

HAMPSHIRE COUNTY COUNCIL**Decision Report**

Decision Maker:	Cabinet
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Title:	Strategic Infrastructure Planning and Delivery
Reference:	3567
Report From:	Director of Economy, Transport and Environment

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1. Executive Summary

- 1.1. The purpose of this report is to seek Cabinet's approval for a revised approach to the County Council's role alongside our District Council and other partner's in the future place shaping of Hampshire. This is suggested in response to the changes to the planning system and funding arrangements for strategic infrastructure. New arrangements are considered imperative to ensure that the County Council is well placed to work with partners to both identify infrastructure needs, and to secure appropriate contributions from developers and other funding sources to enable the timely delivery of essential infrastructure.
- 1.2. Historically Hampshire has offered a high quality of life to residents, combining general economic success whilst also protecting the character and outstanding environment of the County. Working closely with the district councils, the County Council has sought to ensure that additional growth has been supported by infrastructure. Together, the authorities have also sought to ensure that development has not threatened the character of Hampshire or the quality of life of Hampshire's communities, either by the scale or pace of change. Through effective partnership arrangements, such as the Transport Contributions Policy, the County and District Councils have helped deliver comprehensive infrastructure to support reasonable development. The County Council has also sought, where possible, to challenge and resist unsustainable growth. As a major provider of public services in Hampshire, the County Council remains fully engaged in the process of helping to shape the future of the county, working alongside key partners, such as the District Councils, and through the two Local Enterprise Partnerships.
- 1.3. In response to recent Government reforms, there is a need for the Council to work with partners to put new arrangements in place to help ensure the

continued prosperity and sustainability of the county, particularly at this time of major economic challenge, public service reform and wholesale changes to the planning system.

2. Contextual information

- 2.1. Historically the County Council has relied on two main sources of funding for strategic infrastructure: capital funding from central government, and developer contributions for off site works, historically mainly for schools and transport.
- 2.2. Over the last five years local authorities in the South East have seen a significant decline in their capital funding, for example in 2006/7 the first year of Hampshire's second Local Transport Plan (LTP2) the County Council received £13.3 million, whereas capital funding was more than halved in the first year of LTP3 (2011/12) at £6.5 million. Initially this was viewed by many as a temporary downturn whilst the Government reduced public spending to support its wider budget deficit reduction programme. However, it now seems there is little likelihood of increased Government capital grants for local authorities in the immediate future, as Whitehall prefers to channel future infrastructure funding through business led Local Enterprise Partnerships (LEPs).
- 2.3. Current Government policy is focused on economic growth, which is not only manifested through the LEPs but also by designating Enterprise Zones and radically revising national planning policy to place greater weight on economic development. This will also place greater emphasis on development viability issues and the interests of developers. These factors threaten the ability of planning authorities to continue to secure developer funding for infrastructure during particularly challenging economic conditions.
- 2.4. The County Council's success at securing developer contributions over the last five years and the risks that the Government's proposed planning reforms presented were highlighted in a report to Cabinet in December 2010.
- 2.5. Overall, the Council's developer contribution policy has secured £150 million for key infrastructure, an achievement highlighted to Senate partners in July last year. However, as predicted in December 2010, the Coalition's reforms, including the introduction of the Community Infrastructure Levy (CIL) and restrictions to Section 106 Agreements, mean that the Council will no longer be able to apply its developer contributions policy. Instead it will need to negotiate with individual local planning authorities, as the charging authorities for CIL, to help secure funds for strategic infrastructure. The main implications of this change are set out in Section 6 of this report.
- 2.6. Future sustainable development will not only be shaped by the new planning system but also by the timely provision of appropriate infrastructure. The introduction of a local business rate retention scheme from 2013/14 and the potential development of a Tax Increment Finance (TIF) could have a

significant bearing on the means of public authorities to secure future infrastructure provision. The Council's ability to provide services and deliver infrastructure will become increasingly linked to its ability to generate economic growth, thus making the Council's relationship with business increasingly important. In this new landscape, collaboration with business on economic development and with local planning authorities and other strategic leaders on sustainable development will be crucial.

