

HAMPSHIRE COUNTY COUNCIL

Decision Report

Decision Maker:	Executive Member for Policy and Resources
Date:	24 January 2013
Title:	Capital programme for 2013/14 to 2015/16
Reference:	4572
Report From:	Director of Corporate Resources – Corporate Services and Chief Officers

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1. Executive Summary

- 1.1. This report seeks approval for submission to the Leader and Cabinet of the proposed capital programme for 2013/14 to 2015/16.
- 1.2. The report has been prepared in consultation with the Executive Member and will be reviewed by the Policy and Resources Select Committee. It will be reported to the Leader and Cabinet on 8 February 2013 to make final recommendations to County Council on 21 February 2013.
- 1.3. The report considers the schemes which it is proposed to include in the capital programmes for 2013/14, 2014/15 and 2015/16.
- 1.4. The proposals contained in this report are derived from the departmental service plans which have been developed to support the priorities of the Corporate Strategy.

2. Background

- 2.1. Executive Members have been asked to prepare proposals for:
 - a locally-resourced capital programme for the three-year period from 2013/14 to 2015/16 within the guidelines used for the current capital programme including the third year, 2015/16, at a similar level to 2014/15
 - a programme of capital schemes in 2013/14 to 2015/16 supported by Government grants as announced by the Government, subject to limits restricting the take-up of Government supported borrowing approvals.

- 2.2. The medium term financial and efficiency strategy is closely linked to the Corporate Strategy and the Corporate Business Plan to ensure that priorities are affordable and provide value for money and that resources follow priorities.
- 2.3. The County Council's capital programme has been maintained and expanded over recent years, continuing the trend of ensuring that the Council invests wisely in maintaining its existing assets and delivers a programme of new ones. The priority for the current and next financial year is to concentrate on the delivery of the approved capital programme which totals £550m over three years with £220m due to be completed or started in the current financial year.
- 2.4. Given the scale and timing of the capital programme, Services have been asked to review the schemes in their capital programmes as it is possible that some schemes that were added in February 2012 do not necessarily reflect current priorities or phasing. In addition, Services have also been asked to look at how schemes could be accelerated towards implementation should this prove necessary.
- 2.5. It is also important that the County Council is in a strong position to respond to any opportunities that may arise as a result of proposals by the Government to move resources from revenue to capital investment.

3. Locally resourced capital programme

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

	£000
2013/14	29,046
2014/15	16,816
2015/16	7,566

- 3.2. Executive Members may vary the guidelines between years provided their total three-year guideline is not exceeded and bunching of payments in any one year or front-loading is avoided.
- 3.3. Executive Members may propose supplementing their capital guidelines under the 'prudential framework' agreed by Cabinet at its meeting on 24 November 2003, as amended by Cabinet in February 2006. Proposals are included in this report, relating to the purchase of vehicles by HTM and a payment to Basingstoke and Deane Borough Council for land at Manydown, with further detail provided in paragraphs 4.3 and 4.5.

4. Proposed capital programme 2013/14 to 2015/16 – locally resourced schemes

- 4.1. The programme proposed for 2013/14 to 2015/16 is largely based upon the allocation of resources between priorities in the current 2012/13 to 2014/15 capital programme. The programme is detailed in Appendix 1.
- 4.2. The main corporate priority continues to be the maintenance of the core buildings in the County Council's built estate through the capital repairs programme, which supports the delivery of services countywide and specifically aims to address the priorities in the Corporate Risk Assessment. Significant investment to maintain the building stock continues into 2013/14, which aims to improve the balance between planned and reactive maintenance across the non-schools estate, thereby reducing reactive maintenance in the future.
- 4.3. Capital investment by business units is also included in the capital programme. Hampshire Transport Management (HTM) started purchasing new vehicles in 2009/10 instead of leasing them generating a saving of around 4% annually. This approach benefits customers through reduced hire charges. An annual allocation of £2 million has been incorporated into the capital programme for these vehicle purchases, to be funded by business unit charges to customers.
- 4.4. The 2013/14 capital programme includes a provision of £2m to progress strategic landholdings for development and disposal.
- 4.5. A further £4.5m is added to the 2013/14 programme to pay an outstanding amount to Basingstoke and Deane Borough Council for land at Manydown. This will enable the County Council to work in partnership with the Borough Council in the future promotion and development of the land.
- 4.6. Match funding is required for the restoration project planned for the Monitor M33 warship. Initial funding of £250,000 is included into the 2013/14 capital programme. Further proceeds from the sale of Treadgolds, Bishop Street, Portsmouth may be added at a later date.
- 4.7. As part of the IT Modernisation and efficiency programme, the capital investment is being used to replace key assets, provide for service modernisation and support the future changes that are required as part of the Corporate Services review and joint working opportunities.
- 4.8. The wider rollout of the successful Schools Managed IT Services continues with a larger provision of £6m in 2013/14.
- 4.9. The allocation for the development of Rural Broadband continues into 2013/14 to bring faster broadband to areas of the county that will not be upgraded by the commercial market.

