

HAMPSHIRE COUNTY COUNCIL

Decision Report

Decision Maker:	Executive Member for Environment and Transport
Date:	16 January 2018
Title:	ETE Proposed Capital Programme 2018/19, 2019/20 and 2020/21
Report From:	Director of Economy, Transport and Environment

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1. Recommendation

- 1.1 That the Executive Member recommends approval to the Leader and Cabinet of the proposed 2018/19, 2019/20 and 2020/21 capital programmes totalling £264.552million, as set out in this paper and in Appendix 2.

2. Executive Summary

- 2.1 The purpose of this paper is to set out the proposals for the Economy, Transport and Environment (ETE) Capital programme for 2018/19, 2019/20 and 2020/21 and to seek approval for their onward submission to the Cabinet in February 2018. Appendix 1 is the approved format for the budget book, and Appendix 2 is a simplified view with expenditure profiled.
- 2.2 These proposals amount to just over £264million across the next three years. Government formula settlements (£79million) and Government competitively bid grants (£13million) make up the bulk of the funding, with other competitively-bid project specific grants, e.g. Local Growth fund (LGF) through the Local Enterprise Partnerships (LEPs) (£55million) and other Government department funding (£27million) also contributing. The remainder is funded through a mix of local resources, (£55million), developer contributions (£33million) and other local authority contributions (£1million).

3 Contextual information

- 3.1 Executive Members can now prepare proposals for:
 - A locally resourced capital programme for three years from 2018/19 to 2020/21 within the guidelines of the current capital programme.
 - A programme of capital schemes supported by Government Grants in 2018/19, 2019/20 and 2020/21.

- 3.2 The 2018/19, 2019/20 and 2020/21 programmes set out new capital resources only, with the latter two years based on indicative figures, The 2018/19 and 2019/20 replace previously approved programmes, they do not add to them.
- 3.3 ETE's forward capital programme includes the following programmes:
- Structural Maintenance;
 - Integrated Transport;
 - Waste;
 - Flood Risk and Coastal Defence; and
 - Community Transport.
- 3.4 The proposed programmes have been prepared in consultation with the Executive Member for Environment and Transport, and have been reviewed by the Economy, Transport and Environment Select Committee. They are to be reported to the Leader and Cabinet on 5th February 2018 to make final recommendation to Council on 22nd February 2018.

PART A: RESOURCES

4 Local Resources

- 4.1 Local resources guidelines were agreed by Cabinet on 11th December 2017. The guidelines reflect the additional funding of £10million per annum for Operation Resilience (from 2018/19 for three years).
- 4.2 Total local resources amount to £55.101million over the next three years.

Table 1: Local Resources

	2018/19 £000	2019/20 £000	2020/21 £000
Capital Guidelines	11,929	11,929	11,929
Original Capital Guidelines	11,929	11,929	11,929
Additional Approvals	11,900	6,000	0
Other Local Resources	1,414	0	0
Revised Capital Guidelines	25,243	17,929	11,929

5 Government Formula Allocations

- 5.1 The Department for Transport (DfT) has confirmed the Integrated Transport and Structural Maintenance allocations for 2018/19 as detailed in Table 2 below.
- 5.2 The 2016 Autumn Statement increased the original £50million Pothole Fund to £70million, with the County Council's share being £2.123million per annum.

The Government has recently announced that further funding will be available nationally but it is not yet known how this will be allocated at a local level. Given this, the programme has been developed on the basis that this value will remain consistent across the programme. Any adjustments to this will be reported through the Capital Programme Monitoring Report process.

6 Other Government funding

- 6.1 In 2017 the County Council was successful in its bid for funding for the Fareham - Gosport Bus Rapid Transport Phase 1b scheme from the Department for Transport's National Productivity Investment Programme. The County Council was awarded £6.93m, to be received and spent over two years from April 2018.
- 6.2 The County Council has had a great deal of success in securing Local Growth Funding (LGF) from both the EM3 and Solent LEPs as evidenced in the significant number of schemes funded from this source in the existing programme. The County Council will continue to seek funding opportunities from this source for future schemes.

