

HAMPSHIRE COUNTY COUNCIL

Decision Report

Decision Maker:	Executive Member for Policy and Resources
Date of Decision:	19 January 2012
Decision Title:	Capital programme for 2012/13 to 2014/15
Decision Reference:	3559
Report From:	County Treasurer 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 2012/13 to 2014/15.
- 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 3 February 2012 to make final recommendations to County Council on 23 February 2012.
- 1.3. The report considers the schemes which it is proposed to include in the capital programmes for 2012/13, 2013/14 and 2014/15.
- 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 2012/13 to 2014/15 within these guidelines
 - a programme of capital schemes in 2012/13 to 2014/15 supported by Government grants or supported borrowing 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.

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
2012/13	7,841
2013/14	7,691
2014/15	7,691

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. The Executive Member agreed at his decision day on 27 October 2011 to re-phase £400,000 from 2011/12 to 2012/13 to better utilise the capital repairs allocation. Further information is provided in paragraph 4.2 below.

3.3. The Executive Member also agreed at his decision day on 27 October 2011 to permanently reduce the Policy and Resources capital repairs budget by £125,000 and transfer this sum to the Property Service's revenue budget. This relates to the land management allocation within the capital repairs budget which supports the cost of a small team that has transferred from the Economy, Transport and Environment Department and are now integrated into the Landscape and Land Management team within Property Services.

3.4. The adjusted guidelines are therefore:

	£000
2012/13	8,116
2013/14	7,566
2014/15	7,566

3.5. Whilst 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, no such proposals are included in this report.

4. Proposed capital programme 2012/13 to 2014/15 – locally resourced schemes

4.1. The programme proposed for 2012/13 to 2014/15 is largely based upon the allocation of resources between priorities in the current 2011/12 to 2013/14 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 identified in the Corporate Risk Assessment. This ensures key structural, health and safety and sustainability issues are addressed. A key programme with regard to the non-schools estate is Workstyle. While the Workstyle programme itself is designed to be self-funding through the generation of capital receipts and revenue savings, the Policy and Resources capital repairs programme is working in parallel with the project to deliver associated landlord priorities. This requires the re-phasing of up to £400,000 of the 2011/12 programme into 2012/13 and this was approved by the Executive Member for Policy and Resources at his decision day on 27 October 2011.

- 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 £1 million has been incorporated into the capital programme for these vehicle purchases, to be funded by business unit charges to customers.
- 4.4. The 2012/13 programme includes the final element of funding for essential works to the Basingstoke Canal. Following this, the overall programme is reduced by £150,000.
- 4.5. The requirement for an Art in Place allocation comes to an end in 2012/13 and from 2013/14 the funding is allocated to the Libraries and minor works provision.
- 4.6. The 2012/13, 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 2011/12 capital programme

- 4.7. The revised 2011/12 capital programme for Policy and Resources is shown in Appendix 2 and totals £53 million. The changes since the capital programme was approved in January 2011 are summarised below:

	2011/12 £000
Approved Programme	37,104
Under spends and schemes carried forward from previous years	13,365
Share of capital receipts	416
Net transfers to revenue	-104
Transfer to Economy, Transport and Environment	-190
Re-phasing of capital repairs to 2012/13	-400
Transfer from Children's Services	100
Advanced Boiler controls in schools	2,694
Revised capital programme total	52,985

- 4.8. The schemes carried forward from previous years of £13.3m was agreed by Cabinet on 4 July 2011 and has been increased by £65,000 being the under spend on the 2010/11 Eastleigh workstyle project.
- 4.9. Following a successful programme to install advanced boiler controls on boilers in the corporate estate, the Executive Member for Policy and Resources agreed at his 14 April 2011 decision day to extend the programme to schools. This will assist schools with energy reduction programmes and reduce their exposure to the new carbon tax. It is an invest to save project with upfront funding provided by dedicated schools grant (DSG).

5. Capital programme supported by Government allocations

- 5.1. The Government has allocated all of its future support for the capital programme in the form of capital grants, and not as borrowing allocations. 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 is £11.7 million and for planning purposes it is assumed to continue at this level for the period 2013 - 2015.
- 5.2. Also, for 2012/13, the Government has announced a capital maintenance grant of £19,762,114 for local authority schools and Sure Start early years centres. The grant is 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 2012/13 – 2014/15.
- 5.3. The cash limit guidelines for this part of the capital programme are as follows.

