

HAMPSHIRE COUNTY COUNCIL

Decision Report

Decision Maker:	Executive Lead Member for Universal Services
Date:	23 January 2023
Title:	2023/24 to 2025/26 Capital Programme Report for the former Economy, Transport and Environment
Report From:	Director of Universal Services

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Purpose of this Report

1. The purpose of this report is to set out, subject to confirmation of funding, the proposals for the Transport and Environment Capital programme for 2023/24, 2024/25 and 2025/26 and to seek approval for their onward submission to Cabinet in February 2023. Appendix 1 is the approved format for the budget book and Appendix 2 is a simplified view with expenditure profiled. The report also includes the revised capital programme for 2022/23 and provides recommendations for changes to the programme in 2022/23 and beyond.

Recommendations

2. That the Executive Lead Member for Universal Services recommends that the Cabinet and County Council approve the programme for 2023/24 and the provisional programmes for 2024/25 and 2025/26 capital programmes totalling £246.232million, as set out in this report and in Appendices 1 and 2.
3. That the Executive Lead Member for Universal Services approves the overall changes in the LTP Integrated Transport allocation set out in the report.
4. That the Executive Lead Member for Universal Services recommends approval to the Leader and Cabinet of the revised capital programme cash limit for 2022/23 as set out in Appendix 3.
5. That the Executive Lead Member for Universal Services delegates authority to the Director of Universal Services, in consultation with the Executive Lead Member for Universal Services, to make minor amendments to the split of funding across sub-programmes within the Structural Maintenance programme.
6. That the Executive Lead Member for Universal Services approves the increase in the capital programme value of the Old Lynchford Road Active Travel scheme from £0.676million to £1.187million with the £0.511million increase to be funded by LTP.

Executive Summary

7. The proposals set out in this report amount to over £246million across the next three years. Government formula settlements (£115.5million) and Government competitively bid grants (£54.6million) make up the bulk of the funding. The remainder is funded through a mix of local resources, (£42.8million), developer contributions (£32million), local authority contributions (£0.14million) and other competitively bid project specific grants e.g. Highways England (£1.1million).
8. The report also considers the significant financial challenges to the Transport and Environment capital programme as the economy experiences the highest rates of inflation for many years, with construction costs, particularly those influenced by oil prices, seeing some of the steepest rises.
9. Increasingly, the County Council will therefore have to rely on its own resources to bring forward new schemes at a time when its budget is facing depletion by high inflation, and manage this either by rescheduling delivery, pushing back or deferring schemes, and doing less within the budget.
10. This is compounded by emerging evidence that indicates a significant reduction in levels of future Government capital funding from competitive bidding, based on the mixed results of bid submissions in early 2022 to the Active Travel Fund, with bids to the Levelling Up fund and the Bus Service Improvement Plan being unsuccessful. This will cause disruption to the forward capital programme and affect the Integrated Transport sub-programme, in particular.
11. Furthermore, the annual settlements for the Highways Maintenance block funding and the Integrated Transport block were set for three years in 2022/23 with no adjustment to allow for inflationary pressures, which will result in less work being delivered on the ground, as funding will in real terms diminish in value over time. At the time of writing, the Department for Transport (DfT) has made no indication about funding beyond 2024/25 which creates uncertainty for the forward strategic outlook.

Contextual information

12. The Executive Lead Member for Universal Services can now prepare proposals for:
 - a locally resourced capital programme for three years from 2023/24 to 2025/26 within the guidelines of the current capital programme; and
 - a programme of capital schemes supported by Government Grants in 2023/24, 2024/25 and 2025/6.
13. The 2023/24, 2024/25 and 2025/6 programmes set out primarily new capital resources, with the latter two years based on indicative schemes and figures. The 2023/24 and 2024/25 programmes replace previously approved programmes, they do not add to them.
14. The Transport and Environment capital programme includes the following programmes:

- Structural Maintenance;
 - Integrated Transport;
 - Waste;
 - Flood Risk and Coastal Defence; and
 - Community Transport.
15. The proposed programmes have been prepared in consultation with the Executive Lead Member for Universal Services and have been reviewed by the Universal Services – Transport and Environment Select Committee. They are to be reported to the Leader and Cabinet on 8 February 2023 to make final recommendation to Council later in February 2023.
16. The three-year capital programme provides details of the schemes expected to commence during 2023/24, 2024/25 and 2025/6. Circumstances outside the County Council's control such as the changing commercial outlook across the highways and civil engineering sectors and the potential need for broader environmental considerations, may cause some schemes to be delayed to later financial years.

