbishment works to improve working environment at Fareham Parkway office	7
N/A	1	12	Planned improvements to Office Accommodation	8
N/A	1	12	Planned improvements to bridges	9
N/A	1	12	Planned improvements to Rights of Way	10
N/A	1	12	Swan cutting bank stabilisation works at North Warnborough	11
N/A	-	-		12

Culture, Communities and Business Services

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
	2022/23 Schemes (continued)						
	Schemes Supported by the Government						
	Schools Condition Allocation (SCA)						
13	Baycroft School, Fareham	2,146	354	-	2,500	-	50
14	Cranbourne School, Basingstoke	1,550	256	-	1,806	-	36
15	Crookhorn College, Waterlooville	1,200	198	-	1,398	-	28
16	Hart Plain Junior School, Waterlooville	750	124	-	874	-	17
17	Henry Beaufort, Winchester	1,250	206	-	1,456	-	29
18	Henry Cort Community College, Fareham	2,146	354	-	2,500	-	50
19	Hiltingbury Junior School, Eastleigh	1,327	219	-	1,546	-	31
20	Marchwood Infant School, Southampton	944	156	-	1,100	-	22
21	Nightingale Primary, Eastleigh	2,146	354	-	2,500	-	50
22	Red Barn Primary, Fareham	601	99	-	700	-	14
23	Springwood Junior School, Waterlooville	532	88	-	620	-	12
24	Warblington School, Havant	1,742	288	-	2,030	-	41

Capital Programme - 2022/23

Site Position	Contract Start		Remarks	Ref
	Date	Duration		
	Qtr	Months		
Owned	-	-	SCOLA recladding and building refurbishment	13
Owned	-	-	SCOLA recladding	14
Owned	-	-	SCOLA recladding	15
Owned	-	-	SCOLA recladding	16
Owned	-	-	SCOLA recladding	17
Owned	-	-	SCOLA recladding (ROSLA block)	18
Owned	-	-	SCOLA recladding	19
Owned	-	-	Recladding and building upgrade (Vic Hallam Building)	20
Owned	-	-	SCOLA recladding	21
Owned	-	-	Roof upgrade	22
Owned	-	-	Patent glazing upgrade	23
Owned	-	-	Recladding	24

Culture, Communities and Business Services

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
2022/23 Schemes (continued)							
25	Boiler Upgrades - Various sites (all schemes costing less than £500,000)	500	82	-	582	-	12
26	Roof Upgrades - Various sites (all schemes costing less than £500,000)	3,957	653	-	4,610	-	92
27	Schools Condition Allocation (other schemes costing less than £500,000)	20,418	3,369	-	23,787	-	476
Total Schemes Supported by the Government		41,209	6,800	-	48,009	-	960
Total Excluding Land					59,082		1,453
Advance and Advantageous Land Purchases					646		
Total Programme					59,728		1,453

Capital Programme - 2022/23

Site Position	Contract Start		Remarks	Ref
	Date	Duration		
	Qtr	Months		
Owned	-	-	Boiler upgrades at various school sites	25
Owned	-	-	Roof upgrades at various school sites	26
Owned	-	-	Major improvements to school buildings	27

Boiler Upgrades - Various sites:

		£'000
Horndean College, Waterlooville	Boiler upgrade	291
Wavell School, Farnborough	Boiler upgrade	291
		582

Roof Upgrades - Various sites:

		£'000
Anton Junior School, Andover	Flat roof upgrade	380
Bishopswood Infant School, Basingstoke	Flat roof upgrade	320
Bishopswood Junior School, Basingstoke	Flat roof upgrade	400
Brighton Hill Community, Basingstoke	Roof upgrade C block	280
Cupernham Junior School, Romsey	Flat roof upgrade	450
Glenwood School, Emsworth	Pitched roof upgrade	380
Mill Rytthe Infant School, Hayling Island	Flat roof upgrade	400
Oakridge Junior School, Basingstoke	Flat roof upgrade	400
Park Gate Primary, Southampton	Flat roof upgrade	380
Portchester Community School, Fareham	Flat roof upgrade	260
Poulner Junior School, Ringwood	Flat roof upgrade	320
The Vyne School, Basingstoke	Pitched roof upgrade	260
Wickham Primary School, Fareham	Flat roof upgrade	380
		4,610

Culture, Communities and Business Services

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
	2023/24 Schemes						
	Schemes Supported from Local Resources						
	Culture, Communities and Business Services						
28	Vehicles for Hampshire Transport Management #	-	-	3,400	3,400	-	340
29	CCBS Capital	328	-	-	328	-	7
30	Contingency	185	-	-	185	-	3
	Total Programme Supported by Local Resources	513	-	3,400	3,913	-	350
	Schemes Supported by the Government						
31	Schools Condition Allocation	20,078	3,313	-	23,391	-	468
	Total Schemes Supported by the Government	20,078	3,313	-	23,391	-	468
	Total Excluding Land				27,304		818
	Advance and Advantageous Land Purchases				646		
	Total Programme				27,950		818