3. Future Funding Mechanisms

- 3.1. Within the last year the Government has introduced various new funding streams, many of which are targeted at the LEPs. These include the Regional Growth Fund and the Growing Places Fund. The latter has been designed to enable LEPs to prioritise infrastructure provision to generate economic growth and deliver housing and employment. The importance of partnership working – often beyond a single LEP or local authority boundary – and the focus on the provision of infrastructure – are likely to be common themes in future government funding streams.
- 3.2. Whilst the majority of Regional Growth Fund monies were allocated to projects in the Midlands and the north, Solent LEP succeeded in securing funding for three projects in the south of the county. More recently, both LEPs have received allocations from the Growing Places Fund. The Enterprise M3 LEP's allocation is £14.7 million and the Solent LEP's allocation is £12.2 million. The fund is aimed at projects that will deliver infrastructure to unlock development and generate growth, the recycling of this funding is also very much encouraged by the Government. Both LEPs are in the process of setting up their funds and it is expected that they will begin to allocate money to projects later this year. Significantly, it will be the LEPs, as the decision making bodies, which will decide where the funding is allocated.
- 3.3. The County Council is already using its capacity to provide strategic support to the LEPs. For example, in the case of the Growing Places Fund, the Council has supported the Enterprise M3 LEP in drafting its submission and will now provide on-going support to set up the fund and act as the 'accountable body' for that fund. The Solent LEP is expected to issue a call for bids within the next few weeks and Enterprise M3 LEP is planning to launch its fund in the Spring.
- 3.4. After 2015 future funding for major transport schemes ie schemes over £5 million, will be devolved to new transport bodies made up of LEPs and Local Transport Authorities. It is likely that these bodies will be larger than the boundaries of those organisations and will encourage new consortia to be formed. A Department for Transport consultation on the proposals, including the membership, runs until 2 April 2012. The County Council's work through Transport for South Hampshire, the LEPs, the Hampshire Senate, and with organisations beyond Hampshire means it is well placed to influence the

shape of future sub-national arrangements, to maximise the funding that comes into the county.

- 3.5. Whilst the Enterprise M3 and Solent LEPs have an important contribution to make in supporting sustainable communities, their primary focus is, of course, economic growth. As both outcomes are interdependent, the County Council will wish to use its influence through both the LEPs and other mechanisms to ensure the economic and community strategies are appropriately aligned and that the strategic infrastructure agenda is comprehensively and efficiently addressed.
- 3.6. Last December Cabinet was alerted to the Government's intention to introduce the New Homes Bonus as an incentive to local communities to accept new additional housing. It was noted that this would not be new funding but rather a redirection of funding, as from 2012/13 it would be top sliced from formula grant, with only 20% being allocated to upper tier authorities and the remainder being distributed to district councils.
- 3.7. The other new and significant funding mechanism in terms of sustainable development is the CIL which will be raised by district councils, as the Charging Authorities. Local Planning Authorities will be expected to publish a list, informally known as the Reg 123 List, setting out which projects and types of infrastructure they intend to fund through CIL. In future CIL will be the primary mechanism for pooling funds from developers to deliver infrastructure.
- 3.8. Although these changes reduce the direct role of county councils, it is clear that they still have a significant role to play as major providers of public services with the capacity to deliver strategic leadership. Furthermore in Hampshire, the County Council has a major strategic asset realisation and land development programme which could be key to delivering long term, sustainable and high quality development on the ground in strategic locations.

4. Progress through partnerships

- 4.1. The County Council has a good record of working with local planning authorities to identify infrastructure needed to support development and to provide strategic input into district Local Plans. This work has helped to ensure that the County Council's services and duties are recognised and acknowledged. In 2009 the Council published the Hampshire Community Infrastructure Study (2009) which set out the infrastructure needed and the estimated costs to deliver housing targets listed in the South East Plan. Supplements, containing details of the County Council's capital programme, were published in 2010 and 2011. The County Council also provides vital population, economic and housing data to inform Local Plans and has established an effective collaborative approach on local transport producing District Transport Statements and Town Access Plans, in consultation and partnership with District and Town/Parish Councils.

- 4.2. In addition to having developed positive relations with the districts, the Council has also developed good relations with developers. For example, as the LEA, the Council has been required to enter into agreements directly with developers in order to secure the land and funding to deliver a new school to serve a new development in a timely manner. Developers find that the provision of a new school makes their development much more marketable and so are often keen for the infrastructure to be delivered early on in the build out of the development. The LEA has therefore frequently used the signed agreements, in which the developer covenants to pay the County Council a contribution towards the cost of building the new school required to serve their development, to prudentially borrow the funding in order to progress the design and construction of the school at the earliest opportunity. Under the new CIL arrangements it will be vitally important for the County and District Councils to work closely together to ensure the right mechanism is used to enable the timely provision of schools to continue.