Inflationary pressure

17. The previous three-year programme highlighted the uncertainty of the global economic outlook and its impact on the stability of the UK market. One year on, the construction industry continues to exhibit strong evidence of instability on the back of Brexit and the Covid pandemic with the consequence that inflation indices have been increasing significantly over the last two years. The on-going war in Ukraine is having a very significant and alarming impact on top of these existing challenges and is causing uncertainty with the availability and cost of critical materials such as steel, iron, timber and bitumen.
18. Overall, the construction material price index rose 5% in March 2022 and for a period, was almost 25% higher than 2021. Tender price inflation can be heavily influenced by the level of risk contractors and their supply chains are prepared to accept and this is closely linked to market conditions, which remain volatile. The BCIS are indicating an average increase of 8% in 2022 and a further increase of 6.2% is forecast for the forward year.
19. The inflationary levels seen in the construction market continue to have a financial impact across the whole of the Transport and Environment capital programme and it is difficult to predict whether the impacts will be permanent or just transitory. As mentioned in the quarter 3 update, elsewhere on this agenda, a review of cost estimates in line with industry recommendations was carried out and this revealed the capital programme had an inbuilt pressure of at least £6.9million. A range of measures is being proposed to manage this.
20. In September 2022, the County Council announced a corporate capital inflation allocation to underwrite the cost of inflation on individual schemes where it cannot be met from approved budgets and the department has

submitted business cases to this fund. At the time of writing, these business cases are still under consideration. To ensure financial resilience of the capital programme, other measures will also need to be considered such as descoping schemes where appropriate, adjusting our bidding strategy to reflect the current challenges to delivery, and reviewing the provision of Local Transport Plan (LTP) commitments from the DfT LTP Transport grant. Further information on adjustments to LTP allocations are detailed in Part C of this report with Table 8 summarising the proposed new capital investment submitted for consideration for the next three years and Table 9 setting out how the investment is to be funded, in aggregate. Appendix 2 provides detail on the schemes and presents a spend profile across years for information.

21. Use of competitively bid external funding is governed by legally binding funding agreements which typically require the County Council both to deliver the agreed scheme in full and to meet any cost overruns incurred. These excess costs from inflation therefore fall to be met by the County Council. Inevitably, this will mean that elements of the capital programme will have to be deferred, reduced or withdrawn. It is important that the capital programme is protected by prioritising investment on schemes that will have more strategic impact providing wider benefits to the public and value for money. Protecting larger strategic schemes that are already committed will undoubtedly have an impact on other parts of the capital programme and future schemes. Further detail on specifically affected schemes is outlined in this report. It should be mentioned that schemes will follow the usual governance route of submitting a Project Appraisal to the Executive Member or under delegated authority, prior to a commitment to construction being undertaken.
22. To mitigate the impact, highways and transport teams continue to engage collaboratively with delivery partners to anticipate and where possible manage price and delivery pressures in the supply chain. Work programmes are also being reviewed and re-prioritised in order to mitigate market capacity issues.

2022/23 Programme Changes

23. The revised capital programme for 2022/23 reflecting the adjustments made during the year, is shown in Appendix 3 and totals £130.580 million. This lists all the schemes in the current programme at the latest cost estimate, together with a reconciliation of resources. It is therefore recommended that the Executive Lead Member for Universal Services recommends approval to the Leader and Cabinet of the revised capital programme cash limit for 2022/23 as set out in Appendix 3.
24. The inflationary pressures outlined in the previous section is affecting the financial viability of a number of schemes.
25. Of particular note is the Botley Bypass scheme which is predicted to have a significant increase in its cost estimate due to inflationary factors. In addition, there is a need to increase the risk contingency to cover other delivery issues such as very challenging ground conditions, particularly in relation to the

construction of the new bridge over the river Hamble, and a new risk relating to the recent reclassification of a large diameter water extraction main, which runs adjacent to and underneath the bypass, as being of strategic importance and therefore requiring additional protections. A funding support package has been identified for an increase from £23.1million to £31.1million from additional local resources and developer funding as well as a request of £2.9million from the corporate inflation risk reserve. This is a provisional allocation until the target cost has been confirmed and a further report will be presented to the Executive Lead Member for Universal Services to consider the full Project Appraisal, as outlined in the Outline Project Appraisal considered in May 2022. A recommendation to increase the capital programme value for the Botley Bypass scheme to £31.1million will be taken to Cabinet in February 2023.

