

HAMPSHIRE COUNTY COUNCIL

Decision Report

Decision Maker:	Executive Member – Environment and Transport
Date:	6 November 2012
Title:	2012/13 Capital Programme Quarter 2 Monitoring
Reference:	4336
Report From:	Director of Economy, Transport and Environment

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1. Executive Summary

- 1.1. The purpose of this paper is to update the Economy, Transport and Environment Department 2012/13 Capital Programme, to summarise progress towards delivery during the first half of the year, and revise outturn forecasts.
- 1.2. This paper sets out budget amendments that have arisen in the second quarter.

2. Contextual information

- 2.1. This paper includes financial and progress summaries for the following programmes:
 - (i) structural maintenance and bridges;
 - (ii) integrated transport, including LSTF;
 - (iii) economic development;
 - (iv) quality of place;
 - (v) waste management;
 - (vi) energy, and;
 - (vii) flood risk and coastal defence.
- 2.2 The adjusted 2012/13 programme amounts to some £75.455 million (gross) across these seven areas. The current forecast outturn, across all areas and irrespective of programme year, is £65.138 million.
- 2.3 Unless otherwise stated, outturn forecasts are gross expenditure.

3. Resources

3.1. The Economy, Transport and Environment Department capital programme is set out in Table one.

3.2. Since the last monitoring report £4.802 new capital resources have been approved, although overall, there is a reduction of £2.269 million owing to proposed carry forwards, and transfers to revenue.

3.3. The table below reconciles the current situation with the adjustments at Quarter One, and the Budget Book.

Table One – Environment Budget, Adjustments and Forecasts (Headlines)

	Struct' Maint' £'000s	Int. T'sprt £'000s	Waste M'gmt £'000s	Eco'mc Dev £'000s	QoP £'000s	Energy £'000s	Flood Def'ce £'000s	Total £'000s
Budget Book Total	37,384	7,457†	0†	31	0	0	0	44,872
Q1 Adjustments	9,397	3,262†	250	290	1,000	250	1,000	15,449
Q2 Adjustments	-4,500	4,802†	0	-321	0	-250	0	-2,269
Total In-Year Adjustments	4,897	8,064†	250†	-31	1000	0	1000	13,180
Total adjusted Budget	42,281	15,521†	250	0	1,000	0	1,000	60,052†
Forecast Outturn (gross)	42,281	21,000*	1,115*	0	492	0	250	65,138

†Value is net of contributions. Original budget book assumption of contributions was £5.769m for Integrated Transport and £0.9m for Waste Management. Adjusted budget assumption is £15,403 million.

*Forecast outturn higher than adjusted budget since expenditure against previous years' approvals is included.

4. Programme Overview

Structural Maintenance and Bridges

Table 2 – Capital Maintenance Approvals

Original Budget £'000s	Total In-year adjustments £'000s	Latest Budget £'000s	Forecast Outturn £'000s	Carry Forward £'000s
37,384	4,897	42,281	42,281	4,500

4.1 The budget is an expenditure allocation and as with revenue spend the outturn position is determined by the value of work completed rather than the value of schemes started by year end. This can often mean that the year end carry forward values in this area are higher than for a more traditional starts based programme as scheme completion and spend are influenced by the weather and other factors.

- 4.2 Based on the position to the end of quarter two a maximum carry forward of £4.5 million is anticipated which relates to contributions to schemes in future years (see paragraph 4.8)
- 4.3 Highways programmes across the country have been affected by the extreme wet weather conditions this summer and in Hampshire design capacity has had to be diverted to deal with flooding problems on the network with other programmes being re-prioritised as a result. Scheme designs, contractor resources and the programme had been on track to fully spend in Q1 but the impact of the weather has resulted in a slippage of up to £2 million of spend. Currently opportunities to mitigate this slippage are being explored with the aim of seeking to recover the position within the financial year. However, this will be subject to the influence of the weather during the coming Autumn and Winter periods.
- 4.4 The budget also includes a provision of £500,000 held against unforeseen needs. As at the end of quarter one there had been no calls on this provision. A recent landslip at Cottage Lane Hawkley has resulted in damage to the highway which is currently being investigated. The cost of repair is not fully known until the investigation is completed later in the year. It is proposed to earmark the £500,000 against this potential remedial works. During quarter four a decision will be made either to release this sum for the landslip works or carry the sum over into 13/14.
- 4.5 As reported in quarter one, £4 million was provisionally earmarked to support a programme of structural drainage works and a proportion of this sum has now been allocated. While much of the planning and design work will take place this year, the majority of the spend is expected in 2013/14, as at the end of quarter two £1 million had been committed and will have been spent by the end of the year, leaving £3 million of the programme to be spent in 2013/14.
- 4.6 A number of contributions to schemes originally included in the 2012/13 programme are not now expected to be required this year including:
- Havant salt barn: £0.5 million contribution set aside pending resolution of land issues.
 - Havant rail footbridge: £0.5 million contribution awaiting final decisions on the nature of the scheme.
- 4.7 As part of forward budget planning process it is proposed to earmark a sum of £0.5 million from the 2012/13 Bridges programme to replace the disused railway bridge at A35 Holmsley. The total cost of the works is expected to be at least £1.5 million and due to the complexity of the design and approvals process the works are not expected to take place until 2014/15. It is proposed to earmark similar sums in 2013/14 and 2014/15 to make up the funding requirement.