5. Infrastructure Needs - development of a Joint Strategy for Hampshire

- 5.1. In July 2011 the Hampshire Senate stated its desire to have a joint framework to identify infrastructure needs, in response to recent reforms and its shared ambitions set out in Hampshire's Sustainable Community Strategy – 'Shaping our future together'. To assist with this, the County Council has prepared a draft interim strategic infrastructure statement (set out in Appendix 1). This preliminary assessment initially focuses on County Council services.
- 5.2. Subject to approval by Cabinet, it is proposed that the interim statement be published as a preliminary assessment of infrastructure requirements and further developed as a baseline for additional work to be undertaken. Working with other infrastructure and service providers it is intended to develop a comprehensive Joint Strategic Infrastructure Strategy for Hampshire. Such a strategy would address strategic needs up until 2031. In the meantime, the interim statement can be considered by local planning authorities to inform development of their CIL policies.
- 5.3. The preliminary assessment of infrastructure requirements is based on an understanding of the development strategy set out in each district's Local Development Frameworks which have been emerging via a process of consultation, including with the County Council.
- 5.4. The interim statement identifies the infrastructure assets for County Council services and explains the basis for determining where new infrastructure is required. The District Councils and other public service providers will also clearly have other infrastructure requirements which need to be identified and built in to create a comprehensive picture. The interim statement also sets out current funding arrangements, the likelihood of funding being available in the future and the investment required on a district-by district basis. The Statement is eventually intended to provide a comprehensive picture of infrastructure needs and requirements, not only those likely to be eligible for developer funding. However it is important to recognise the urgent timescales for the development by District and Borough Councils. Therefore an early

focus for the infrastructure work will be to demonstrate whether developer contributions are required for schemes. Therefore the Statement will provide information on any identified funding source for schemes and where appropriate, any funding gap which may be relevant to CIL or other forms of developer funding.

- 5.5. Although the interim statement does not represent a commitment by the County Council that each scheme can be delivered it helps identify schemes over a twenty year period, which, based on the information available at the time, are considered to include all those which would be necessary to support the pattern and level of development proposed in each district Local Development Framework.

6. Implications of CIL

- 6.1. Over recent months the Department for Communities and Local Government (DCLG) has provided further information about CIL and issued a consultation on whether or not to use CIL to fund affordable housing and what proportion of CIL receipts should be passed to the community. In addition, a number of Charging Schedules have been approved across the County, including Portsmouth City Council's, and both Havant and New Forest District have published draft Preliminary Charging Schedules. Appendix 2 illustrates the timescales the districts are working to.
- 6.2. The purpose of the Charging Schedules is to firstly establish that a funding gap for infrastructure exists and, secondly, to provide viability evidence to determine an appropriate rate for CIL to be set for each class of infrastructure and/or geographical area. The Charging Authority may use any number of schemes to demonstrate a funding gap exists but those schemes need not necessarily appear on a list which outlines what CIL will be used to fund (commonly referred to as the Reg 123 list). The viability assessments test the various levels of CIL on the likely viability of development across an area using land values and development costs. The Charging Authority must then determine at what level to set CIL, ensuring that they set it at such a level as to ensure that the majority of sites required to be delivered by the Core Strategy will not be made unviable.
- 6.3. It is clear from Havant's draft Preliminary Charging Schedule, which sets the residential CIL rate at £84 per square metre for the majority of the borough, that the expected CIL receipts are considerably less than originally anticipated. They will certainly be less than what has been raised in recent years through Section 106 agreements.
- 6.4. The Regulation 123 list is very important as it sets out exactly what is to be funded by CIL but is not examined or subject to public consultation. Charging Authorities may decide not to publish a list, in which case it is inferred that all infrastructure will be funded by CIL and it will not be possible to use Section 106 planning obligations to secure funding or provision of infrastructure at all. Alternatively the Charging Authority may list infrastructure types and keep the list fairly generic or specifically outline exactly what CIL will be used to fund.

The list may be updated at any time and is likely to be amended to reflect the completion of projects and changing priorities.