Capital Programme - 2023/24

Site Position	Contract Start		Remarks	Ref
	Date	Duration		
	Qtr	Months		
N/A	-	-	Continuing programme of replacing vehicles	28
N/A	1	12	Provision of minor works across the department including Library and Countryside services	29
N/A	-	-		30
Owned	-	-	Major improvements to school buildings	31
			# controlled on an accrued expenditure basis	

Culture, Communities and Business Services

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
	2024/25 Schemes						
	Schemes Supported from Local Resources						
	Culture, Communities and Business Services						
32	Vehicles for Hampshire Transport Management #	-	-	3,400	3,400	-	340
33	CCBS Capital	328	-	-	328	-	7
34	Contingency	185	-	-	185	-	3
	Total Programme Supported by Local Resources	513	-	3,400	3,913	-	350
	Schemes Supported by the Government						
35	Schools Condition Allocation	20,078	3,313	-	23,391	-	468
	Total Schemes Supported by the Government	20,078	3,313	-	23,391	-	468
	Total Excluding Land				27,304		818
	Advance and Advantageous Land Purchases				646		
	Total Programme				27,950		818

Capital Programme - 2024/25

Site Position	Contract Start		Remarks	Ref
	Date	Duration		
	Qtr	Months		
N/A	-	-	Continuing programme of replacing vehicles	32
N/A	1	12	Provision of minor works across the department including Library and Countryside services	33
N/A	-	-		34
Owned	-	-	Major improvements to school buildings	35
			# controlled on an accrued expenditure basis	

CCBS 2021/22 capital programme:

1 Latest programme limit:	£'000
Approved programme	38,232
Allocations carried forward from previous years	50,784
Draw down of approved corporate funding	1,690
Draw down of approved gainshare funding	1,000
Draw down of approved cost of change funding	115
Salix interest free loan funding adjustment	-500
Adjustment to Government grant	5,979
Developers contributions	540
Other external funding	850
Carry forward to 2022/23	-30,744
Funding transferred from Children's Services	253
Net transfers between capital and revenue and other technical adjustments to meet accounting requirements	232
Botley (Uplands) Additional Funding	2,348
	<hr/>
	70,779

**2 Analysis of 2021/22 programme including carry forwards from 2020/21:
£'000**

CCBS Programme

Vehicles for Hampshire Transport Management (HTM)	3,400
Schemes controlled on an expenditure basis:	3,400
Capital repairs - Schools Condition Allocation (SCA) (including carry forwards of grant)	9,512
Portchester Community School - Science Labs Refurbishment (Basic need grant transferred from Children's Services)	213
Public Sector Decarbonisation Scheme (PSDS) funding:	
- Windows Upgrade	16,939
- Solar PV	6,750
- Oil to Gas Boiler Conversion	2,812
- Heating Controls (Bid 4)	1,700
- Cavity Wall Insulation (Bid 4)	940
- Solar PV (Bid 4)	185
Energy Performance Programme:	
- EPP5 - Battery Storage Technology	700
- EPP6 – Solar PV, building fabric and heating improvements	500
- EPP6 – battery storage for buildings with Photo Voltaic (PV) installations, bulk storage of grid electricity	200
Botley (Uplands Development) – Infrastructure and Utility Works (additional funding)	2,348
Facilities Management schemes	205
Council Chamber Improvement Works	786
Rookwood Refurbishment	420
Corporate Estate Capital projects	253
Winchester Discovery Centre	515
Gosport Old Grammar School (Gosport Museum and Art Gallery) (funded by Hampshire Cultural Trust)	998
Countryside projects (funded by S106 contributions/other external funding):	
- Worthy Down and South Wonston Access Improvements	319
- Other Countryside projects	619
Connections and Reflections Woodland (RHCP)	249
Outdoor Centres	190
Basingstoke Canal - Crookham Deeps Embankment Lining	314

County Farms Improvement projects	444
Footway Improvements	15
Programme contingency	1,255
Schemes controlled on a starts basis:	49,381
CCBS Capital Programme 2021/22	52,781
Investment in Hampshire	1,844
Broadband - Top Up Voucher Scheme	2,000
Strategic land purchase	10,000
Advance and Advantageous Land	3,268
Programme contingency	886
Schemes controlled on a starts basis:	17,998
Policy and Resources Capital Programme 2021/22	17,998
CCBS Capital Programme 2021/22	52,781
P&R Capital Programme 2021/22	17,998
Total Revised Capital Programme 2021/22	70,779

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank