

HAMPSHIRE COUNTY COUNCIL

Decision Report

Decision Maker:	Executive Lead Member for Universal Services
Date:	20 January 2025
Title:	Universal Services Proposed Capital Programme 2025/26, 2026/27 and 2027/28 and 24/25 Q3 Update
Report From:	Director of Universal Services

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Purpose of this Report

1. The purpose of this report is to set out, subject to confirmation of funding, the proposals for the Universal Services Capital programme and to seek approval for their onward submission to Cabinet in February 2025. Appendix 4 is the approved format for the budget book. The report also includes the revised approved capital programme and provides recommendations for changes to the programme.

Recommendations

2. That the Executive Lead Member for Universal Services recommends that the Cabinet and County Council approve the revised 2024/25 capital programme, the 2025/26 and the provisional future years capital programmes totalling £1.1 billion, as set out in Appendix 4.
3. That the Executive Lead Member for Universal Services approves the addition of the schemes in table 1 to the capital programme at a value of £1.26 million.
4. That the Executive Lead Member for Universal Services approves the increase in the capital programme value for the schemes listed in table 2 and recommends the increase for Havant Footbridge and the Hampshire Recycling Infrastructure project for approval by the Cabinet and County Council.
5. That the Executive Lead Member for Universal Services notes the decrease in capital programme values for the schemes listed in table 3.
6. That the Executive Lead Member for Universal Services recommends approval to the Leader and Cabinet of the removal of the schemes listed in table 4 from the capital programme.
7. That the Executive Lead Member for Universal Services notes the content of the appended A32 Farringdon and Chawton Flood Alleviation Scheme completion report.
8. That the Executive Lead Member for Universal Services agrees to Hampshire County Council's withdrawal from the Reading and Hampshire Property

Partnership (“the RHPP”) and delegates authority to the Director of Universal Services to make the necessary arrangements to implement the withdrawal, including the dissolution of the RHPP at Companies House.

Executive Summary

9. Capital investment is an integral part of the delivery of public services and must be well aligned to the County Council’s overall priorities, need and affordability. Given the current financial position, the County Council aims to maximise the use of external funding sources, only using local resources where it is essential to do so and compatible with the principles of Legal Minimum Services Levels (LMSL). For all funding sources, the ongoing revenue implications of capital expenditure, such as maintenance and running costs, must also be clearly understood so as not to create additional pressure on the revenue budget.
10. This report sets out the proposals for the Universal Services Capital programme and seeks approval for their onward submission to Cabinet in February 2025.
11. The proposals set out in this report amount to over £541 million across the next three years, with an estimated £1.1 billion in value for the whole programme including past and future years on the schemes listed.
12. The report sets out the proposed programmes by the four branch areas as follows: Highways and Transport (paragraphs 63 to 72), Property Services (paragraphs 73 to 86), Recreation (paragraphs 87 to 89) and Waste and Environmental Services (paragraphs 90 to 100).
13. Where required, it also provides recommendations for the Executive Lead Member for Universal Services.

Corporate Context

14. Capital investment is an integral part of the delivery of public services. It involves expenditure on assets that will have an impact on service delivery not just in the short term but also over the medium and longer term. Investment in existing assets and the delivery of new ones must be well aligned with the County Council’s overall priorities, need and affordability. This includes not just consideration of the availability of the initial capital funding but also the longer-term revenue budget impacts of decisions.
15. The [Medium Term Financial Update](#) report to Cabinet and County Council in November 2024 highlighted the significant financial challenges being faced by the organisation. Given the size of the net budget gap being forecast, the report concluded that, as has been signposted and anticipated for some time, the County Council has reached the point where it is unable to find the level of savings required to balance the revenue budget on a recurring and sustainable basis.
16. Using reserves is a short-term way of helping to address the budget gap, although this is clearly not a sustainable solution, as reserves can only be spent once. An in-depth review of projects and priorities across the capital programme as part of the November report identified a number of opportunities to release revenue funding from the Capital Payments Reserve where the expenditure was not considered essential in the context of the current financial position. This

enabled funding to be transferred from the Capital Payments Reserve to the Budget Bridging Reserve (BBR).

17. Balancing the need for capital expenditure with the affordability of the capital programme has always been a priority – and is a key consideration in complying with the CIPFA Prudential Code. Given the current financial position, it is critical that the County Council maximises the use of external funding sources to support the delivery of capital investment that is vital to the provision of services in Hampshire – and, as would be expected, does so efficiently and effectively to achieve value for money in spending this money. Moreover, the use of any local resources (reserves, borrowing, revenue funding, and capital receipts) must be very carefully considered given the impact on the revenue budget. For all funding sources, the ongoing revenue implications of capital expenditure, such as maintenance and running costs, must also be clearly understood so as not to create additional pressure on the revenue budget.
18. Against this backdrop, Executive Members have been asked to prepare proposals for a programme of schemes funded by:
 - Government capital grants
 - Contributions from developers and other external bodies
 - The use of the County Council’s own resources including capital receipts, reserves, revenue contributions and prudential borrowing.
19. The capital cash limit guidelines approved by Cabinet in December 2024 have therefore been used as the starting point in preparing the proposals for new schemes in this report, supplemented by available external funding sources and other identified local resources.
20. Capital expenditure on a scheme can span multiple financial years. The proposed programme is detailed in Appendix 4 and includes:
 - new schemes expected to commence in 2025/26
 - provisional schemes to begin in 2026/27 and 2027/28
 - the impact of schemes approved in previous financial years that have not yet been completed.
21. The proposed programme therefore includes a combination of schemes already approved and the addition of new schemes.
22. The programme reflects the anticipated timing of expenditure across different financial years. The exact timing will be dependent on multiple factors such as timescales associated with planning applications, scheme design, consultation and procurement.
23. As approved by Cabinet in December 2024, the entire capital programme will be prepared on an expenditure basis for the first time. A programme managed on an expenditure basis sets an overall scheme value and then profiles the expenditure by financial years, covering the period over which the completion of a scheme is expected to take place.