- 6.5. The importance of CIL Regulation 123 is that it prevents the use of Section 106 monies being used for any projects or types of infrastructure which are intended to be funded by CIL. Only where a CIL charging authority omits, or specifically exempts, certain projects or types of infrastructure from the list may Section 106 be used instead to collect developer funding.
- 6.6. DCLG has recently indicated that it is possible to exclude certain infrastructure schemes from a CIL Regulation 123 list whilst still collecting CIL for that general infrastructure type in order that infrastructure can be delivered through planning obligations. For instance, it would be possible to collect CIL for primary schools in general but specifically exclude new primary schools that are required to be delivered to serve a single large development. This will be a very useful approach for large sites where there are clearly specific infrastructure projects that will need to be secured and funded through Section 106 in order to ensure their timely delivery.
- 6.7. Dependent on the proposed levels of development within a district, and the specific infrastructure projects required to support the development of the area, it may be appropriate to consider not including infrastructure on the Regulation 123 list at all and instead rely on individual negotiations with developers in order to secure specific schemes and projects. As of April 2014, or when CIL is introduced (whichever is earlier), the County Council will no longer be permitted to use standard formulae to calculate contributions and pooling of contributions taken under Section 106 will be limited to 5 agreements, backdated to April 2010 and including agreements that were entered into in relation to planning permissions that were not implemented. For districts where the majority of schemes are required to meet the cumulative needs of development it will therefore be necessary to rely on pooled funds through CIL.
- 6.8. As Highway Authority the County Council is in the unique position to be able to utilise Section 278 of the Highways Act to fund highways and transport schemes. There is no restriction on pooling funds collected under Section 278 agreements but, as with Section 106 post April 2014, it is only possible to take money towards specific costed schemes that are required to make a development acceptable in planning and highway terms. It will also be possible for schemes to be funded by both CIL and Section 278 funds should that be appropriate.
- 6.9. It is vitally important that, whether it is most appropriate to use CIL, Section 106, Section 278 or a combination to secure funding for infrastructure, the approach is agreed with the districts and a policy framework is put in place to support the approach so as to ensure that the County Council is not left open to being challenged by developers.
- 6.10. Where the County Council has land ownership interests it may be possible to use development agreements to secure the delivery of infrastructure outside

of the planning process. This would be appropriate where it is the County Council's land that is to be developed or in cases where County Council owned land can be used to help mitigate the impact of developments, such as in Suitable Alternative Natural Green Space (SANGS) provision.

- 6.11. It is not possible at this stage to prescribe the exact approach that should be promoted by the County Council for each district area. A 'one size fits all' approach is not appropriate given that the scale of development and infrastructure requirements vary across the County. However, it is vital that both the County Council and district authorities recognise that CIL cannot be relied upon alone to provide the funding needed. Therefore it is important to work together to use all of the mechanisms at our disposal to maximise funding opportunities and ensure that we can continue to meet the needs of Hampshire.

7. Principles to maximise infrastructure funding

- 7.1. In order that the County Council works consistently and speaks with one voice when negotiating developer funding, Cabinet is asked to approve the general principles set out below as the basis for discussion and negotiations with District Council partners:
- (i) That Section 106 developer contributions be sought to fund infrastructure schemes which are dedicated to supporting new large developments, such as a development of 500 or more homes. This would include securing Section 106 to fund infrastructure that is on site or in the vicinity of the development eg a new household waste recycling centre or a new school.
 - (ii) That Section 278 of the Highways Act be used by the County Council, as the Highways Authority, to secure funding for transport schemes which are directly related to the impact of the development.
 - (iii) That CIL receipts be used to fund infrastructure schemes which will benefit multiple developments for strategic off-site schemes and those that cross district boundaries eg Bus Rapid Transit.
 - (iv) That a combination of CIL and Section 278 be sought to fund major transport schemes which are unlikely to be able to be fully funded through CIL and where there is a clear requirement for the scheme to be delivered in order to support one or more developments.

8. Capital Funding Strategy

- 8.1 The summary table contained within the Executive Summary in Appendix 1, shows that total indicative costs for identified infrastructure across the County is around £1 billion. After deducting identified sources of potential funding this still leaves a very significant funding gap.
- 8.2 Although this is clearly a significant challenge, it is important to bear in mind that this is for infrastructure needs that have been assessed over a 20 year

period and on an annual basis equates to around £50 million. Given that the County Council has just added gross schemes to the capital programme in the order of £244 million over three years it is reasonable to assume that this level of investment could be achieved on a priority basis during this period.

