

# HAMPSHIRE COUNTY COUNCIL

## Decision Report

<b>Decision Maker:</b>	Executive Member for Environment and Transport
<b>Date:</b>	15 January 2019
<b>Title:</b>	ETE Proposed Capital Programme 2019/20, 2020/21 and 2021/22
<b>Report From:</b>	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 2019/20, 2020/21 and 2021/22 capital programmes totalling £194.275million, as set out in this report and in Appendices 1 and 2.

### 2. Executive Summary

- 2.1 The purpose of this paper is to set out, subject to confirmation of funding, the proposals for the Transport and Environment (ETE) Capital programme for 2019/20, 2020/21 and 2021/22 and to seek approval for their onward submission to the Cabinet in February 2019. 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 under £195million across the next three years. Government formula settlements (£92million) and Government competitively bid grants (£4.8million) 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) (£27million) also contributing. The remainder is funded through a mix of local resources, (£44million), developer contributions (£26million) and other local authority contributions (£0.46million).

### 3. Contextual information

- 3.1 Executive Members can now prepare proposals for:

- A locally resourced capital programme for three years from 2019/20 to 2021/22 within the guidelines of the current capital programme.
- A programme of capital schemes supported by Government Grants in 2019/20, 2020/21 and 2021/22.

3.2 The 2019/20, 2020/21 and 2021/22 programmes set out new capital resources only, with the latter two years based on indicative figures. The 2019/20 and 2020/21 programmes 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; and
- Flood Risk and Coastal Defence

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 5 February 2019 to make final recommendation to Council on 22 February 2019.

## PART A: RESOURCES

### 4 Local Resources

4.1 Local resources guidelines were agreed by Cabinet on 10<sup>th</sup> December 2018. The guidelines reflect the additional funding of £10million per annum for Operation Resilience (from 2018/19 for three years), with the assumption that funding will continue at this level in 2021/22 also.

4.2 Total local resources amount to £ 44.064million over the next three years.

**Table 1: Local Resources**

	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000
Capital Guidelines	11,929	11,929	1,929	25,787
<b>Original Capital Guidelines</b>	<b>11,929</b>	<b>11,929</b>	<b>1,929</b>	<b>25,787</b>
Local Resources Carried Forward/Vired from Earlier Years	2,277	0	0	2,277
Additional Approvals	6,000	0	10,000	16,000
<b>Revised Capital Guidelines</b>	<b>20,206</b>	<b>11,929</b>	<b>11,929</b>	<b>44,064</b>

## **5 Government Formula Allocations**

- 5.1 The Department for Transport (DfT) has confirmed the Integrated Transport and Structural Maintenance allocations for 2019/20 and 2020/21 as detailed in Table 3 below.
- 5.2 In addition the DfT has confirmed that Band 3 (highest band) recipients of its Incentive Fund will be awarded £4.531 million (the maximum available) each year until 2020/21. It is assumed in this report that HCC retains its Band 3 status and that funding remains at this level in 2021/22.
- 5.3 Further, in 2015 Government allocated £250 million for all local authorities over a 5 year period until 2020/21 through its Pothole Action Fund. An additional £100 million was added to this fund in the 2016 Autumn statement. It is assumed that HCC will receive £2.123 million more each year in 2019/20 and 2020/21 from this fund and that funding remains at this level in 2021/22.

## **6 Other Government funding**

- 6.1 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. In 2018/19 the County Council and East Hampshire District Council were successful in a bid for £3.14million of funding from the Enterprise M3 LEP for funding toward the Green Grid Green Loop programme of sustainable schemes in and around Whitehill & Bordon.
- 6.2 This programme includes £2.361million funding for schemes which are being developed for delivery in 2019/20 as part of Hampshire County Council's response to the Department for Environment, Food & Rural Affairs and DfT's UK plan for tackling roadside NO<sub>2</sub> concentrations. Funding for these schemes is currently provisional.

## **7 Developer Contributions and other external funding**

- 7.1 The Department receives contributions from developers towards the cost of highway and transport infrastructure associated with mitigating the effects of developments.
- 7.2 This 3-year programme includes an estimate of £26.394million from s106 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 which may utilise this source.
- 7.3 Other external funding regularly includes contributions from District Councils. This plan includes £0.460million.

## **8 Revenue investment**

- 8.1 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 had a £1million per annum allocation to develop the pipeline of schemes up until 2018/19. To continue this vital area of work, at time of writing a bid has been made for a continuation of the funding for a further three years.