4.8 It is recommended that £4.5 million of the 2012/13 structural maintenance programme relating to planned work set out below and no longer expected to be delivered in the current year be re-profiled to the 2013/14 programme:

- £3.0 million structural drainage programme
- £0.5 million Havant Salt Barn
- £0.5 million Havant rail footbridge
- £0.5 million contribution to replacement bridge A35 Holmsley

Integrated Transport

Table 3 – Integrated Transport Approvals

Original Budget £'000s	In-Year Adjustments £'000s	Latest Budget £'000s	Forecast Outturn £'000s	Carry Forward £'000s
13,226	8,064	21,290	21,000	0

All Figures include contributions.

- 4.9 The original budget for 2012/13 was funded from government grants, developer contributions, local resources and other external contributions totalling £13.226 million. In July 2012 the budget was revised to £16.488 million. Additional resources of £4,802 million were approved in September, resulting in an amended budget of £21,290 million.
- 4.10 The budget is primarily a starts allocation; unlike the structural maintenance programme, it is determined by the value of schemes started. This often results in a higher annual expenditure than is apparent in the budget. This is because the final outturn will always include spend from previous years' allocations. At this mid-stage it is anticipated that approximately £21 million will be spent by year-end (inclusive of grants and external contributions).
- 4.11 Additional resources relate to the Transport for South Hampshire (TfSH) Local Sustainable Transport Fund (LSTF) programme, which was reported to and approved by Council in September. Of the £12.383 million capital identified in that report, £4.802 million is new LSTF capital grant. Further details on LSTF progress can be found in paragraph 4.15.
- 4.12 Progress towards delivery is largely on plan, with 60% programmed to complete or be on site by the end of the third quarter. Of the rest, two schemes are now not likely to start until the first quarter of 2013/14, but because these sit beneath the published category headings they do not require rescheduling. Schemes planned for fourth quarter delivery are being closely monitored with a view to maximising in-year starts.
- 4.13 Additionally, good progress continues to be made on the Minor Improvements programme, with 30% of that programme either completed or on site already.

Local Sustainable Transport Fund Projects

- 4.14 Hampshire Strategic Transport Towns (LSTF-N) programme is well underway with schemes and grant-spend progressing largely according to plan.
- 4.15 Transport for South Hampshire (LSTF-S) programme was approved on 11 September. The Department is responsible for delivering a £12,383 million capital programme over the next 3 years, of which approximately £1million will be spent in 2012/13.
- 4.16 National Parks (LSTF-NP) programme is currently being drafted. Of the £1.749 million capital grant awarded, Hampshire's responsibility for delivery is not likely to exceed £1 million. A separate report on this project is elsewhere on this agenda.

Economic Development

Table 4 – Economic Development Approvals

Original Budget £'000s	Adjustments £'000s	Latest Budget £'000s	Forecast Outturn £'000s	Carry Forward £'000s
31	290	321	0	321

- 4.17 The programme of starter units and workshops is at pre-project initiation stage. Initial scoping has now been undertaken via Estates and externally, with other local authorities and private companies. A full project plan, including resource requirements, potential partners and appropriate locations/premises, will be prepared as part of a focussed economic strategy.
- 4.18 The programme of Armed Forces Enterprise Centres is progressing. A supplier briefing event was held at two potential buildings in Aldershot in July. Feedback is yet to be received on the viability of these two buildings, and, if considered feasible, the project will be in a position to progress to the next stage of delivery.
- 4.19 Due to the work being at an early stage, it is unlikely that we will be in a position to spend any of the current funding within the financial year. It is therefore recommended that the £0.321 million budget be carried forward.

Waste Management

Table 5a – Waste Management Approvals

Original Budget £'000s	Adjustments £'000s	Latest Budget £'000s	Forecast Outturn £'000s	Carry Forward £'000s
900	250	1,150	1,115*	0

*Outturn includes spend against previous approvals, and may exceed current year budget.