24. This is a departure from the mixed approach of ‘starts’ and ‘expenditure’ based schemes (where a starts basis shows the full value of a scheme in the year expenditure is first expected to be incurred, regardless of the timing of subsequent expenditure).
25. The change has been agreed on the recommendation of the Chief Financial Officer, who considers the expenditure basis to be more appropriate in the current financial environment. This is because it provides greater clarity over the timing of financial plans, obligations and cash flows, allowing the County Council to better plan and adapt as the financial position evolves. A standardised approach will also allow the County Council to make best use of its financial monitoring and reporting systems.

Key Challenges

26. Challenges in the delivery of the capital programme remain relatively unchanged. The construction industry continues to remain busy while the change in the Government has created some uncertainty as to which projects will receive continued or new funding. The exception to this is the water and energy sectors where the industry is particularly busy as it tries to keep pace with the government’s ambitious plans.
27. Higher labour costs are being felt within the industry and the shortage of skilled labour is currently the industry’s greatest challenge. The cost of materials on the other hand are levelling off and some material costs are in fact falling. Overall, construction inflation has fallen over 2024 as predicted, however inflation remains high with prices expected to continue rising year on year.
28. Key factors that will impact the delivery of the capital programme going forward remain, such as wider economic challenges, uncertainty about future funding opportunities, and the need to reduce our revenue cost pressures. Additionally, other factors such as securing third-party consents or approvals, and the availability of road space remain a risk which restricts the ability to work on the highway network. In most cases, these are out of the control of the County Council and may negatively impact programmes and costs.

REVISIONS TO THE EXISTING CAPITAL PROGRAMME

29. The County Council’s Financial Regulations set out the governance arrangements for amendments to the existing capital programme. Schemes within the existing programme needing Executive Member, Cabinet or County Council approval are set out below. A summary of decisions already taken by the Chief Officer under their delegation is included at Appendix 1.
30. Adjustments needing recommendations in the existing capital programme are listed below in the tables.

Table 1: Additions to the capital programme – new scheme

Scheme	Proposed Value	Funding
Bus Service Improvement Plan Programme	£1.26 million	Bus Service Improvement Plan funding awarded by the DfT

31. £1.26 million of Bus Service Improvement Plan funding awarded by the DfT is to be added to the Capital programme this year, with spend continuing into the 2025/26 financial year. Of this, £734,800 is to be utilised on bus stop infrastructure improvements including replacement or full refurbishments of bus shelters that are in a poor condition. The remaining £524,300 is to be utilised on a number of Real Time Passenger Information (RTI) bus departure screen improvements, which include replacement of the older existing screens at bus stations and at bus stops with up-to-date equivalents and some additional screens in new locations.
32. Therefore, it is recommended the Executive Lead Member for Universal Services approves the addition of the schemes in table 1 to the capital programme at a value of £1.26 million.

Table 2: Amendment to existing scheme values - increases

Scheme	Current Value £m	Proposed Value £m	Funding of increased costs
A27 Segensworth Link	1.878	2.962	Developer contributions, National Highways' Designated Users & Communities Fund.
Havant Footbridge Replacement project	10.0	11.5	Maintenance allocation
Botley Bypass	47.51	48.22	Master developer funding, previously approved capital reserves, structural maintenance budget
M27Junction 10	97.55	113.55	Housing Infrastructure Grant from Homes England
Hampshire Recycling Infrastructure Delivery - Chickenhall Lane MRF	30.0	50.5	Prudential borrowing