7 Highways England Funding

- 7.1 As reported in last year's proposed capital programme report, in 2016 the County Council successfully bid to Highways England in relation to a proposed major scheme at Junction 9 of the M27 and the first roundabout (R1) in Whiteley. Highways England is part funding this scheme: £9.9million from the Highways England Housing and Growth Fund, £3million to be provided from the Highways England Congestion Relief Fund and £0.156million from other Highways England sources. The remainder will be funded through specifically negotiated Developer Contributions and the Integrated LTP Block allocations.

8 Developer Contributions and other external funding

- 8.1 The Department receives contributions from developers towards the cost of highway and transport infrastructure associated with mitigating the effects of developments. These contributions are ring fenced to be spent only on what is in the associated Section 106 Legal Agreement.
- 8.2 This 3-year programme includes a cautious estimate of £33.113million from developer contributions; however there are many more projects currently at feasibility or early development stages that may well come forward during the year for delivery.
- 8.3 Other external funding regularly includes contributions from District Councils. This plan includes £1.350million.
- 8.4 The Flood Risk and Coastal Defence programme will benefit from £6.86million from Environment Agency Flood Defence Grant In Aid and Local Levy.

9 Revenue investment

9.1 With all these potential funding sources available, it remains important to recognise that these substantial capital grants require revenue investment. Securing these funds requires schemes to be appropriately designed, costed and evidenced. Such activities are multi-disciplinary, time consuming, and do need to be sufficiently resourced if the County Council is to take best advantage. The County Council has a £1million per annum allocation to develop the pipeline of schemes up until 2018/19.

10 Total Resources

10.1 The table below is a breakdown of the capital resources in their respective starts year.

10.2 This table does not reflect actual expenditure in those years.

Table 2: Total Capital Resources

	2018/19 £000	2019/20 £000	2020/21 £000	TOTAL £000
Local Resources	25,243	17,929	11,929	55,101
LTP Grant - Maintenance	<i>21,584</i>	<i>21,584</i>	<i>21,584</i>	64,752
Government Pothole Fund	<i>2,123</i>	<i>2,123</i>	<i>2,123</i>	6,369
DfT Highways Maintenance Incentive Fund	4,495	4,495	4,495	13,485
LTP Grant - Transport	5,296	5,296	5,296	15,888
LGF Grant - Transport	34,768	20,550	0	55,318
Highways England Housing and Growth Fund	9,900	0	0	9,900
Highways England Congestion Relief Fund	3,000	0	0	3,000
Other Highways England Funding	156	0	0	156
Developer Contributions	20,363	10,123	2,627	33,113
Other Local Authority	1,250	0	0	1,250
DfT NPIF	6,930	0	0	6,930
Other Contributions	100	0	0	100
LSTF South (Residual)	2	0	0	2
Flood Defence Grant in Aid	3,813	0	0	3,813
Local Levy	3,047	0	0	3,047
Total Programme	142,070	82,100	48,054	272,224

10.3 Figures in italics are subject to DfT decisions, for planning purposes it is assumed that funding will keep to current levels

PART B: PROGRAMMES

11 Structural Maintenance Programme

11.1 The maintenance programme is a 'spend' based programme, and therefore the figures in this table represent how much will be spent in that year.

Table 3: Total Programme – Structural Maintenance

	2018/19 £000	2019/20 £000	2020/21 £000	TOTAL £000
Local Resources	11,823	11,823	11,823	35,469
LTP Grant – Maintenance	<i>21,584</i>	<i>21,584</i>	<i>21,584</i>	64,752
Government Pothole Fund	<i>2,123</i>	<i>2,123</i>	<i>2,123</i>	6,369
DfT Highways Maintenance Incentive Fund	<i>4,495</i>	<i>4,495</i>	<i>4,495</i>	13,485
Total Programme	40,025	40,025	40,025	120,075

11.2 Figures in italics are subject to DfT decisions, for planning purposes it is assumed that funding will keep to current levels.

