

HAMPSHIRE COUNTY COUNCIL

Decision Report

Decision Maker:	Executive Member for Economy, Transport and Environment
Date:	11 July 2014
Title:	2013/14 Capital Programme Quarter 4 Review
Reference:	5935
Report From:	Director of Economy, Transport and Environment

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1. Executive Summary

1.1. The purpose of this paper is to set out the end of financial year position in relation to the Economy, Transport and Environment Department's 2013/14 capital programme.

2. Contextual information

2.1. The Economy, Transport, and Environment Department's (ETE) capital programme is primarily in the form of "starts" allocations; values determined by the full cost of projects to be started in-year, not the level of spend expected. The Structural Maintenance spend programme is the main exception to this, with its allocation relating directly to planned expenditure. For the majority of spend categories, final outturns include ongoing expenditure from projects that started in previous years.

2.2. This paper includes end of year financial positions for the following capital programmes within ETE;

- (i) Structural maintenance and bridges;
- (ii) Integrated transport;
- (iii) Members Highway Fund;
- (iv) Flood risk and coastal defence;
- (v) Public Realm Improvements;
- (vi) Quality Enhancements;
- (vii) Economic development;
- (viii) Waste management;
- (ix) Community Transport vehicle replacement.

- 2.3. Structural Maintenance figures include Operation Resilience.
- 2.4. This paper excludes the Street Lighting PFI.
- 2.5. Unless otherwise stated, figures are gross expenditure.

3. Overview

- 3.1. ETE's capital programme is flexibly managed as a rolling programme of ongoing commitments. Behind the published headlines are detailed programmes of feasibility, consultation, design and delivery that are constantly adjusted and re-profiled for a variety of reasons.
- 3.2. This year, many programme adjustments were required because of the flooding emergency from December to March. In January and February many design and delivery resources had to be diverted to deal with the situation, resulting in some projects being delayed.
- 3.3. A concerted effort was put into completing the structural maintenance programme this year and, despite the wet weather, the final programme was only marginally delayed, with a carry forward far below that of previous years. Similarly, the Integrated Transport programme was affected, but most schemes did start during the year as planned and expenditure was much higher than last year.
- 3.4. Carry-forwards are only required on starts programmes where no element has yet begun or been spent, or, as are the majority of ETEs carry forwards, on spend programmes where spend in-year is less than the budget. These sums are added to the following years' budget and are committed in full to delivering the adjusted and re-profiled programmes. Carry forwards are summarised in Table 3 and in more detail in Appendix 1.
- 3.5. In June 2013, Government announced its decision to divert an expected 50% of Transport Block Funding (LTP) that would have come direct to the County Council, to the Local Enterprise Partnerships (LEPs) from 2015. A detailed examination of the Integrated Transport Programme (ITP) and Quality Enhancement Programme followed to ensure affordability, resulting in the re-profiling of some £4.925million from 2013/14 to later years.
- 3.6. On 28 March, Government awarded a Severe Weather Grant of £4.224million. This is included in the carry-forward figures for the Structural Maintenance Programme.

4. Resources

- 4.1. New approvals of £60.9million were available at the start of the year. Reported regularly, the budget has been amended to take account of carry-forwards from 2012/13, adjustments and new additions, increasing the programme to its highest value of £80.1million by July.

- 4.2. Programme levels were amended again in November 2013 and January 2014, to take into account re-profiled starts resulting from the ITP review, the addition of new resources for Public Realm Improvements, and the early notification of planned carry-forwards.
- 4.3. At year end, taking into account adjustments since January 2014, the final position including carry-forwards, the programme is £68.3million and the overall expenditure was £67.9million; a significant increase on last year (£50.3million)
- 4.4. Table 1 below sets out the in-year adjustments, reported previously, together with the fourth quarter update and final approvals for each ETE programme. Although many elements are in the form of “starts” allocations, the outturn includes ongoing spend from previous starts programme. Table 2, expenditure, is therefore not directly comparable to the budgets shown here for accounting purposes.