33. The A27 Segensworth Link project has seen a forecast increase in costs of £1.084 million since the last estimate was produced. The initial feasibility cost estimate produced in March 2023 was to support the initial bid at Active Travel England (ATE) for scheme funding, however, this was a high-level estimate and was based upon limited information and made several assumptions relating to such things as drainage and ground conditions, which upon closer analysis required correction. A revised estimate has now been created using the latest scheme design and includes elements that were not discovered until the detailed surveys were undertaken.
34. The Havant Footbridge replacement project has also seen a forecast increase with an updated cost estimate following maturity of the design. The outline design has developed during 2024 in discussion with stakeholders and will be developed further in 2025. It is anticipated that construction will commence towards the latter part of 2026 or early 2027. This is subject to Network Rail approvals and rail possession availability to undertake the construction. The increased cost is £1.5 million and will be funded using existing maintenance allocation. The County Council Member has been made aware of these changes.
35. Work continues on Botley Bypass after the project update was given to Cabinet on 8 July 2024 who recommended to Council to approve a new budget of £47.514 million in the capital programme. The recommendation was subsequently approved by Council on 18 July 2024. Funding was also approved by Cabinet in February 2022 to achieve potential cost savings and/or enhanced land value by implementing the noise attenuation required for the Botley Fields development as part of the bypass contract. Therefore, to ensure the full value of the Botley Bypass funding is reflected within the capital programme, it is recommended that the Executive Lead Member for Universal Services approves an increase to the capital programme of £706,000 for the Botley Bypass scheme to a revised total value of £48.220 million to be funded by master developer and capital reserves previously approved and allocated to this project.
36. The M27 Junction 10 Improvement Scheme has now successfully passed the Gateway 2 cost review stage and has moved into delivery. The detailed design part of the design and build contract with VolkerFitzpatrick was completed in February 2024, which included passing the National Highways Stage Gate 5 approval process, and the development of the target price for the construction stage. The Gateway 2 review led to an increased funding package being agreed between the County Council, Homes England, Fareham Borough Council and Welborne Land Limited and the legal agreements to formalise the new package were completed in October 2024. This enabled the County Council to take the decision to proceed into construction and to issue the notice to proceed to VolkerFitzpatrick and the project is now moving into full delivery.
37. In October 2022, approval was granted by the Executive Lead Member for Transport and Environment Strategy for a capital investment of £30 million to deliver a new materials recovery facility in Eastleigh. This was to comply with the requirements set out in the Environment Act 2021 regarding household recycling services. On the 29 November 2024, the Government confirmed their position with regards to the way in which they want material to be managed, and

the necessary Statutory Instrument has been laid before parliament to be debated and then made as soon as parliamentary time allows. As a result of this legislative clarity, it is proposed that we proceed with the construction of a new container MRF at Eastleigh and associated works at Portsmouth to repurpose the existing MRF to manage a proportion of the paper and card, as set out in the October 2022 report. This work has identified an estimated total cost of £50.5 million, this represents an increase of £20.5 million on the original estimated costs prepared in early 2022. More information on this project and the reason for the increase in costs can be found in paragraphs 91-98. In brief, the costs have risen due to the effects of inflation, supply chain demand, and construction sector pressures. In addition, the revised figure includes a provision to enable increased automation to be included in the facility leading to a reduction in revenue costs as there would be less manual sorting taking place.

38. Therefore, it is recommended that the Executive Lead Member for Universal Services approves the increase in the capital programme value for the schemes listed in table 2 and recommends the increase for Havant Footbridge and the Hampshire Recycling Infrastructure project for approval by the Cabinet and County Council.

Table 3: *Amendment to existing scheme values - reductions*

39. The table below identifies projects where a reduction in the capital programme value is needed. It is important the capital programme value reflects the latest funding information. Changes may be needed where the value entered into the programme was indicative and dependent on bids that have not come to fruition.

Scheme	Current Value	Proposed Value
Ladybridge Bus Priority and Pedestrian/Cycle Enhancement	£1.126 million	£327,000
Andover Town Centre - Western Avenue	£2.548 million	£1.1 million
Junction Road, Totton	£950,000	£338,000

40. The Ladybridge bus priority and pedestrian/cycle enhancement scheme was removed from the Portsmouth City Region TCF Programme, with agreement with DfT. It was identified that the Ladybridge scheme can be delivered as part of the adjacent junction improvement scheme. Once discussions with the developer are concluded, the new scheme value and funding package will be reported to the Executive Member. The revised Capital Programme value of £0.327m reflects the costs incurred on the scheme up to the point where it was removed from the TCF programme. It should be noted that these costs are not abortive as development to date will inform the future scheme. The residual

funding of £0.799m of developer funding will now be released to be used on future projects within Havant.

41. It is recommended that the value of the Andover Town Centre - Western Avenue is reduced from £2.548m to £1.1m. The £2.548m previously allocated comprised all s106 funding available to the County for improvements to transport and active travel measures across the town centre area. The Western Avenue project is a Test Valley Borough Council sponsored and promoted scheme and the revised Capital Programme value reflects Hampshire County Council's contribution to the overall scheme. The Executive Member for Hampshire 2050 and Corporate Services approved the preferred highway scheme and the £1.1m contribution to the project at the October 2024 Decision Day. The total Western Avenue Scheme is estimated to be £9.5m of which the highway elements are £6.6m. The remaining funding of the Western Avenue scheme comprises Test Valley Borough Council Regeneration Funding and government Levelling Up Fund. Test Valley Borough Council will be the commissioning and awarding body for the scheme utilising Hampshire County Council for Design, Contract Preparation and Site Supervision and construction through the Gen5 Framework, all as a sold service, against which the County Council will be invoicing Test Valley Borough Council for service.