- 8.3 In previous years, the County Council has operated its capital programme on the basis of 'locally resourced' guidelines cash limits set for each of the Departments. These are derived from an assessment of the County Council's own capital resources such as capital receipts, contributions from revenue and use of reserves and other funds.
- 8.4 Following the sharp decline in land values and in particular the reduced demand for development land as part of the financial crisis in 2008, guideline cash limits for the three year programme approved in February 2009 were reduced by a third to reflect the expected loss of capital receipts.
- 8.5 Schemes funded by these cash limits were also further supplemented within the programme by schemes funded by capital grants from the Government, developers contributions, contributions from partners and other third parties and any specific decisions to use prudential borrowing powers.
- 8.6 Whilst this system has worked well for many years, one of the drawbacks is that capital investment decisions, particularly in respect of the locally resourced programmes, could be made in isolation without having a strategic view of the capital investment priorities across the County Council. In recent years this has not been a major problem as the expansion of the programme has been relatively minor given the reduction in local resources and national funding following cuts in Government spending.
- 8.7 However, during the last calendar year, as potential sources of capital funding became more available over the shorter term, the County Council began to develop a more strategic approach to its capital investment strategy, linked to the emerging Open for Business Priorities. The Medium Term Financial Strategy approved in July 2011, set out some broad areas for capital investment themes consistent with the overall priorities of the County Council.
- 8.8 This was developed into a priority list for capital investment that was approved by the County Council on 23 February as part of the budget setting process. The funding for this additional £244 million of expenditure was a mixture of scheme specific funding together with a consolidation of central local funding and prudential borrowing that has been used to fund the totality of new schemes that had been put forward for approval.
- 8.9 This process reflects a shift from the traditional approach of allocating funding directly to Departments to taking a more strategic overview of the prioritisation and funding of capital investment needs. In keeping with this shift in emphasis, no increases to guideline cash limits were applied to future years of the programme despite the expectation that local sources of funding may begin to increase in future years.

8.10 In the context of the infrastructure requirements set out in this report, it is recommended that a similar approach is adopted, looking at the needs and priorities of infrastructure investment across the County and looking at ways in which this can be funded over the period indicated on a corporate basis. In addition to the traditional forms of capital resources such as Section 106, Section 278, capital receipts and revenue contributions, this report sets out other opportunities that are likely to arise over the short to long term that will be pursued in order to help fund the infrastructure requirements that have been identified. In summary, these are :-

- Community Infrastructure Levy, the implications of which are set out in section 6 of this report;
- Regional Growth Fund and the Growing Places Fund, both of which will be allocated through LEPs;
- Transport funding that will be devolved to new transport bodies;
- Collaboration with partners and the private sector in a direct or enabling capacity; and
- Separate bidding arrangements for specific Government funding is likely to become available over the medium term. The new capital schemes approved in February included resources to help the County Council be fully ready to respond as and when these sorts of opportunities arise.

8.11 Whilst at this stage, therefore, the future funding sources for the infrastructure needs remains unclear, the County Council's track record of working with other organisations and attracting and generating significant capital resources places it in an excellent position to respond to this investment agenda going forward.

9 Next Steps

9.1 The approach proposed is dependent on securing effective long term partnership working with the District and Borough Councils both as the local planning authorities and also as public service delivery partners. Failure to secure effective partnership will significantly increase risks around the delivery of infrastructure, the development of sustainable communities which support and maintain character and quality of life in Hampshire and the ability of the County Council and other key public service providers to operate effectively in the future. It is therefore proposed that a Memorandum of Understanding be developed between the County and District and Borough Councils to provide a foundation for this essential partnership and commitment to collaborative working.

9.2 In an increasingly complex multi agency environment, reflecting changes to the historic planning responsibilities, the County Council role could most effectively be based on using its expertise and capacity to support planning

activities across Hampshire and to engage with partners in the delivery of new infrastructure.