12 Integrated Transport Programme

12.1 This programme is a 'starts' based programme, and therefore the figures in table 4 do not represent how much will be spent but the full value of projects that will start construction in that year, It is expected that the total for 2020/21 will increase significantly as future policy decisions are made as Government funds and developer funding are allocated beyond 2019/20.

12.2 Appendix 2 provides detail on the schemes to be included in this programme, and presents a spend profile across years for information.

Table 4: Total Programme – Integrated Transport

	2018/19 £000	2019/20 £000	2020/21 £000	TOTAL £000
Local Resources	9,549	6,000	0	15,549
LTP Grant - Transport	2,896	3,520	1,800	8,216
LGF Grant - Transport	34,768	20,550	0	55,318
Highways England Housing and Growth Fund	9,900	0	0	9,900
Highways England Congestion Relief Fund	3,000	0	0	3,000
Other Highways England Funding	156	0	0	156
Developer Contributions	20,363	10,123	2,627	33,113
Other Local Authority	750	0	0	750
DfT NPIF	6,930	0	0	6,930
Other Contributions	100	0	0	100
LSFT South (Residual)	2	0	0	2
Total Programme	88,414	40,193	4,427	133,034

12.3 The proposed programme includes nine major infrastructure schemes, totalling £108.6million, of which five are expected to start in 2018/19. Further the County Council is developing additional schemes, which are expected to be added to the 2019/20 and 2020/21 capital programme years once further developed. This explains why the value is so much higher in 2018/19 than the following two years.

13 Waste Programme

13.1 On February 16th 2017 delegated authority was granted to the Director of Economy Transport and Environment by Council to explore investment options with Veolia for Material Recovery Facilities and if favourable, to commit in principle funding to the scheme in consultation with the Executive Member for Environment and Transport, the Leader and Director of Corporate Resources.

13.2 Based on the further work that has been carried out approval was sought from the Executive Member for Transport & Environment 14 November 2017 to develop a full business case for the development of a single Material Recovery Facility (MRF) option including:

- A proposal for capital funding for land acquisition and full development;
- A full project appraisal to be considered by the Executive Member for Environment and Transport; and
- A land acquisition report to be considered by the Executive Member for Policy and Resources.

In light of this approval, work to develop a full business case is being progressed.

14 Flood Risk and Coastal Defence Programme

14.1 The management of the Flood Risk and Coastal Defence programme is currently being reviewed. The figures shown in the table below are the starts values of the two schemes and therefore do not represent how much will be spent in that year.

14.2 The Flood Risk and Coastal Defence programme is mainly in a developmental phase but does include two major infrastructure schemes that are scheduled to start construction in 2018/19. These are Buckskin in Basingstoke and Romsey Flood Alleviation Schemes, which are projected to cost respectively £6.24million and £4.52million. Detailed design and business cases prepared for both schemes have unlocked significant amounts of funding from Flood Defence Grant in Aid and Local Levy. Hampshire County Council has also committed £2.05 million and £1.35 million to the Buckskin and Romsey schemes respectively. It is planned that further schemes from the Flood Risk and Coastal Defence programme will be brought forward for delivery in 2019/20 and 20/21 as business cases are approved. Future iterations of the capital programme will therefore be developed to reflect the additional anticipated spend for these, and subsequent, years.

Table 5: Flood Risk and Coastal Defence Capital Programme

Total/year	2018/19 £000	2019/20 £000	2020/21 £000	Total £000
Flood Defence Grant in Aid	3,813	0	0	3,813
Local Levy	3,047	0	0	3,047
Local Resources – Romsey scheme	1,350	0	0	1,350
Local Resources – Buckskin scheme	2,050	0	0	2,050
Local Resources – Capital Guidelines	106	106	106	318
Other Local Authorities Contribution	500	0	0	500
Total	10,866	106	106	11,078

15 Community Transport Programme

15.1 The Community Transport programme, funded from the Vehicle Replacement Reserve, continues into 2018/19 supporting community transport services.