42. Further to approval from the Executive Member for Highways and Waste on 19 November 2024, it is recommended that the value of the Junction Rd Totton and Waterside TCF Bus Corridor Improvement scheme be reduced in line with its updated value in the capital programme. During the evolution of the design, risks were identified regarding a significant level of local objection. Further to detailed consideration of these representations, it was agreed to significantly reduce the scheme in Totton, which would be reduced to bus stop improvements and deliver an amended scheme to meet the objectives of the Transforming Cities Fund bid and subsequent grant award. A package of measures will be delivered along the Waterside Corridor within both the Southampton City Council and Hampshire County Council administrative areas. The overall cost of the Waterside Bus Corridor Improvement Package has been updated to be £338,000 and this will align the capital programme value with the new budget.

43. Therefore, it is recommended that the Executive Lead Member notes the decrease in capital programme values for the schemes listed in table 3.

Table 4: Schemes to be removed from the capital programme

Scheme	Current Value
B3400 Andover Down Pedestrian Improvement	£650,000
Sleaford Lights Junction	£1 million
Calshot Futures	£1 million

44. It is being proposed that the B3400 Andover Down Pedestrian Improvement scheme is removed from the capital programme. A study was prepared, which concluded that the proposed footway was not feasible given the highway land available and several trees in close proximity. The funding allocated to this scheme will be released and will be used for further improvements in the Andover area and the County Council member has been made aware of this change.
45. Sleaford Lights Junction was a scheme that was in the pipeline of schemes in the 2010 Whitehill and Bordon Transport Strategy developed in line with LTP3. The scheme was put on hold due to lack of funding and deliverability issues. The Whitehill and Bordon Transport Strategy was refreshed in 2024 in line with the new LTP4. The Sleaford Lights Junction scheme was not identified as a priority within the new transport strategy. The Whitehill and Bordon Transport Strategy Update was agreed at the October 2024 Executive Lead Member for Hampshire 2050 Decision Day and therefore Sleaford Lights scheme can be removed from the Capital Programme.
46. Within the County Council's Recreation programme, it is proposed that £1 million funding for the Calshot Futures scheme be removed from the capital programme. Instead, a programme of revenue funded works will be undertaken to address required maintenance works at the Centre.
47. It is therefore recommended that the Executive Lead Member for Universal Services recommends approval to the Leader and Cabinet of the removal of the schemes listed in table 4 from the capital programme.
48. All elements of the Portsmouth Transforming Cities Fund (TCF) programme, being delivered by Hampshire County Council, are now complete with benefits to pedestrians, cyclists and bus users realised. These high-quality schemes complement those delivered by Portsmouth City Council and Isle of Wight Council to deliver city wide benefits which have been delivered through partnership working. Positive feedback for the programme has been received from the Department for Transport (DfT).
49. Within the County Council's flood programme, the A32 Farringdon and Chawton Flood Alleviation Scheme has been implemented in phases and has reduced the flood risk at this location. A short section of work in Phase 2 has not been implemented which involved installing a new piped route through private land along the path of the winterbourne. The work required planning permission (which was granted in September 2024) and approval from two landowners. Broad "in principle" agreement was reached with the landowners; however, project officers were unable to finalise these. In addition, the Parish Council objected to the planning application to implement the final section of work and both the Parish Council and the local member, Councillor Mark Kemp-Gee, support the proposed approach to not pursue the final phase. Due to the complexity of the scheme, working with multiple landowners and in multiple locations, inflationary pressures, unforeseen ground conditions for some work packages, re-tendering and work involved in seeking planning permission, Phase 2 (excluding WP6c) is reporting a forecast outturn cost of £1.390m, 18%

over the Project Appraisal value. This additional expenditure however has been mostly funded by Community Infrastructure Levy from South Downs National Park Authority and East Hampshire District Council, and national flood defence grant in aid. More information can be found in the post-completion report in appendix 5.

50. Therefore, it is recommended that the Executive Lead Member for Universal Services notes the content of the appended A32 Farringdon and Chawton Flood Alleviation Scheme completion report.

PROPOSED CAPITAL PROGRAMME

Capital programme funding

51. The County Council prepares its capital programme on the basis that a scheme cannot be added to the programme without an identified funding source. In simple terms, the capital programme is the capital budget. Financial Regulations, Financial Procedures and directorate Schemes of Authorisation then stipulate the requirements for gaining the approval to spend and any future changes to the programme.

52. In preparing the programme of schemes being proposed within this report, the Director of Universal Services and the Director of Corporate Operations have identified the following available funding sources.

Government capital grants

53. Central government typically allocates grants either as block allocations for a given financial year or for specific individual schemes or programmes. Block allocations have not always been announced at the time that the capital programme is prepared. Where this is the case, the County Council makes assumptions about the amount of grant that will be received and will revise the capital programme proposals should a different amount be announced.

