

ETE Capital Programme and SP23 Update

Transport and Environment Select Committee

4 November 2022

Stuart Jarvis, Director

Sue Lapham, Finance Business Partner

CAPITAL PROGRAMME

Capital Programme Overview

- Extensive programme covering
 - Structural Maintenance including bridge strengthening
 - Transport improvements including Casualty Reduction & town centre improvement schemes
 - Flood alleviation
 - Waste management

ETE Three Year Capital Programme (approved February 2022)

Programmes	Total
	£'000
Structural Maintenance - extending useful life of existing assets (roads, bridges etc.)	135,948
Integrated Transport - creating new assets (junction changes, walking & cycling provision etc.) (1)	108,633
Flood and Coastal Defence (2)	318
Waste Management - additional recycling infrastructure (subject to business case) (3)	30,000
Total Programme	274,899
(1) Subject to outcome of current and future funding bids	
(2) Potential for Environment Agency grant funding to be added	
(3) One-off provision	

Funding Sources	Total
	£'000
Local Resources (1)	66,201
Department for Transport – Maintenance	100,479
Department for Transport - Transport (2)	71,621
Developer Contributions	36,190
Other Local Authority	408
Total	274,899
(1) Includes £30m for recycling infrastructure	
(2) Includes estimated funding from bids	

Significance of Government funding decisions

- 2023/24 Integrated Transport programme
 - Approved programme from February 2022 of £57.531m assumed funding from submitted or anticipated bids for Active Travel Fund (ATF) £26.05m, Bus Service Improvement Plan (BSIP) £10.89m and Levelling Up Fund £1.1m
 - To date, no BSIP funding awarded, no Levelling Up funding awarded (subsequent bid submitted), previous Active Travel (ATF3) only £683k of £5.4m bid awarded (but further opportunity to bid for ATF4)
 - Worst case: programme reduces to £19.491m, a 66% reduction
- Downward Trend?
 - Are we now seeing a shift in Govt methodology for awarding capital funding or is this isolated year?
- Developer contributions funded programme
 - Emerging Govt proposals for a new Infrastructure Levy to replace S106

Key issues for the capital programme

- Impact of inflation
 - Fuel, material and labour costs
 - Construction index 25% higher than last year
 - Of the £7m new revenue funding for Highways Maintenance £3.5m redirected to capital to meet inflation pressures in Operation Resilience programme with an additional £1m inflation impact on the revenue budget. A further decision on whether to protect the Operation Resilience programme in 2023/24 will be needed in early 2023.
- Industry capacity issues, supply chain and staff resource pressures
- Govt policy priorities
- Public finances more generally

SP23 UPDATE

SP23 approval process

- Phase 1 public consultation (HCC-wide) – summer 2021
- ETE Select Committee then Executive Lead Member
ETE considered ETE savings proposals on 23 September 2021
- Cabinet considered all HCC savings proposals on 12 October 2021
- County Council approved the full SP23 savings programme on 4 November 2021

ETE SP23 savings

Proposal	£'000
Highways (further contract efficiencies and alternative funding model for Parish Lengthsman)	1,000
Contracted waste services (reduced need for contingency, further reuse & recycling initiatives, updated inter-authority income apportionments)	3,400
Concessionary Travel (changed patterns of use pre-pandemic and during Covid)	2,000
Transport service reductions (review charging, alternative delivery models, service reductions)	800
Enhanced Traffic Management enforcement (reduced revenue costs of enforcement and non compliance)	1,500
HCC Brussels Office (office closure and provision of support to businesses through the Economic Development team in Hampshire)	100
ETE Operating Model (further income and charging reviews, efficiencies e.g. through further digital exploitation, reduction in posts &/or headcount)	1,466
TOTAL	10,266

Progress to date - summary

Status	£'000	Notes
Fully achieved early	2,552	Actions to deliver already completed and savings removed from the service budget
Delivery on time	4,614	Action plans in place to deliver with high confidence of completion by March 2023
Plans in place – awaiting final decisions to achieve on time	1,600	Executive Member decisions &/or final agreement with external contractor/partner
Plans in place – timing delay	1,500	Delays in legislation, introduction of 'grace period'
TOTAL	10,266	85% of total expected on time

Enhanced Traffic Management Enforcement

Why is this delayed?

Government delays implementing the necessary legislation

Introduction of a six month 'warning letter only' period

Corresponding delays in implementation due to lead-in times (e.g. purchase & commissioning of equipment etc.)

Mitigation

Cash flow support from Departmental Cost of Change reserve to meet the timing gap

Additional sites will be added to the programme over time

Wider issues and risks

National political situation including future Government decisions on public spending

Impact of continuing high levels of inflation

Ongoing staff recruitment and retention challenges

Further changes to travel patterns post-pandemic

Focus on implementing the corporate restructure in the immediate future

QUESTIONS