- 9.3 It is proposed that the next steps in the process of developing the County Council's approach would be to continue to work collectively with District and Borough Council partners to develop an overall Hampshire perspective on both infrastructure needs and delivery mechanisms and approach. In parallel it is suggested that bi-lateral discussions continue with each District or Borough to secure agreement around the more detailed local infrastructure needs, and proposed mechanisms. Initially this would be around the developing CIL charging schedules and the County Council's emerging Capital Programme provisions in relation to key local infrastructure to support sustainable communities and growth, such as Extra Care Housing proposals, additional school capacity and transport provisions. It is also envisaged that further work would take place with Hampshire Police, Fire and Rescue and Health Services in order to also update and refine the infrastructure requirements for these areas at this time.
- 9.4 The next stage of the process would be to engage more widely, initially with the City Councils and the LEPs, having established a firm County and District foundation across the County. Some aspects of the strategic infrastructure agenda will also require working on a wider geographic basis. To illustrate this point issues such as water resource development, strategic transport connections, and potentially development of new energy capacity could all extend beyond the Hampshire and Isle of Wight area boundaries. It will be important to ensure that this third phase of the process is also factored into thinking and preparations.

10 **Conclusion**

- 10.1 The report considers the opportunities and constraints which the County Council now faces in realising its vision of the development of sustainable communities.
- 10.2 Notwithstanding the Council's capacity to lead and innovate, the new funding mechanisms make on-going collaboration with district councils, the business community and other strategic partners imperative in order to realise a sustainable and prosperous Hampshire. Such collaboration could involve a framework for both strategic multi-agency work and local arrangements with individual CIL charging authorities so as to ensure appropriate funding mechanisms are used to maximise funds. An important initial step would be the development and agreement of a Memorandum of Understanding between the County and District and Borough Councils.
- 10.3 The report proposes how the County Council might take forward its '*place shaping*' role, against the new landscape, and make best use of its influence with both business and other strategic leaders to harness the co-operation required to deliver the strategic infrastructure upon which both business and local communities depend.

11 Recommendations

- 11.1 That the general approach outlined in the report for developing the County Council's place shaping role to support Hampshire's sustainable communities be approved.
- 11.2 That Cabinet approves the principles set out in Section 7 to guide future negotiations for infrastructure funding.
- 11.3 That Cabinet approves the approach set out in Section 9 as an effective 'route map' for the next steps in the process of developing the County Council's approach to strategic infrastructure planning and delivery.
- 11.4 That Cabinet approves the development of a Memorandum of Understanding with District and Borough Councils as an agreed foundation for future partnership working on infrastructure provision.
- 11.5 That Cabinet approves the draft interim strategic infrastructure statement as a preliminary assessment to form a baseline for further development and initial discussions with local planning authorities in Hampshire.

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

Hampshire safer and more secure for all:	no
Corporate Improvement plan link number (if appropriate):	
Maximising well-being:	yes
Corporate Improvement plan link number (if appropriate):	
Enhancing our quality of place:	yes
Corporate Improvement plan link number (if appropriate):	

Section 100 D - Local Government Act 1972 - background documents

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

DocumentLocation

None

IMPACT ASSESSMENTS:

1. Equalities Impact Assessment:

- 1.1. There are no immediate impacts on equalities as a result of the proposals set out in the report, but the delivery of sustainable levels of economic growth, and associated workforce development, will contribute to employment opportunities, and help to secure greater levels of economic inclusion, which will address issues such as youth unemployment and economic exclusion through rural isolation. The proposal for a specific focus for regeneration activities on areas identified as suffering from multiple deprivation will indirectly ensure greater focus and resources are directed to communities where the highest proportions of residents are suffering from economic exclusion and inequality of opportunities.

2. Impact on Crime and Disorder:

- 2.1. No direct implications, but again the proposed focus of regeneration activities on areas suffering from the highest levels of multiple deprivation will also impact on the same areas which exhibit higher rates of crime and anti-social behaviour.

3. Climate Change:

- 3.1. How does what is being proposed impact on our carbon footprint / energy consumption?

No direct impact on the County Council's carbon footprint or energy consumption, but it is envisaged that the environmental technologies and renewable energy will both feature as growth sectors which will be encouraged in the County Council's future economic development activities, providing a stronger basis for direct action to reduce the County Council's fossil fuel based energy consumption and carbon footprint.

- 3.2. How does what is being proposed consider the need to adapt to climate change, and be resilient to its longer term impacts?

It is considered that the proposed future overall mission statement exemplifies the importance of a balanced approach to economic growth and maintenance and improvement of the environment, character and quality of life in Hampshire. Sustainable economic growth is a pre-requisite to a more resilient future for the county, which factors in the response to a changing climate, and careful stewardship of natural resources, alongside the importance of wealth creation to sustain and support public services and investment in infrastructure.