26. Inflationary pressures have also affected the Stubbington Bypass scheme, which is practically complete and has been open since 30 May 2022, as finishing works on certain elements continued until the end of November. These works included additional street lighting for safety and amenity reasons combined with delays to street lighting electrical connections, additional uncharted services and the implementation of additional facing work to ensure long term durability. The combined effect of these factors together with inflationary and commercial pressures associated with the conclusion of the main contract, has led to an increase in the project costs of £2.2million and results in an overall scheme value forecast of £44.195million. A recommendation to increase the capital programme value for the Stubbington Bypass scheme by £2.2million will be taken to Cabinet in February 2023.
27. Delays with planned utility diversions and additional works have impacted adversely on the main programme for the Junction 9, M27 scheme with completion now forecast in winter 2022/23. These additional requirements have lengthened the programme timescales and, coupled with the current cost inflation seen across infrastructure schemes, as previously mentioned, the value is expected to rise by £1.325million. This represents 5% from the current cost estimate and results in an overall scheme value forecast of £24.453million. A recommendation to increase the capital programme value for the Junction 9, M27 scheme by £1.325million will be taken to Cabinet in February 2023.
28. Continuation of design work on the Old Lynchford Road Active Travel scheme, part of the Farnborough Growth Package (North Camp), has led to a revision of the scheme proposals. The scope of the works has been increased to resolve surface water ponding in the location, primarily relating to additional drainage works to increase the capacity of the existing surface water drainage system. These design changes have increased construction cost estimates, resulting in an increase in the scheme cost of £0.511million.
29. It is therefore recommended that the Executive Lead Member for Universal Services approves the increase in the capital programme value of the Old

Lynchford Road Active Travel scheme from £0.676million to £1.187million with the £0.511million increase to be funded by LTP.

PART A – RESOURCES

Local Resources

30. Local resources guidelines were agreed by Cabinet on 13 December 2022. Total local resources amount to £42.801 million over the next three years.

Table 1: Local Resources

	2023/24	2024/25	2025/26	Total
	£000	£000	£000	£000
Capital Guidelines	1,929	1,929	1,929	5,787
Revenue Reserve	10,000	10,000	10,000	30,000
Original Capital Guidelines	11,929	11,929	11,929	35,787
Prudential Borrowing - Bridge Replacement Funding	2,500	2,500	0	5,000
Prudential Borrowing - Traffic Signals/Crossings Replacement Funding	600	1,000	0	1,600
Additional Approvals (Capital Receipts)	0	414	0	414
Revised Local Resources	15,029	15,843	11,929	42,801

Government Formula Allocations

31. The DfT allocations for Integrated Transport and Structural Maintenance for 2023/24, 2024/25 and 2025/6 are detailed in Table 2. It should be noted that 2024/25 is the final year of the confirmed three-year settlement which commenced in 2022/23 and at the time of writing, the DfT has made no indication about future funding. Therefore, 2025/26 figures are subject to DfT decisions and for planning purposes, it is assumed that funding will keep to current levels.

Other Government Funding

32. Given the modest annual LTP Integrated Transport Block funding (£5.338million annually), the programme reflects the need of the County Council to obtain additional external funding, through competitive bidding processes, to maximise the potential for delivery and address funding gaps.
33. At the time of writing, the County Council is awaiting decision of approximately £40million of transport infrastructure improvements within Levelling Up Fund bids across the county. This includes a £17.9million bid covering transport improvements in Havant and Gosport submitted by the County Council and several other bids submitted by Districts which also contained transport elements. Test Valley (Andover Town Centre Masterplan), Basingstoke and Deane (Manydown to Town Centre cycle route) and Havant and Gosport submitted bids which complemented the County Council submission.
34. The County Council also expects to be asked by Active Travel England to bid for Active Travel Fund Tranche 4 capital funding in early 2023, which is estimated to be in the region of £15million.
35. Furthermore, Active Travel England invited the County Council to submit a feasibility study into Mini-Holland funding for Winchester with potential funding expected to be between £10million and £30million. Although final submission dates have not been confirmed, it is anticipated that this will also be in early 2023.