## 9 Total Resources

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

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

**Table 2: Total Capital Resources**

	2019/20 £000	2020/21 £000	2021/22 £000	TOTAL £000
Local Resources	20,206	11,929	11,929	44,064
LTP Grant - Maintenance	21,584	21,584	<i>21,584</i>	64,752
Government Pothole Fund	2,123	2,123	<i>2,123</i>	6,369
DfT Highways Maintenance Incentive Fund	4,531	4,531	<i>4,531</i>	13,593
LTP Grant – Transport (awarded not spent)	5,296	5,296	5,296	15,888
LGF Grant - Transport	25,118	1,500	0	26,618
JAQU (DfT & DEFRA)	2,129	0	0	2,129
DfT Safer Roads Fund Grant	2,361	0	0	2,361
Developer Contributions	15,846	7,948	2,600	26,394
Other Local Authority	460	0	0	460
Other Contributions	25	0	0	25
<b>Total Programme</b>	<b>99,679</b>	<b>54,911</b>	<b>48,063</b>	<b>202,653</b>

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

## PART B: PROGRAMMES

### 10 Structural Maintenance Programme

10.1 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**

	2019/20 £000	2020/21 £000	2021/22 £000	TOTAL £000
Local Resources	13,573	11,823	<i>11,823</i>	37,219
LTP Grant – Maintenance	21,584	21,584	<i>21,584</i>	64,752
Government Pothole Fund	2,123	2,123	<i>2,123</i>	6,369
DfT Highways Maintenance Incentive Fund	4,531	4,531	<i>4,531</i>	13,593
<b>Total Programme</b>	<b>41,811</b>	<b>40,061</b>	<b>40,061</b>	<b>121,933</b>

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

## 11 Integrated Transport Programme

- 11.1 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 are proposed to start construction in that year.
- 11.2 With an increasing emphasis on higher value schemes across the county, to more efficiently manage the ITP programme, a new Local Improvement Works sub-programme has been created for 2020/21 onwards. This sub-programme will bring forward schemes between the value of £0.07million - £0.250million in a similar way to small value schemes (<£0.07million) in the Minor Works sub-programme and will have a provisional allocation of £1.3million developer contributions and £0.2million of LTP. To ensure member engagement in this new programme, the Executive Member for Transport & Environment and relevant local member will be consulted prior to each scheme's Project Appraisal being approved by the Director for Economy, Transport & Environment.
- 11.3 In addition to the new Local Improvement Works sub-programme, 2019/20 also sees the introduction of the new Walking & Cycling sub-programme. All schemes above £0.07million which are mainly concerned with walking and/or cycling improvements will be individually included in this sub-programme, ensuring that these schemes gain sufficient visibility. The current value of this sub-programme is almost £9million. It is noted however that this is the value of schemes mainly focused on walking and cycling improvements, there are many other schemes in the programme that include walking and cycling elements, which are not included in this sub-programme.
- 11.4 The 2019/20 main programme provides details of the schemes expected to commence during that financial year. Circumstances outside of the organisation's control such as unexpected public utility apparatus or environmental considerations can intervene that may cause some schemes to be delayed to later financial years. Members will be kept informed of progress, any potential changes during the management of the detailed design and delivery of the main 2019/20 programme. The main 2020/21 and 2021/22

programmes are at this stage provisional and programmed based upon the more limited information available for schemes at a much earlier stage of development. These programmes will be updated as required with members kept informed. Further a limited number of schemes have been included in this programme prior to full funding being confirmed. Updates to the capital programme will be made during 2019/20 to reflect further confirmation of funding as required.

- 11.5 It should be noted that this programme includes £2.129million of schemes which are being developed for delivery in 2019/20 as part of Hampshire County Council's response to the Department for Environment, Food & Rural Affairs and DfT's UK plan for tackling roadside NO<sub>2</sub> concentrations. For these schemes to qualify for Government funding, approval in principle needs to be in place prior to submission of the Full Business Case. Given this, schemes to the value of £2.129million are entering the Integrated Transport Programme prior to funding being confirmed and are individually detailed in Appendix 2.

In 2018/19 the County Council was successfully awarded £2.361million of further funding from the Department for Transport's Safer Roads Fund to fund the delivery of safety schemes on routes identified by the Department for Transport as key high-risk safety routes. This has enabled the County Council to reallocate £0.5million of the £1.5million LTP originally allocated to the casualty reduction sub-programme in each of 2019/20 and 2020/21 to other priority areas within the Integrated Transport Programme.

- 11.6 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**

	2019/20 £000	2020/21 £000	2021/22 £000	TOTAL £000
Local Resources	6,527	0	0	6,527
LTP Grant - Transport	3,210	2,150	2,150	7,510
LGF Grant - Transport	25,118	1,500	0	26,618
JAQU (DfT DEFRA)	2,129	0	0	2,129
DfT Safer Roads Fund Grant	2,361	0	0	2,361
Developer Contributions	15,846	7,948	2,600	26,394
Other Local Authority	460	0	0	460
Other Contributions	25	0	0	25
<b>Total Programme</b>	<b>55,676</b>	<b>11,598</b>	<b>4,750</b>	<b>72,024</b>

- 11.7 The proposed programme includes 6 major infrastructure schemes expected to start in 2019/20, totalling over £42million. In addition, it is expected that the 2019/20 programme will increase significantly early in the next financial year as the full values of the Botley Bypass and potentially M27 Junction 10 schemes are approved and reflected in the programme. Further, the County Council is developing additional schemes, which are expected to be added to 2020/21 and 2021/22 capital programme years once further developed. This

explains why the value is so much higher in 2019/20 than the following two years.