Table 6: Total Programme – Community Transport Programme

	2018/19 £000	2019/20 £000	2020/21 £000	TOTAL £000
Local Resources	365	0	0	365
Total Programme	365	0	0	365

PART C: SUMMARY

16 Summary

16.1 On the basis of the position outlined in Part B above, Table 7 summaries the proposed new capital investment submitted for consideration for the next three years. Table 8 sets out how they are to be funded in aggregate.

Table 7: Summary of Capital Programmes

	2018/19 £000	2019/20 £000	2020/21 £000	TOTAL £000
Structural Maintenance	40,025	40,025	40,025	120,075
Integrated Transport	88,414	40,193	4,427	133,034
Flood and Coastal Defence	10,866	106	106	11,078
Community Transport	365	0	0	365
Total Programme	139,670	80,324	44,558	264,552

Table 8: Summary of Capital Funding

	2018/19 £000	2019/20 £000	2020/21 £000	TOTAL £000
Local Resources	25,243	17,929	11,929	55,101
LTP Grant - Maintenance	21,584	21,584	21,584	64,752
Government Pothole Fund	2,123	2,123	2,123	6,369
Dft Highways Maintenance Incentive Fund	4,495	4,495	4,495	13,485
LTP Grant - Transport	2,896	3,520	1,800	8,216
LGF Grant - Transport	34,768	20,550	0	55,318
Highways England Housing and Growth Fund	9,900	0	0	9,900
Highways England Congestion Relief Fund	3,000	0	0	3,000
Other Highways England Funding	156	0	0	156
Developer Contributions	20,363	10,123	2,627	33,113
Other Local Authority	1,250	0	0	1,250
Dft NPIF	6,930	0	0	6,930
Other Contributions	100	0	0	100
LSFT South (Residual)	2	0	0	2
Flood Defence Grant in Aid	3,813	0	0	3,813
Local Levy	3,047	0	0	3,047
Total Programme	139,670	80,324	44,558	264,552

17 Revenue Implications

17.1 On the basis of the position outlined in Part B above, Table 9 summarises the Revenue Implications of the proposed capital investment.

Table 9: Revenue Implications

	2018/19 £000	2019/20 £000	2020/21 £000	TOTAL £000
Running Costs	1,238	563	62	1,863
Capital Charges	6,606	4,014	2,225	12,845
Revenue Implications	7,844	4,577	2,287	14,708

CORPORATE OR LEGAL INFORMATION:**Links to the Strategic Plan**

Hampshire maintains strong and sustainable economic growth and prosperity:	yes
People in Hampshire live safe, healthy and independent lives:	yes
People in Hampshire enjoy a rich and diverse environment:	yes
People in Hampshire enjoy being part of strong, inclusive communities:	yes

Other Significant Links

Links to previous Member decisions:	
<u>Title</u>	<u>Date</u>
Revenue Budget and Precept 2017/18 and Capital Programme 2017/18 - 2019/20	16/02/2017
Waste Strategy	14/11/2017
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.)

DocumentLocation

None

IMPACT ASSESSMENTS:

1. Equality Duty

1.1 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 under the Act;
- Advance equality of opportunity between persons who share a relevant protected characteristic (age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation) and those who do not share it;
- Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

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

- a) The need to remove or minimise disadvantages suffered by persons sharing a relevant characteristic connected to that characteristic;
- b) Take steps to meet the needs of persons sharing a relevant protected characteristic different from the needs of persons who do not share it;
- c) 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.

1.2 Equalities Impact Assessment:

This is a financial report amending or proposing budgets for programmes and individual schemes. Changes or proposals for individual schemes will have been made following consultation, and will have undertaken their own specific consideration of equalities issues. The decisions in this report are financial, and mainly relate to in-house management of accounts.

2. Impact on Crime and Disorder:

2.1 The decision in this report has no direct impact on crime and disorder. Projects within the programmes being agreed here may have some positive effect on the fear of crime. Where this is the case, individual project appraisals will reference the impact.

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?

Much of the capital programme is centred on improving the health of our road network so that it will survive changing weather patterns. Similarly, the Flood

Risk and Coastal Defence programme is about dealing with known flooding issues, and making low-maintenance sustainable improvements that are able to cope with high rainfall for years to come.