54. The table below sets out the grant assumptions included in the 2025/26, 2026/27 and 2027/28 programme for planning purposes where no announcements have yet been confirmed. For now, an assumption has been made that the allocations will be at the same level as in previous years

Funding	Assumption	2025/26 £'000	2026/27 £'000	2027/28 £'000
DfE School Condition Allocation	Allocations for 25/26 and beyond not yet announced. For planning purposes assumed the original 24/25 allocations are maintained	22,737	22,737	22,737
DfT Highways Maintenance (Including Pot Hole Funding)	Allocations for 25/26 are confirmed. For planning purposes, it is assumed	49,399	49,399	49,399

the 25/26 allocation is maintained in future years			
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55. In line with proposing a capital programme of schemes due to commence in the upcoming year plus provisional schemes for the subsequent two years, capital grants are not projected beyond this three-year period for the purposes of submitting the proposed programme.

Local resources

56. The County Council's strategy has been to maximise the use of external funding sources where possible to deliver investment in assets through the capital programme, supplementing this with local resources where necessary and affordable

57. Where expenditure is funded from local resources, this impacts the revenue budget in one of three ways:

1. A reduction in existing reserves
2. Borrowing costs
3. Direct contributions from the revenue budget

Universal Services Capital cash limit

58. The table below summarises the funding available to the Executive Member for the schemes proposed in this report. This includes resources for schemes in the existing capital programme that have started but not yet completed in addition to resources relating to the capital programme proposals being put forward. A more detailed table showing funding sources matched to planned expenditure by financial year is shown in Appendix 3.

	Budget (£'000)
Prudential borrowing	123,999
less repayments from Contributions	-15,816
less repayments from Revenue	-3,517
less repayments from Capital Receipts	-23,679
Capital Grants	540,991
Contributions from other bodies, including developers	358,567
Capital receipts	28,075
Revenue contributions to capital	11,434
Use of capital reserve	117,903
Use of revenue reserve	3,605
Total	1,141,562

59. All schemes within the capital programme must have an identified funding source, even if this source is provisional (e.g. where a government grant has not

yet been confirmed). Prior to approval to spend being granted, an appropriate project appraisal must be completed which is proportionate to the scale and complexity of the scheme. This will also confirm the availability of funding.

Capital programme proposals

60. Given the available funding set out in the previous section of this report, the capital programme schemes being recommended for approval are set out in the following paragraphs. The focus is on schemes not yet started; however, the programme includes schemes where approval to spend has already been granted but where the project is still in progress.

61. The revised capital programme is summarised in the below table with a more detailed lists of schemes in the current programme at the latest cost estimate and planned expenditure by financial year shown in Appendix 2 and Appendix 4.

Summary of Universal Services revised capital programmes by branch	Budget (£'000)
Highways and Transport	853,274
Waste and Environmental Services	78,550
Property	185,183
Recreation	24,555
Total	1,141,562

62. The following sections outline the proposals for the Universal Services Capital programme and the forecast expenditure by branch for 2025/26, 2026/27, and 2027/28.

Highways and Transport capital programme

Total Resources

63. The tables below breakdown the Highways & Transport Capital programme.

Table 7: Summary of Highways & Transport capital programme

	Budget (£'000)	Prior Years (£'000)	2024/25 (£'000)	2025/26 (£'000)	2026/27 (£'000)	2027/28 (£'000)	Future Years (£'000)
Integrated Transport Programme	561,880	249,464	67,059	110,487	61,706	46,393	26,771

Structural Maintenance	276,229	36,677	73,936	53,848	54,597	57,171	0
HTM	14,800	420	4,030	3,250	3,400	3,400	300
Community Transport	365	159	50	156	0	0	0
Grand Total	853,274	286,720	145,075	167,741	119,703	106,964	27,071

Table 8: Total capital resources for Highways and Transport capital programme

	Budget (£'000)	Prior Years (£'000)	2024/25 (£'000)	2025/26 (£'000)	2026/27 (£'000)	2027/28 (£'000)	Future Years (£'000)
Prudential borrowing	65,559	16,771	7,049	10,765	24,337	6,337	300
less repayments from contributions/grants	-14,566	-2,923	0	0	-6,279	-5,004	-360
less repayments from capital receipts	-23,679	0	0	0	0	0	-23,679
Capital Grants	363,722	52,434	76,628	87,397	62,272	73,555	11,436
Contributions from other bodies, including developers	334,259	189,222	29,038	47,995	28,113	24,304	15,587
Capital receipts	27,095	3,308	0	0	0	0	23,787
Revenue contributions to capital	7,653	3,208	108	1,095	350	2,892	0
Use of capital reserve	92,631	24,280	32,222	20,339	10,910	4,880	0
Use of revenue reserve	600	420	30	150	0	0	0
Total	853,274	286,720	145,075	167,741	119,703	106,964	27,071

Government Formula Allocations

Other Government Funding

64. With the new government there is a slightly more positive outlook in terms of central government funding towards local transport, though there is some uncertainty over likely funding allocations.

65. Since the Autumn Budget in October there have been two positive announcements regarding funding. In November 2024, the County Council were awarded £13 million as part of the Bus Service Improvement Plan for 2025/26. £7.54 million of this is for capital funding which will be put towards schemes within this capital programme such as bus priority and infrastructure improvements. The award was larger than expected so it is likely there will be additional capital schemes to be included in the capital programme at a later

date.