	Capital grant £000	DSG £000	Total £000
2012/13	10,671	11,719	22,390
2013/14	10,671	11,719	22,390
2014/15	10,671	11,719	22,390

6. Proposed capital programme 2012/13 to 2014/15 – 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 to 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 2014/15 are:

	Schemes within locally resourced guidelines £000	Additional schemes funded within the prudential framework £000	Schemes supported by Government allocations £000	Total £000
2012/13	8,116 *	-	22,390	30,506
2013/14	7,566	-	22,390	29,956
2014/15	7,566	-	22,390	29,956

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		
2012/13	-	291
2013/14	-	281
2014/15	-	281
Additional schemes under prudential framework		
2012/13	-	-
2013/14	-	-
2014/15	-	-
Schemes supported by Government allocations		
2012/13	-	373
2013/14	-	373
2014/15	-	373
Total	-	<u>1,972</u>

8.2. The total revenue implications for the three years of the starts programme, including capital charges, represent a real term increase of 2.8% over the 2011/12 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 built 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 2012/13 to 2014/15 as set out in Appendix 1 be approved for submission to the Leader and Cabinet.
- 10.2. That the revised capital programme for 2011/12 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>
Executive Member for Policy and Resources	2523	14 April 2011
Cabinet	3016	4 July 2011
Executive Member for Policy and Resources	2525	27 October 2011
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 project 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 1998 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 2012/13 Coastal Conservation addresses the adaptation of the County Council's coastal sites to future sea level rise.

Policy and Resources Capital Programme 2012/13 – 2014/15

Follows overleaf

Policy and Resources 2011/12 capital programme

1.	Latest programme limit:	£000
	Total programme as per budget book	37,104
	Carry forward schemes from 2010/11	13,300
	Economic Development transfer to Environment	-190
	Transfer to revenue for Smart Meters	-65
	Capital repairs and land management transfer to revenue	-157
	Share of capital receipts agreed by Cabinet 04/07/11	416
	Installation of Advanced Boiler Controls in schools	2,694
	Eastleigh Workstyle underspend from 2010/11	65
	Re-profiling capital repairs to 2012/13	-400
	Installation of AV System in the Council Chamber transfer from reserves	90
	Transfer from Children's Services re Asset Management Project Software	100
	Transfer from revenue re Winchester Invest to Save Project	28
		52,985
2.	Analysis of 2011/12 programme including carry forwards from 2010/11:	
	Capital repairs	3,998
	- capital repairs carried forward from 2010/11	2,344
	- capital repairs carried forward to 2012/13	-400
	Capital repairs – schools condition funding	13,745
	- capital repairs (schools condition funding) carried forward from 2010/11	2,033
	Capital repairs schools funded by Dedicated Schools Grant (DSG)	13,729
	- capital repairs (schools funded by DSG) carried forward from 2010/11	2,014
	Vehicles for Hampshire Transport Management (HTM)	1,000
	Smart Meters – schools	-65
	- Smart Meters – schools carried forward from 2010/11	883
	Havant Day Services access road – carried forward from 2010/11	57
	Facilities Management	197
	Coastal Conservation	106
	- Coastal Conservation carried forward from 2010/11	366
	Schemes controlled on an expenditure basis:	40,007
	Office accommodation	435
	Regulatory Services	34
	Advance fees	860
	Disposal of site fees	818
	Advance and Advantageous Land purchases	2,182
	County Farms – Bull Farm, Kings Worthy	91
	County Farms – capital improvement programme	42
	HC3S	50
	HTM Diagnostic Equipment	25
	Advanced Boiler Controls	2,694
	Scientific Services Laboratory refurbishment	637

IT Hosted Schools Solution	1,560
Project 500 – Affordable Housing	25
Countryside and Rights of Way Improvements	175
Community Buildings and Village Halls	120
ICT Developments	53
Disability Discrimination Act and Health and Safety Schemes	178
Libraries and Minor Works	167
Art in Place	60
Basingstoke Canal	722
Minor Works	40
Local Public Service Agreement Capital Works	41
Fire Precautions	85
Royal Victoria Country Park	65
Calshot Sewerage	50
Calshot Class room	24
Lawrence House	18
Tile Barn	541
Grants to village halls	55
Wessex Dance	68
Footway Improvements	15
Schemes controlled on a starts basis:	11,930
Unallocated	1,048
Policy and Resources Capital Programme 2011/12	52,985