Developer Contributions and other External Funding

36. The Department receives contributions from developers towards the cost of highway and transport infrastructure associated with mitigating the effects of developments.
37. This three-year programme includes an estimate of £32million of developer contributions from Section 106. In addition, 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.
38. It is worth noting that the recession is likely create a slowdown in the housing market which will impact the flow of developer funding, as occupation of new builds are expected to slow down.

Revenue Investment

39. The County Council's approach of forward funding feasibility studies to support the capital programme has been very successful and has a historic return rate of greater than 40:1. That means for every £1 spent of the Council's own revenue funding, £40 or more of external funding has been

secured towards transport improvements. Over the last 5 years, external funding secured has been in the region of £180million.

40. An allocation of £1.5million for revenue investment for transport scheme development in 2023/24 was announced in the 2021/22 End of Year financial report in July 2022. Due to the financial pressures faced by the County Council, there is uncertainty over whether this funding can be maintained at this level from 2024/25 onwards.
41. Looking forward, the UK is facing a public spending and cost inflation challenge and it may be that transport funding from the DfT may be impacted. To date, no cuts have been formally made to transport funding, but the Government will need to prioritise future spending and current indications are that transport funding levels are unlikely to be increased and may be squeezed with suggestion emerging that some funding may also be clawed back if not spent in time. The Government is still retaining a priority on housing growth and it can be expected that transport schemes which unlock housing may be prioritised for funding. Levelling up is also expected to remain the focus of the Government with many metro-mayor authorities receiving significant settlements of national transport funding.
42. The Department for Transport has indicated its priorities for funding and that it plans to introduce new local transport plan guidance. Together these suggest the Government priorities are for active travel, bus based schemes and for proposals that assist in the conversion of private vehicle to cleaner technologies. This infers that the larger scheme funding opportunities particularly for large road schemes may be diminishing in favour of a greater number of smaller type projects.
43. Early indications are that the LTP settlement will be incentivised accordingly. This means local authorities will need to perform well against targets to decarbonise transport in order to attract a good grant settlement. Conversely, it infers that those that do not, may see their LTP grant settlement impacted including those for road and asset maintenance.
44. The funding horizon is uncertain and whilst that is not unusual, the outlook is somewhat more pessimistic than past years and decades. However, the proactive approach of using the County Council revenue funding to support a feasibility programme that then shapes future capital programmes has paid dividends. In the context of an invigorated focus and desire to be more active in “placemaking and regeneration”, the Council will need to be very tactical in how it seeks to use and deploy its resources and secure the right future funding opportunities.

Total Resources

45. The table below is a breakdown of the capital resources in their respective start years. This table does not reflect actual expenditure in those years.

Table 2: Total Capital Resources

	2023/24	2024/25	2025/26	Total
	£000	£000	£000	£000
Local Resources	15,029	15,843	11,929	42,801
DfT - LTP Grant – Maintenance	14,886	14,886	<i>14,886</i>	44,658
DfT - Pothole Funding	14,886	14,886	<i>14,886</i>	44,658
DfT - Highways Maintenance Incentive Funding	3,721	3,721	<i>3,721</i>	11,163
DfT - LTP Grant – Transport	5,338	5,338	<i>5,338</i>	16,014
DfT - Major Road Network	1,706	0	0	1,706
DfT - Transforming Cities Fund Tranche 2 (SCC)	2,846	0	0	2,846
DfT - Active Travel Fund	65	<i>19,550</i>	<i>9,000</i>	<i>28,615</i>
DfT - Levelling Up Fund	0	<i>3,300</i>	<i>7,000</i>	<i>10,300</i>
DfT - Bus Service Improvement Plan	0	0	<i>10,890</i>	<i>10,890</i>
DfT- Access for All fund	260	0	0	260
Developer Contributions	6,821	19,948	4,910	31,679
Other Local Authority	137	0	0	137
Winchester City Council – CIL	380	0	0	380
South Western Railways CCIF	260	300	0	560
Highways England	0	540	0	540
Total	66,335	98,312	82,560	247,207

Figures in italics are subject to DfT decisions and for planning purposes this level of funding is assumed.