66. In addition, the County Council has also been awarded £1.68 million for Active Travel Fund Tranche 5 of which £1.49 million is capital funding. This funding will be used for a range of purposes, including funding the delivery and development of schemes in the current capital programme. This Tranche of Active Travel Fund can also be used to contribute to maintenance, which incorporates improvements to walking and cycling infrastructure.

67. The Government is developing an Integrated Transport Plan with a likelihood of a multi-year funding settlement announced later in 2025. This funding will include a high proportion of direct allocations rather than multiple funding streams and associated bids which has been the case in recent years.

Developer Contributions and other External Funding

68. The Department receives contributions from developers towards the cost of highway and transport infrastructure associated with mitigating the effects of developments

69. Within the current programme, £40.6 million of developer contributions has already been applied to schemes that are in progress and not yet completed.

70. The current programme includes an estimate of £122 million of developer contributions from Section 106 to be spent in future years. In addition, there are many more projects currently at feasibility or early development stages that may come forward during the next three years for delivery which may utilise this source.

Structural Maintenance programme

71. The table below shows a breakdown of the Structural maintenance programme.

Table 9 - Total capital resources for Structural Maintenance programme

	Budget (£'000)	Prior Years (£'000)	2024/25 (£'000)	2025/26 (£'000)	2026/27 (£'000)	2027/28 (£'000)	Future Years (£'000)
Prudential borrowing	7,784	6,723	1,034	27	0	0	0
Grants	199,628	9,721	41,710	49,399	49,399	49,399	0
Capital receipts	180	180	0	0	0	0	0
Revenue contributions to capital	5,650	2,408	0	0	350	2,892	0
Use of capital reserve	62,987	17,645	31,192	4,422	4,848	4,880	0
Total	276,229	36,677	73,936	53,848	54,597	57,171	0

Integrated Transport programme

72. The table below shows a breakdown of the Integrated Transport programme.

Table 10 - Total capital resources for Integrated Transport programme

	Budget (£'000)	Prior Years (£'000)	2024/25 (£'000)	2025/26 (£'000)	2026/27 (£'000)	2027/28 (£'000)	Future Years (£'000)
Prudential borrowing	43,575	10,048	2,015	7,638	20,937	2,937	-
less repayments from contributions/grants	(14,566)	(2,923)	-	-	(6,279)	(5,004)	(360)
less repayments from capital receipts	(23,679)	-	-	-	-	-	(23,679)
Capital Grants	164,094	42,713	34,918	37,998	12,873	24,156	11,436
Contributions from other bodies, including developers	334,259	189,222	29,038	47,995	28,113	24,304	15,587
Capital receipts	26,915	3,128	-	-	-	-	23,787
Revenue contributions to capital	2,003	800	108	1,095	-	-	-
Use of capital reserve	29,279	6,476	980	15,761	6,062	-	-
Total	561,880	249,464	67,059	110,487	61,706	46,393	26,771

Property Services Capital Programme

Total Resources

73. The table below shows a breakdown of the Property Services Capital Programme resources

Table 11 – Total capital resources for the Property Services programme

	Budget £'000	Prior Years £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	Future Years £'000
Prudential Borrowing	6,381	3,528	805	1,840	208	-	-

Less repayments from RCCO	(3,517)	(3,457)	(60)	-	-	-	-
Capital Grants	170,542	34,343	29,741	29,715	29,615	29,515	17,613
Contributions from other bodies, including developers	600	-	-	600	-	-	-
Revenue contributions to capital (RCCO)	3,530	3,467	63	-	-	-	-
Use of capital reserve	7,447	1,209	1,494	2,381	1,850	300	213
Use of revenue reserve	200	200	-	-	-	--	
Total Programme	185,183	39,290	32,043	34,536	31,673	29,815	17,826

Local Resources

74. £1.5 million of Capital Priorities funding for investment in the Corporate Estate was included in the 2025/26 programme but the commencement of the implementation of these essential works has resulted in the funding moving to the 2024/25 programme. Delivery of this programme of energy and improvement works, including boiler, LED lighting and roofing upgrades, will continue over the coming year.

Government Allocations

75. The Secretary of State has not yet announced details of individual local authority School Condition Allocation grant allocations for 2025/26, 2026/27 and 2027/28 and therefore a continuation of the £22.737 million 2024/25 allocation is assumed. The grant funding shown against each programme year will vary due to the movement of schemes between years.

76. The School Condition Allocation grant is used to address the condition of the schools estate on a priority basis, incorporating measures that reduce energy consumption and achieve carbon emission reductions wherever possible.

Schools Condition Programme

77. It is recommended that six school projects are added to the programme, forming part of a re-roofing and thermal improvement programme.

78. Four of these schemes are valued at £0.550 million and will take place at Wootey Infant, Kingsclere Primary, Bursledon Junior and Gomer Infant. It is proposed to re-roof and upgrade the thermal performance of the flat roofs as the

existing coverings are at the end of their life and the buildings suffer from a significant number of leaks. The works will include the provision of new insulation and re-covering using a high performance felt together with ancillary works including improvements to ventilation in the school halls and school meals kitchens.