## **12 Waste Programme**

- 12.1 Early business case modelling has been undertaken regarding the development of new a material recycling facility (MRF). However, this was temporarily suspended in mid-2018 due to a series of Government policy initiatives and announcements on waste and recycling. The Resources and Waste Strategy was published in December 2018 and helps provide further clarity on national policy and the transposition of EU Regulations.
- 12.2 This initial modelling indicates a positive outcome from the development of a new MRF and further work, expected in to be undertaken in early 2019, can therefore reflect emerging Government policy, as well as addressing the following points:
- Clarify the type of MRF required
  - Revise & refine the initial capital expenditure proposal of an estimated £42m, in line with final design requirements
  - Refine the model assumptions regarding the financial implications of a new MRF on the existing contract payment mechanism.
- 12.3 Due to the urgent need to refit or replace the Alton MRF, a decision on whether to progress with this project is required by Mid-summer 2019. It is expected that the final business case will be presented in late Q1 or early Q2 of 2019/20.
- 12.4 Subject to completion of a full business case that illustrates a positive outcome in terms of delivery of MRF infrastructure there will be a requirement for borrowing on an invest to save basis of capital up £42million to fund the project, the level required will be confirmed by Q2 of 2019/20.

## **13 Flood Risk and Coastal Defence Programme**

- 13.1 The Flood Risk and Coastal Defence programme includes a number of major infrastructure projects of which schemes at Buckskin in Basingstoke, and at Romsey are the most significant. The two schemes are projected to cost respectively £6.24million and £6.68m, although elements will be undertaken separately by the Environment Agency. Implementation of Phase 1 of the Buckskin Flood Alleviation Scheme is well underway and Phase 2 is planned to start in the Spring. Construction of the Romsey Flood Alleviation Programme will commence in March 2019 with the work due to be substantially completed before the winter. Hampshire County Council's investment of £3.54million across the two schemes has unlocked national funding including Flood Defence Grant in Aid and Local Levy of approximately £8.8 million with districts partners contributing in excess of £0.5million. Further schemes from the Flood Risk and Coastal Defence programme are being developed and delivered including at Lower Farringdon, Winchester and Farnborough. Other locations will be brought forward for delivery over the next

2 – 3 years as detailed designs and 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
Local Resources – Capital Guidelines	106	106	106	318
<b>Total</b>	<b>106</b>	<b>106</b>	<b>106</b>	<b>318</b>

## PART C: SUMMARY

### 14 Summary

14.1 On the basis of the position outlined in Part B above, Table 6 summaries the proposed new capital investment submitted for consideration for the next three years. Table 7 sets out how they are to be funded in aggregate.

**Table 6: Summary of Capital Programmes**

	2019/20 £000	2020/21 £000	2021/22 £000	TOTAL £000
Structural Maintenance	41,811	40,061	40,061	121,933
Integrated Transport	55,676	11,598	4,750	72,024
Flood and Coastal Defence	106	106	106	318
<b>Total Programme</b>	<b>97,593</b>	<b>51,765</b>	<b>44,917</b>	<b>194,275</b>

**Table 7: Summary of Capital Funding**

	2019/20 £000	2020/21 £000	2021/22 £000	TOTAL £000
Local Resources	20,206	11,929	11,929	44,064
LTP Grant - Maintenance	21,584	21,584	21,584	64,752
Government Pothole Fund	2,123	2,123	2,123	6,369
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LGF Grant - Transport	25,118	1,500	0	26,618
JAQU (DfT & DEFRA)	2,129	0	0	2,129
DfT Safer Roads Fund Grant	2,361	0	0	2,361
Developer Contributions	15,846	7,948	2,600	26,394
<i>Other Local Authority</i>	460	0	0	460
Other Contributions	25	0	0	25



<b>Total Programme</b>	<b>97,593</b>	<b>51,765</b>	<b>44,917</b>	<b>194,275</b>
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## 15 Revenue Implications

15.1 On the basis of the position outlined in Part B above, Table 8 summarises the Revenue Implications of the proposed capital investment.

**Table 8: Revenue Implications**

	2019/20 £000	2020/21 £000	2021/22 £000	TOTAL £000
Running Costs	784	162	67	1013
Capital Charges	4,895	2,588	2,243	9,726
<b>Revenue Implications</b>	<b>5,679</b>	<b>2,750</b>	<b>2,310</b>	<b>10,739</b>

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

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

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 Integral Appendix B 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.