PART B - PROGRAMMES

46. The Transport and Environment capital programme contributes towards the County Council's climate change targets of carbon neutrality and resilience to the impacts of a 2°C temperature rise by 2050. Climate change impact assessment tools are integral to the governance process, with all capital projects and decisions now evaluated for climate change adaptation and carbon mitigation.
47. Increased investment in walking and cycling infrastructure and public transport reflects the capital programme's shift in emphasis to sustainable transport measures and builds resilience across Hampshire's transport network. Identifying the best materials and design solutions to reduce carbon emissions and protect the network from a changing climate is also a priority. Low carbon, locally produced, durable products are now widely used for maintenance and capital improvement schemes, as well as greater recycling of used carriageway materials.

Structural Maintenance

48. The Structural maintenance programme is a 'spend' based programme, and therefore the figures in Table 3 represent how much will be spent in that year.

Table 3 – Total programme – Structural maintenance

	2023/24	2024/25	2025/26	Total
	£000	£000	£000	£000
Local Resources	14,923	15,323	11,823	42,069
DfT - LTP Grant – Maintenance	14,886	14,886	<i>14,886</i>	44,658
DfT - Pothole Funding	14,886	14,886	<i>14,886</i>	44,658
DfT - Highways Maintenance Incentive Funding	3,721	3,721	<i>3,721</i>	11,163
Total programme	48,416	48,816	<i>45,316</i>	142,548

At the time of writing, the DfT has made no indication about funding beyond 2024/25. Therefore, 2025/26 figures in italics are subject to DfT decisions and for planning purposes, it is assumed that funding will keep to current levels.

49. The Structural Maintenance budget is used to extend the life of an existing asset. It is split across all highway assets for example, carriageways,

footways, drainage, structures, traffic signals, pedestrian crossings and cattle grids.

50. It should be noted that, within year, one-off government grant funding and other funding from successful bids can be allocated to this budget increasing the total available in year. As part of some programmes, the County Council seeks to build up sufficient allocations for larger more complex schemes over several years. In addition, some schemes hold funding to help support bidding opportunities.
51. Budgets are allocated in line with Hampshire County Council's Asset Management principles and needs based budgeting and programmes are developed based on various factors, including condition, remaining life and lifecycle planning including whole life costs.
52. The Structural Maintenance programme is made up of two major programmes of work: Structural Planned Maintenance and Bridges. The sub-programmes of work will vary over the next three years, however the information in the next two paragraphs details the types of activity undertaken.
53. Structural Planned Maintenance consists of sub-programmes as follows:
 - Operation Resilience - consisting of a surface treatments programme i.e., surface dressing etc. In addition, sub-programmes for carriageway and footway resurfacing, reconstructions, drainage, haunching and edge repairs, vehicle restraint systems, fencing, cattle grids and similar;
 - local depot sub-programmes – consisting of carriageway and footway repairs, kerb repairs, carriageway edge repairs, drainage, accident damage, fencing and similar; and
 - Intelligent Transport Systems – consisting of replacing life expired equipment i.e., traffic signals and crossings.
54. The Bridges and Structures programme consists of works to County Council owned Highway structures, which includes road bridges, footbridges, culverts (1.5m span or more), subways and retaining walls, as well as works on pumps at subways and low spots in the carriageway. Work can include any of the following as a result of structural assessment, annual inspection, accident damage (vehicles or weather related) or vandalism:
 - bridges, footbridges and culverts: strengthening/ replacement; refurbishment; cathodic protection installation; bearing replacement; drainage replacement; concrete, steel, or brickwork repair; painting; bridge deck waterproofing replacement; expansion joint replacement; scour/invert repairs/protection; parapet repair/replacement; revetment repair/strengthening; and corrugated culvert relining;
 - subways: in addition to the above, application/repair of murals; repair and replacement of signs and mirrors; repair and replacement of tiling; and
 - pumps: replacement of pump units and pipework leading to pumps.

55. To provide greater governance of the Structural Maintenance programme, it has been agreed that this report will include the initial split of allocation between the two sub-programmes that form the Structural Maintenance programme, with authority delegated to the Director of Universal Services to make minor amendments to the split of funding across sub-programmes.
56. It is therefore recommended that the Executive Lead Member for Universal Services delegates authority to the Director of Universal Services, in consultation with the Executive Lead Member for Universal Services, to make minor amendments to the split of funding across sub-programmes within the Structural Maintenance programme.
57. In 2023/24, the total Structural Maintenance spend will be split across the two programmes of work as shown in the tables below. The split of the total Structural Maintenance budget is confirmed on a rolling year basis and the initial split of allocations between the two sub-programmes that form the Structural Maintenance programme is shown in the tables below.