79. The proposed scheme at Kings School is valued at £0.750 million and the proposal is to re-roof and upgrade the thermal performance of the pitched roof as the existing cement sheet covering is at the end of its life and the building suffers from a significant number of leaks. The works will include the removal and replacement of the roof sheets with an insulated composite panel roofing system.
80. The sixth new scheme is at Purbrook Infant, which is valued at £0.641 million. It is proposed to re-roof and upgrade the thermal performance of the pitched roof as the existing tiled roof covering is at the end of its life and the building suffers from a significant number of leaks. The works will include the removal and replacement of the tiles using a similar system and increasing the insulation.
81. It is also recommended that two SCOLA recladding projects at Horndean School and Crookhorn College are added to the programme. The scheme to reclad the 'S' Block at Horndean School is valued at £3 million and the scheme to reclad the Romsey Block at Crookhorn College is valued at £2.5 million. These are the next two priority buildings in the ongoing and well-established SCOLA recladding programme; the works will include provision of additional insulation to improve the thermal performance of the building, including the replacement of roof coverings, window and wall panels.
82. Two SCOLA recladding projects (Marchwood Infant and Baycroft School) have been removed from the programme. It is proposed to delay the works until 2028/29 as the buildings have been included within the Department for Education's School rebuilding programme and the schemes have been delayed whilst we await details of the DfE proposals. The buildings are in a serviceable condition but monitored to ensure that they are safe in the meantime.
83. The SCOLA recladding project at Henry Cort Community College has also been removed from the programme; it is proposed to delay the work until the outcome on the current consultation on the future of the school is undertaken.
84. It is also proposed to delay the works at Samuel Cody School and this project has therefore been delayed to 2027/28. This delay will allow for further feasibility works to be undertaken on the project and to consider a strategy for other works being considered on the site. The building is in a serviceable condition and monitored to ensure it is in a safe condition in the meantime.

Reading Hampshire Property Partnership

85. The Reading Hampshire Property Partnership (RHPP) was created in 2014 between Hampshire County Council (HCC) and Reading Borough Council (RBC). Over the past decade, this partnership has successfully delivered many public projects. However, in the current financial climate, both organisations have had to reconsider the partnership. For HCC, the priority is to focus on its core work, including delivering its own projects in the care and education sectors.

86. No new projects have been started since May 2024, and current projects are being carefully handed over to RBC by March 2025. The RHPP operated on a cost recovery model, meaning all costs were reimbursed. It is recommended that HCC withdraws from the RHPP and that the Director of Universal Services has delegated authority to make the necessary arrangements to implement the withdrawal, including the dissolution of the RHPP at Companies House.

Recreation Capital Programme

Total Resources

87. The table below shows a breakdown of the Recreation Capital Programme resources.

	Budget £'000	Prior Years £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	Future Years £'000
Prudential borrowing	3,875	84	1,626	1,084	158	473	450
Capital Grants	695	221	474	-	-	-	-
Contributions from other bodies, including developers	4,075	2,071	1,642	242	80	40	-
Capital receipts	835	16	147	400	136	136	-
Revenue contributions to capital	251	49	132	70	-	-	-
Use of capital reserve	12,019	7,536	2,538	1,365	580	-	-
Use of revenue reserve	2,805	563	493	1,564	185	-	-
Total	24,555	10,540	7,052	4,725	1,139	649	450

Countryside Programme

88. In December 2022, the Executive Member for Policy and Resources and Economic Development approved the retention of the capital receipt from the sale of Haven House and Haven Cottage for reinvestment in Titchfield Haven National Nature Reserve. It is recommended that an additional £0.655 million is added to the programme to fund the improvement works, which is planned to be a long-term programme of investment likely to go over many years.

89. Previous capital allocation for major public rights of way projects that enable Hampshire County Council to meet their statutory obligations for the maintenance and management of the rights of way network and associated infrastructure e.g. bridges, concludes in 2024/2025. To address critical maintenance issues, capital funding is required to continue essential works, leverage external funding opportunities, and mitigate risks such as health and

safety liabilities, non-compliance with statutory responsibilities, and the effects of severe weather events. The requirement for 2025/26 is for £800,000 with a similar amount projected annually until 2027/28 for which specific corporate funding will be sought. This funding is vital to ensuring the ongoing accessibility and safety of Hampshire's public rights of way network to meet HCC statutory obligations.