- 4.20 New approvals for 2012/13 totalled £1.150 million, including in-year adjustments and carry-forwards. Adding those to £5.220 million existing approvals, the total resources available for use during the year amounts to £5.470 million.
- 4.21 The programme of Household Waste Recycling Centre (HWRC) improvements is progressing as expected, there have been no further budget adjustments.
- 4.22 At this mid-way stage, the estimated outturn for 2012/13 has slightly reduced from the June prediction at £1.155 million, with just over £0.8 million being refunded through developer contributions as staged payments through the Waterlooville HWRC project. Estimated outturn is subject to some change, as further delays to the commencement of Havant HWRC will continue to defer spend on this scheme into 2013/14.
- 4.23 This year's programme includes relocation of Waterlooville, Eastleigh and Havant HWRCs, as well as further feasibility and investigative work on Marchwood, Hedge End and Netley HWRCs.
- 4.24 Work commenced on Waterlooville HWRC in May 2012. The project will be fully funded through developer contributions. This scheme is progressing as planned and will be completed in November 2012.
- 4.25 The relocation of Eastleigh HWRC is being undertaken in partnership with Eastleigh Borough Council and will be fully funded by it as part of a land swap arrangement. The spend is being recharged to Eastleigh Borough Council and the planning application was submitted in October, and expected to be processed in January 2013.
- 4.26 Havant HWRC relocation remains on hold whilst the Section 106 agreement is resolved with the Homes and Communities Agency (HCA) but work commenced on tender preparation in October. Assuming an agreement is reached with the HCA, the majority of the £1.2 million spend on this project will occur in 2013/14.
- 4.27 Progression of Marchwood HWRC is subject to the outcome of ground testing work. There is likely to be minimal spend through to the end of 2012/13.

Quality of Place

4.28 The Quality of Place starts programme consists of a 'Quality Enhancements Programme'(QEP), funded by £1 million of LTP, and an ongoing programme of public realm and environmental improvements (QOP) funded by existing approvals on a starts basis.

Table 6a – Quality Enhancement Approvals (QEP)

Original Budget £'000s	Adjustments £'000s	Latest Budget £'000s	Forecast Outturn £'000s	Carry Forward £'000s
0	1,000	1,000	250	0

4.29 The £1 million Quality Enhancement Programme (QEP) started in 2011 and runs to 2015 providing a range of initiatives and funding sources across the county, supporting Operation Resilience, the Integrated Transport programme, and the 'Open for Business' agenda. The full £1 million approval was carried forward to 2012/13. Good progress has been made to identify suitable enhancement projects, and spend will pick up during 2013/14 as those projects commence on site.

Table 6b – Quality of Place Resources (QOP)

Residual Approvals £'000	Adjustments £'000	Revised Approvals £'000	Forecast Outturn £'000
648	0	648	242

4.30 The ongoing 'Quality of Place' (QOP) programme received no new resources for 2012/13. This ongoing programme utilises unspent / residual approvals from previous years, the balance of which was £0.648 million at the start of the year.

Energy

Table 7 – Energy Approvals

Original Budget £'000s	Adjustments £'000s	Latest Budget £'000s	Forecast Outturn £'000s	Carry Forward £'000s
0	0	0	0	0

4.31 Following discussions with officers in Corporate Resources, the current £0.250 million for energy projects is to be transferred from the Capital Programme to the Economy, Transport and Environment's revenue account

and will therefore reduce the Capital Programme. This amendment is being made as the majority of the spend is of a revenue nature rather than capital, and therefore is better aligned with the Department's revenue budget.

Flood Risk and Coastal Defence Management

Table 8 – Flood Risk and Coastal Defence Approvals

Original Budget £'000s	Adjustments £'000s	Latest Budget £'000s	Forecast Outturn £'000s	Carry Forward £'000s
0	1,000	1,000	325	0

4.32 In anticipation of urgent and planned flood risk management and defence work that will be required following recent flooding events, the two year programme is being compiled, made up of three elements: priority sites emerging from the Surface Water Management Plans; Hampshire County Council's own assets; and feasibility studies into future high cost repairs and preventative maintenance.

4.33 Initial spend within the year is likely to be in the region of £0.325 million.

5. Recommendations

- 5.1. That the amendments to the Economy, Transport and Environment Capital Programme be noted.
- 5.2. That £4.5 million of the 2012/13 structural maintenance programme, relating to planned works no longer expected to be delivered in the current year, be re-profiled and carried forward to the 2013/14 programme.
- 5.3. That the £0.321 million Economic Development budget be carried forward.
- 5.4. That the £0.250 million Capital Energy Programme be transferred to revenue.

Rpt/4336/HC

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

Hampshire safer and more secure for all:	yes
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):	

Other Significant Links

Links to previous Member decisions:		
<u>Title</u>	<u>Reference</u>	<u>Date</u>
TfSH LSTF Programme Report	4211	28/9/2012
July 2012 Q1 Monitoring Report	3892	24/7/2012
2012-16 Capital Programme report to Cabinet	3587	3/2/2012
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.)

<u>Document</u>	<u>Location</u>
None	

IMPACT ASSESSMENTS:

1. Equalities Impact Assessment:

- 1.1. The proposals in this report have been developed with due regard to the requirements of the Equality Act 2010, including the Public Sector Equality Duty and the Council's equality objectives. An assessment of the impacts in this service area can be found at [EQIA](#) and also [EQIA](#) and [EQIA](#)

It is considered that the issues covered by this report will not have impacts requiring further specific actions by the Council above those already established in its existing policies and working procedures.

2. Impact on Crime and Disorder:

- 2.1. The proposals in this report are not considered to have any direct impact on the prevention of crime.

3. Climate Change:

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

No specific proposals.

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

A programme for Flood Risk and Coastal Defence Management is being developed.