Table 4: Structural maintenance programme

	2023/24	Total
	£000	£000
Operational Resilience	30,530	30,530
Local Depots	6,670	6,670
ITS	750	750
Other Highways structural maintenance	3,966	3,966
Total programme	41,916	41,916

Table 5: Bridges programme

	2023/24	Total
	£000	£000
Bridges	6,500	6,500
Total programme	6,500	6,500

This split is based on the previous year and will be adjusted in the next quarterly report to reflect the recommendations on the Highway Network Recovery Strategy outlined in a separate report on this agenda, once approved.

Integrated Transport programme

58. This programme is a 'starts' based programme, and therefore the figures in Table 6 do not represent how much will be spent but the full value of projects that are proposed to start construction in that year.
59. The proposed total value of the three-year Integrated Transport Plan (ITP) Programme is £103.366million. As this is a 'starts-based' programme this figure does not include the value of schemes currently in delivery which commenced prior to 2023/24. Schemes which commenced prior to 2023/24, such as Brighton Hill Roundabout, A326 Fawley Waterside, Lynchford Road and TCF totalling over £80million, will continue to require significant on-going resources from across the department in 2023/24. It should also be noted that any cost over-runs on previous starts may need to be funded from the current three-year programme.
60. The 2023/24 main programme provides details of the schemes expected to commence during that financial year. As previously mentioned, circumstances outside the organisation's control can intervene, causing some schemes to be delayed to later financial years. The main 2024/25 and 2025/26 programmes are at this stage provisional and programmed based upon the more limited information available for schemes at a much earlier stage of development. This includes schemes that will be submitted as part of future rounds for Active Travel funding (£31million), Bus Service Improvement Plan (£10.89million) and Levelling Up fund (£10.3million) that currently do not have funding secured.
61. In compiling the three-year outlook, these provisional allocations are reviewed, and schemes are adjusted or in some cases removed from the future years programmes. The report will now outline schemes that have been affected:
62. The 2024/25 capital programme no longer includes a provision for the Walworth Roundabout scheme. Funding for the scheme was dependent on building sufficient Section 106 contributions over several years, however the scale of development expected did not materialise and the funding is insufficient to deliver the improvements originally envisaged. Following approval by the developer, the contributions will be retained for use on other measures in the local area that will benefit the development and mitigate its highway impact.
63. Funding provision for the A339/B3349 Junction improvements, Alton, is also unlikely to come forward in the short to medium term. Opportunities for future funding will be kept under review and there may be scope to secure funding

or improvements if the Local Plan identifies development in the locality. It is therefore proposed that this scheme is deferred until such time that the funding provision is confirmed.

64. Despite the financial pressures already described in paragraph 20 requiring adjustments to the LTP grant held, the three-year capital programme includes an allocation for Casualty Reduction and Traffic Management priorities for each of 2023/24, 2024/25 and 2025/26. This represents a consolidation from previous years of separate allocations. This budget of £1.5million, which is almost 30% of the annual DfT LTP grant, will provide for a combination of safety measures and safety led Traffic measures, based on a rigorous process of continuous monitoring of accident statistics, patterns, and trends.
65. The three-year capital programme has a range of scheme types, including a sub-programme of schemes which are mainly concerned with walking and/or cycling improvements. The current value of this sub-programme is almost £58million, an increase of approximately £8million from 2022/23. This reflects the increased investment in walking and cycling infrastructure and the capital programme's shift in emphasis to sustainable transport measures to contribute to the County Council's de-carbonisation and climate change ambitions. It is noted however that this is the value of schemes mainly focused on walking and cycling improvements and there are many other schemes in the programme that include walking and cycling elements, which are not included in this sub-programme.
66. Appendix 2 provides detail on the schemes to be included in this programme and presents a spend profile across years for information.