Waste and Environmental Services Capital Programme

Total Resources

90. The table below shows a breakdown of the Waste and Environmental Services Capital Programme resources.

Table 13 – Total capital resources for the Waste and Environmental capital programme

	Budget £'000	Prior Years £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	Future Years £'000
Prudential borrowing	48,184	9,558	101	8,568	20,866	9,091	-
less repayments from contributions/grants	-1,250	-1,250	-	-	-	-	-
Capital Grants	6,032	5,632	200	200	-	-	-
Contributions from other bodies, including developers	19,633	8,350	173	2,662	5,884	2,564	-
Capital receipts	145	145	-	-	-	-	-
Use of capital reserve	5,806	3,845	435	1,128	398	-	-
Total	78,550	26,280	909	12,558	27,148	11,655	-

Waste Programme

91. In October 2022, approval was granted by the Executive Lead Member for Transport and Environment Strategy for a capital investment of £30 million to deliver a new materials recovery facility in Eastleigh. This was to comply with the requirements set out in the Environment Act 2021 regarding household recycling services. However, following legislative uncertainty regarding the details of how the requirements of the Environment Act were to be implemented these arrangements were paused whilst we awaited clarity on whether the Government would state a clear preference in terms of the system for management of dry mixed recycling. This has a fundamental impact on the type of facility that is built and the associated costs, hence preventing anything more than limited enabling works at the Eastleigh site.

92. On the 29 November 2024 the Government confirmed their position with regards to the way in which they want material to be managed, and the necessary Statutory Instrument has been laid before parliament to be debated and then made as soon as parliamentary time allows.
93. The Government position is that there should be a default maximum requirement of 4 containers for:
- Residual waste
 - Food waste (mixed with garden if appropriate) – this is not the case in Hampshire
 - Paper and card
 - All other dry recyclable materials (plastic, metal and glass)
94. This announcement endorses the proposed approach of the County Council to deliver dry recycling infrastructure to receive and sort the last two streams identified above separately. This is known as twin stream. A twin stream system helps to protect the quality of the paper and card stream from contamination with food and drink residues that are commonly found in pots, tubs, trays, cartons and bottles.
95. As a result of this legislative clarity, it is proposed that the County Council proceeds with the construction of a new container MRF at Eastleigh and associated works at Portsmouth to repurpose the existing MRF to manage a proportion of the paper and card, as set out in the October 2022 report.
96. The costs set out in the October 2022 report are reflective of the estimates for construction at the time based on examples of other facilities that had been procured, and work has been undertaken to review these. This work has identified an estimated total cost of £50.5 million, which represents an increase of £20.5 million on the original estimated cost prepared in early 2022. It should be noted that this figure includes a provision to enable increased automation to be included in the facility leading to a reduction in revenue costs as there would be less manual sorting taking place. A more detailed cost benefit analysis is needed to determine the optimum level of automation to inform the actual specification of the facility.
97. The costs of delivery have increased since then due to several factors:
- Inflation – inflation rose significantly in 2022 and 2023 increasing prices both in terms of material production as well as construction and process installation.
 - Supply chain demand – because these changes are being driven by legislation affecting all local authorities and commercial operators there is a significant level of demand for suppliers who provide services, equipment and plant needed to ensure compliance. This has resulted in prices rising to reflect the increased demand.
 - Construction sector pressures – when undertaking market engagement of civil engineering contractors for the original proposals there was a lack of interested parties and one of the suppliers went into administration during the process.

98. It is estimated that procurement of a contractor will take place in the first half of 2025, with works beginning on site in autumn 2025, and would last for 2 years. The full profiling of the spend is shown in appendix 4.
99. In addition to the above the County Council is, following the decision made by Cabinet in October 2024, developing a new waste strategy that will set out the approach to managing both kerbside and household waste recycling centre waste holistically to achieve the best outcomes environmentally and financially for the residents of Hampshire. This work will inform the future structure of the HWRC service and any infrastructure changes requiring capital investment will be brought forward later in 2025/26.
100. With regards to closed landfill works, the County Council is progressing with a minor works order to undertake the replacement of the leachate tank at Bramshill closed landfill at a cost of £80,000. These works are expected to be completed during quarter 1 of 2025/26. A further project will be undertaken later in 2025 /26 to replace the leachate tank at Somerley which will be done through a further minor works order in due course.

Revenue Implications

101. 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.
102. 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.

Consultation and Equalities

103. This is a financial report amending or proposing budgets for programmes and individual schemes, and therefore does not require a consultation.
104. Service changes or proposals for individual schemes will undertake their own specific consideration of equalities issues. This report has no direct effect on service users, so has a neutral impact on groups with protected characteristics

Climate Change Impact Assessments

105. Hampshire County Council utilises two decision-making tools to assess the carbon emissions and resilience 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.
106. The tools employed by the County Council to assess impacts on climate change adaptation and mitigation were utilised and found not to be applicable on grounds that the decision relates to a strategic programme rather than specific interventions. The tools will be applied to specific schemes and more detailed proposals in the future to assess any impacts and ensure they are reported.

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

Section 100 D - Local Government Act 1972 - background documents

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

Document

Location

None

EQUALITIES IMPACT ASSESSMENT:

1. Equality Duty

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

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

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

- The need to remove or minimise disadvantages suffered by persons sharing a relevant characteristic connected to that characteristic;
- Take steps to meet the needs of persons sharing a relevant protected characteristic 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 which participation by such persons is disproportionately low.

2. Equalities Impact Assessment:

This is a financial report amending or proposing budgets for programmes and individual schemes. Changes or proposals for individual schemes will undertake their own specific consideration of equalities issues. The decisions in this report are financial, and mainly relate to in-house management of accounts, and therefore have a neutral impact on groups with protected characteristics.