- 4.10. The Libraries and minor works provision has been increased following the end of the requirement for the Art in Place allocation.
- 4.11. The 2013/14, allocation for Coastal Conservation will address issues and solutions for the adaptation of coastal sites to future sea level rise, increased flooding and erosion.

Revised 2012/13 capital programme

- 4.12. The revised 2012/13 capital programme for Policy and Resources is shown in Appendix 2 and totals £61.3 million. The changes since the capital programme was approved in February 2012 are summarised below:

	2012/13
	£000
Approved Programme	39,336
Under spends and schemes carried forward from previous years	16,327
Share of capital receipts	639
Re-phasing of capital repairs to 2012/13	3,979
Vehicle replacement programme	1,000
Revised capital programme total	61,281

- 4.13. The schemes carried forward from previous years totalling £16.3m was agreed by Cabinet on 25 June 2012.
- 4.14. An additional £1m was approved by Cabinet on 24 September 2012 for the vehicle acquisition replacement programme. This programme is based on the strategy of moving from leasing to outright purchase, which will now include partner organisations.

5. Capital programme supported by Government allocations

- 5.1. The Coalition Government has allocated all of its support for the capital programme in the form of capital grants, and not as borrowing allocations.
- 5.2. The Secretary of State has not yet announced details of individual local authority capital allocations for 2013/14, 2014/15 and 2015/16.
- 5.3. At this time it is expected that the focus of the current spending round will continue along the lines of the 2012/13 allocation by reducing the number of hypothecated grants, thus allowing local authorities to determine their own local priorities.
- 5.4. For Policy and Resources, the relevant grants are elements of education grants relating to the capital repair and maintenance of

buildings. This includes an element of the Dedicated Schools Grant (DSG) relating to the capital repair of buildings that is managed by Policy and Resources. For 2012/13, this element was £11.7 million and for planning purposes it is assumed to continue at this level for the period 2013 - 2016.

- 5.5. Also, for 2012/13, the Government announced a capital maintenance grant of £19,762,114 for local authority schools and Sure Start early years centres. The grant was 22% lower than the 2011/12 grant which partly reflects the conversion of some schools to Academy status. It is proposed to continue the previous approach used for the New Deal for Schools programme and split this sum between suitability (improvement) work, which is managed by Children's Services and funding to address the backlog of building condition work, which is managed by Policy and Resources. A split of these resources in the ratio of 46% to suitability and 54% to condition was agreed by the Executive Member in July 2003, and this split is reflected in the proposed programme for 2013/14 – 2014/15.
- 5.6. The cash limit guidelines for this part of the capital programme are as follows.

	Capital grant £000	DSG £000	Total £000
2013/14 (Assumed)	10,671	11,719	22,390
2014/15 (Assumed)	10,671	11,719	22,390
2015/16 (Assumed)	10,671	11,719	22,390

6. Proposed capital programme 2013/14 to 2015/16 – schemes supported by Government allocations

- 6.1. Close working between Property Services and Children's Services staff ensures maximum impact is achieved from the capital maintenance funding. Details of individual projects within the capital repairs allocation will continue be reported to the Buildings, Land and Procurement Panel.

7. Capital programme summary

- 7.1. On the basis of the position outlined above, the total value of the capital programmes submitted for consideration for the three years to 2015/16 are:

	Schemes within locally resourced guidelines £000	Additional schemes funded within the prudential framework £000	Schemes supported by Government allocations £000	Total £000
2013/14	29,046	5,500	22,390	56,936
2014/15	16,816	1,000	22,390	40,206
2015/16	7,566	1,000	22,390	30,956

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

8. Revenue implications

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

	Full Year Cost	
	Current Expenditure £000	Capital Charges £000
Schemes within the guidelines		
2013/14	-	3,089
2014/15	-	1,602
2015/16	-	281
Additional schemes under prudential framework		
2013/14	-	100
2014/15	-	100
2015/16	-	100
Schemes supported by Government allocations		
2013/14	-	373
2014/15	-	373
2015/16	-	373
Total	-	6,391

8.2. The total revenue implications for the three years of the starts programme, including capital charges, represent a real term increase of 10.1% over the 2012/13 original budget of Policy and Resources.