Table 6: Total programme – Integrated Transport

	2023/24	2024/25	2025/26	Total
	£000	£000	£000	£000
Local Resources	0	414	0	414
DfT - LTP Grant – Transport	4,139	9,200	1,700	15,039
DfT - Major Road Network	1,706	0	0	1,706
DfT - Transforming Cities Fund Tranche 2	2,846	0	0	2,846
DfT - Active Travel Fund	65	19,550	9,000	28,615

DfT - Levelling Up Fund	0	3,300	7,000	10,300
DfT - Bus Service Improvement Plan	0	0	10,890	10,890
DfT- Access for All fund	260	0	0	260
Developer Contributions	6,821	19,948	4,910	31,679
Other Local Authority	137	0	0	137
Winchester City Council – CIL	380	0	0	380
South Western Railways CCIF	260	300	0	560
Highways England	0	540	0	540
Total programme	16,614	53,252	33,500	103,366

The County Council is developing additional schemes, which are expected to be added to 2025/26 capital programme year once further developed. This explains why the value is so much higher in year 2024/25.

Waste Programme

67. Whilst there remains some uncertainty regarding the details of the secondary legislation covering the implementation of the waste management measures of the Environment Act 2021, it has set a clear direction and in line with that, the County Council has progressed with both the business case and planning permission for a new Materials Recycling Facility (MRF) at Chickenhall Lane in Eastleigh. These have both been secured successfully and work is now underway on the detailed design and procurement activity with work on site due to commence in early 2024 and the facility being fully operational in quarter 2, 2025/26. As reported in the last three programme report, the cost of the change will be £30 million, funded by £23.1 million prudential borrowing to be repaid by ongoing savings in the revenue budget, and the remaining £6.9 million split equally between Portsmouth and Southampton City Councils. It is estimated that the spend profile related to the construction will be £1million in 2023/24, £10million in 2024/25 and £19million in 2025/26.
68. In addition to the delivery of the new MRF, work will be undertaken on the Waste Transfer Stations to enable the increased segregations required to deliver the twin stream recycling system, as well as providing containers for separated food waste to be tipped. Work is also underway on the transition to

the new system, with 13 waste collection authorities all having to make significant changes to their collection systems.

69. Work is also being undertaken to review Household Waste Recycling Centre service provision to ensure that it provides a fit for purpose and cost-effective service for the long term aligned with the changes that are taking place to kerbside waste collection and disposal services as a result of the Environment Act 2021. This work is expected to lead to re-provisioning of the existing sites to best serve residents. At present the capital costs of this programme are not determined but will come forward by the end of the last quarter of 2022/23.

Flood Risk & Coastal Defence Programme

70. The County Council's Flood Risk and Coastal Defence Programme is an important part of its response to the challenge of climate change, in particular the impacts of intense rainfall events, surface water flooding and increased storminess. By drawing in local, regional, and national investment funding the programme supports the development and delivery of schemes to reduce the risk from all sources of flooding and increase the resilience of communities.
71. Over the next 3 years, new capital funding for the programme is £0.318million, funded by local resources as shown in the table below.

Table 7: Flood Risk and Coastal Defence Capital programme

	2023/24	2024/25	2025/26	Total
	£000	£000	£000	£000
Local Resources	106	106	106	318
Total programme	106	106	106	318

These figures do not include the £1.8 million carried forward detailed below which will provide additional capital investment.

72. As this is a start-based programme, these figures do not include the value of schemes currently in design and delivery which commenced prior to 2023/24. The estimated value of the total programme is £24.6million, funded by Flood Defence Grant in Aid (FDGiA), Regional Flood and Coastal Committee (RFCC) Local Levy, other local authorities, local resources and developers contributions. Of this, £21million is allocated to specific schemes prior to 2023/24 and at the time of writing, a programme of £1.8million is forecast from 2023/24 to 2025/26 to be funded by new local resources and carry-forward from previous years.

73. The changes being experienced in terms of flood risk and the ever-increasing storms require a degree of flexibility in the programme. Schemes will be identified as areas at highest risk of flooding become more apparent and will be funded by the unallocated balance of £1.8million, and local resources released from planned schemes that are unable to come forward for delivery. In addition, other sources of funding will be identified and bid for as applicable as and when new funding programmes are publicised.
74. Like the other areas within the Capital Programme, the development and delivery of schemes within the Flood Risk and Coastal Defence Programme is experiencing inflationary pressures. Accessing national Flood Defence Grant in Aid, and Local Levy from the Regional Flood and Coastal Committees, continues to be a challenge with the potential level of support from these sources diminishing where national funding criteria and local priorities and choices do not always align.