9. Conclusions

9.1. The proposed capital programme for Policy and Resources as summarised in section 7 is in line with the guidelines set by Cabinet. In addition, it plans to use the allocated Government grants in full. The main priority of the programme continues to be structural maintenance and improvement of the County's build estate and coastal areas. The programme supports the delivery of services countywide and contributes to the corporate aims:

- Hampshire safer and more secure for all
- Maximising wellbeing
- Enhancing our quality of place

10. Recommendations

10.1. That the capital programme for 2013/14 to 2015/16 as set out in Appendix 1 be approved for submission to the Leader and Cabinet.

10.2. That the revised capital programme for 2012/13 as set out in Appendix 2 be agreed.

CORPORATE OR LEGAL INFORMATION:**Links to the Corporate Strategy**

Hampshire safer and more secure for all:	yes
Corporate Business plan link number (if appropriate):	
Maximising well-being:	yes
Corporate Business plan link number (if appropriate):	
Enhancing our quality of place:	yes
Corporate Business plan link number (if appropriate):	

Other Significant Links

Links to previous Member decisions:		
<u>Title</u>	<u>Reference</u>	<u>Date</u>
County Council	3587	23 February 2012
Cabinet	3398	25 June 2012
Cabinet	4139	24 September 2012
Direct links to specific legislation or Government Directives		
<u>Title</u>	<u>Date</u>	

Section 100 D - Local Government Act 1972 - background documents

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

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

IMPACT ASSESSMENTS:

1. Equalities Impact Assessment:

- 1.1. Race and equality impact assessments will be considered when individual projects appraisals are developed.

2. Impact on Crime and Disorder:

- 2.1. The County Council has a legal obligation under Section 17 of the Crime and Disorder Act 1988 to consider the impact of all decisions it makes on the prevention of crime. Crime prevention issues will be considered when individual project appraisals are developed.

3. Climate Change:

- a) How does what is being proposed impact on our carbon footprint / energy consumption?
- b) How does what is being proposed consider the need to adapt to climate change, and be resilient to its longer term impacts?

The programme for 2013/14, summarised in Appendix 1, gives particular priority to the adaptation of the County Council's coastal sites to future sea level rise.

Appendix 2

Policy and Resources 2012/13 capital programme

1.	Latest programme limit:	£000
	Total programme as per budget book	39,336
	Carry forward schemes from 2011/12	16,327
	Share of capital receipts agreed by Cabinet 25/06/12	639
	Re-profiling capital repairs to 2013/14	3,979
	Additional allocation agreed by Cabinet 24/9/2012	1,000
		61,281
2.	Analysis of 2012/13 programme including carry forwards from 2011/12:	
	Capital repairs	4,222
	- capital repairs carried forward from 2011/12	1,369
	- capital repairs carried forward to 2013/14	0
	- capital repairs transfer to Facilities Management	-197
	Capital repairs – schools condition funding	10,671
	- capital repairs (schools condition funding) carried forward from 2011/12	6,489
	Capital repairs re-profiled from 2011/12	4,279
	Capital repairs adjustment	-300
	Capital repairs schools funded by Dedicated Schools Grant (DSG)	11,719
	- capital repairs (schools funded by DSG) carried forward from 2011/12	2,950
	Vehicles for Hampshire Transport Management (HTM)	2,000
	Smart Meters – schools	
	- Smart Meters – schools carried forward from 2011/12	109
	Havant Day Services access road – carried forward from 2011/12	55
	Coastal Conservation	106
	- Coastal Conservation carried forward from 2011/12	447
	Schemes controlled on an expenditure basis:	43,919
	Office accommodation	229
	Regulatory Services	69
	Advance fees	860
	Disposal of site fees	809
	Advance and Advantageous Land purchases	1,220
	IT Modernisation / Efficiency	1,000
	Non-Schools Estate Planned Repairs and Maintenance	2,500
	Strategic Land Promotion, Development and Disposal	1,000
	Feasibility Budget	430
	Children's Services Social care System	100
	HC3S	50
	HTM Diagnostic Equipment	25
	Advanced Boiler Controls	2,695

Schools Managed IT Service	2,000
HPSN Growth	50
Rural Broadband	1,500
Queen's Diamond Jubilee	250
Facilities Management	197
Countryside and Rights of Way Improvements	120
Community Buildings and Village Halls	125
ICT Developments	75
Disability Discrimination Act and Health and Safety Schemes	80
Art in Place	90
Basingstoke Canal	150
Libraries and Minor Works	18
Tile Barn	35
Footway Improvements	15
Unallocated Capital receipts from 2011/12	344
Unallocated Capital receipts from 2012/13	639
Schemes controlled on a starts basis:	16,675
Unallocated	687
Policy and Resources Capital Programme 2012/13	61,281