PART C - SUMMARY

Summary

75. Based on the position outlined in Part B above, Table 8 summarises the proposed new capital investment submitted for consideration for the next three years. Table 9 sets out how they are to be funded in aggregate.

Table 8: Summary of capital programmes

	2023/24	2024/25	2025/26	Total
	£000	£000	£000	£000
Structural Maintenance	48,416	48,816	45,316	142,548
Integrated Transport	16,614	53,252	33,500	103,366
Flood and Coastal Defence	106	106	106	318
Total programme	65,136	102,174	78,922	246,232

Table 9: Summary of capital funding

	2023/24	2024/25	2025/26	Total

	£000	£000	£000	£000
Local Resources	15,029	15,843	11,929	42,801
DfT - LTP Grant – Maintenance	14,886	14,886	14,886	44,658
DfT - Pothole Funding	14,886	14,886	14,886	44,658
DfT - Highways Maintenance Incentive Funding	3,721	3,721	3,721	11,163
DfT - LTP Grant – Transport	4,139	9,200	1,700	15,039
DfT - Major Road Network	1,706	0	0	1,706
DfT - Transforming Cities Fund Tranche 2	2,846	0	0	2,846
DfT - Active Travel Fund	65	19,550	9,000	28,615
DfT - Levelling Up Fund	0	3,300	7,000	10,300
DfT - Bus Service Improvement Plan	0	0	10,890	10,890
DfT- Access for All fund	260	0	0	260
Developer Contributions	6,821	19,948	4,910	31,679
Other Local Authority	137	0	0	137
Winchester City Council – CIL	380	0	0	380
South Western Railways CCIF	260	300	0	560
Highways England	0	540	0	540
Total programme	65,136	102,174	78,922	246,232

The balance of funding compared to Table 2 is retained as a programme contingency to enable the County Council to enter into funding agreements requiring spend within tight deadlines and leaving the risk of cost overruns

with the County Council and to provide some capacity to provide match funding where this is required.

Revenue implications

76. On the basis of the position outlined in Part B above, Table 10 summarises the Revenue Implications of the proposed capital investment.

Table 10: Revenue implications

	2023/24	2024/25	2025/26	Total
	£000	£000	£000	£000
Running Costs	232	746	470	1,448
Capital Charges	3,256	5,106	3,942	12,304
Revenue Implications	3,488	5,852	4,412	13,752

77. The on-going service and maintenance implications of the proposed capital programme are funded from within the revenue budget.

78. In line with proper accounting practice, the asset value resulting from capital expenditure is depreciated over the expected life of the asset with a corresponding charge to the income and expenditure account. However, this accounting adjustment does not directly impact the cash limited budget of services.

Consultation and Equalities

79. This is a financial report amending or proposing budgets for programmes and individual schemes, and therefore does not require a consultation.

80. Service changes or proposals for individual schemes will undertake their own specific consideration of equalities issues. This report has no direct effect on service users, so has a neutral impact on groups with protected characteristics.

Climate Change Impact Assessments

81. Hampshire County Council utilises two decision-making tools to assess the carbon emissions and resilience of its projects and decisions. These tools

provide a clear, robust, and transparent way of assessing how projects, policies and initiatives contribute towards the County Council's climate change targets of being carbon neutral and resilient to the impacts of a 2°C temperature rise by 2050. This process ensures that climate change considerations are built into everything the Authority does.

82. The tools employed by the County Council to assess impacts on climate change adaptation and mitigation were utilised and found not to be applicable on grounds that the decision relates to a strategic programme rather than specific interventions. The tools will be applied to specific schemes and more detailed proposals in the future to assess any impacts and ensure they are reported.

REQUIRED CORPORATE AND 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

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.)

Document

Location

None

EQUALITIES IMPACT ASSESSMENT:

1. Equality Duty

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 by or under the Act with regard to the protected characteristics as set out in section 4 of the Act (age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation);
- Advance equality of opportunity between persons who share a relevant protected characteristic within section 149(7) of the Act (age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation) and those who do not share it;
- Foster good relations between persons who share a relevant protected characteristic within section 149(7) of the Act (see above) and persons who do not share it.

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

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

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 undertake their own specific consideration of equalities issues. The decisions in this report are financial, and mainly relate to in-house management of accounts, and therefore have a neutral impact on groups with protected characteristics.