Table 1 – Budget changes during 2013/14

	SM	ITP	MHF	F&CDM	PRIP	QEP	ED	W	TOTAL
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Budget Book	38,453	21,222	780	500	0	0	31	0	60,986
12/13 C’Fwds	11,674	4,905	0	1,000	0	1,000	321	0	18,900
Q1 Update	0	290	0	0	0	0	0	0	290
Q2 Update	(1,500)	(4,733)	0	140	500	(192)	0	0	(5,785)
Q3 Update	0	(1,814)	0	0	(500)	0	(292)	0	(2,606)
Q4 Update	(2,006)*	(1,384)	0	0	0	0	(60)	0	(3,450)
Final Budget	46,621	18,486	780	1,640	0	808	0	0	68,335

**SM Q4 updates includes in/out for the Government Severe Weather Grant of £4,224million, received on 28 March.*

- 4.5. Table 2 sets out the total expenditure and funding sources used. Although many elements are in the form of “starts” allocations, the outturn does include ongoing spend from previous starts programmes. The expenditure is therefore not directly comparable to the budgets shown in Table 1.

Table 2 – Expenditure and Funding Sources

	SM	ITP	MHF	F&CDM	PRIP	QEP	ED	W	TOTAL
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Local Resources (incl. P.Borrowing)	17,716	2,042	37	65	-	180	-	250	20,290
Growing Places (Loan)	-	405	-	-	-	-	-	-	405
LTP Grant	25,140	5,302	-	-	-	100	-	-	30,542
Cash Boost (LTP)	3,990	-	-	-	-	-	-	-	3,990
Pinchpoint	-	660	-	-	-	-	-	-	660
BBAF	-	857	-	-	-	-	-	-	857
LSTF	3	1,173	-	-	-	32	-	-	1208
Other Grants	-	12	-	-	-	-	-	727	739
Dev.Contributions	9	7,388	55	-	-	616	-	19	8,087
Other L. Authority	-	822	-	-	-	43	-	3	868
Other Contrib's	-	103	-	-	-	181	-	-	284
Total Expenditure	46,858	18,764	92	65	0	1,152	0	999	67,930

4.6 Table 3 sets out the total carry-forwards for each programme. Carry-forwards that have been reported during the year are included for completeness. The totals have been reported corporately and are for information only.

4.7 More detail on the carry-forward figures can be found in Appendix 1.

Table 3 – Carry-Forwards

	SM	ITP	MHF	F&CDM	PRIP	QEP	ED	W	TOTAL
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Q1 Update	0	0	0	0	0	0	0	0	0
Q2 Update	(1,500)	0	0	0	0	0	0	0	(1,500)
Q3 Update	0	0	0	0	(500)	0	(292)	0	(792)
Q4 Update	(6,230)	(1,384)	0	0	0	0	(60)	0	(7,674)
Total to Carry Forward	(7,730)	(1,384)	0	0	(500)	0	(352)	0	(9,966)

5. Structural Maintenance and Bridges

- 5.1. There were a number of uncertainties surrounding the forecasts and delivery of this programme. Winter storms and flooding had both a financial and delivery impact in the last quarter.
- 5.2. Despite this, completion of the programme was good, with a much reduced underspend carrying-forward. Of the £7.7million being carried-forward, over £4.2million relates to a 'severe weather' Government grant, which was not paid until 28 March, and for obvious reasons could not be spent by year end. A further £1.5million carry-forward was planned and reported back in November, leaving only £2m as unplanned carry-forwards from a £54million programme.

6. Integrated Transport

- 6.1. Forecasts across this programme have been monitored throughout the year, and the final outturn at £18.7million was in-line with amended projections. Overall, expenditure was £5million more than last year.
- 6.2. Developer Contributions (DC) expenditure was significantly higher than last year, at over £7.3million on this programme and £8million across ETE. Over £12million of new contributions were received, most of which is already allocated to future schemes and studies. Use of contributions is restricted to the items set out in an accompanying legal agreement which can lead to an apparent delay in delivery while schemes are developed. Going forward, the need for Section 106 agreements, and any resulting income, will decline as the new Community Infrastructure Levy (CIL) comes into full-force around the county.
- 6.3. During the year, further success was announced in relation to 3 Pinchpoint scheme bids totalling over £13million, of which £9.2million is grant. These have been included in the 14/15 starts programme.

7. Members Highway Fund

- 7.1. New to the programme in February 2013, £0.780 million per annum has been made available to support a 4-year rolling programme of minor works, augmenting the existing LTP funded programme within Integrated Transport.
- 7.2. Following the May elections, and after some initial guidance and information, new Members agreed a provisional programme in July. Schemes have been assessed, developed and designed since then, and are now being implemented.

8. Flood Risk and Coastal Defence Management

- 8.1. Somewhat hampered by the weather, this programme is focussed on the prevention of flooding issues and disruption to residents and businesses. The first project, phase 1 of a larger scheme at Hambledon, is underway. The second phase is awaiting the outcome of a bid for funding.
- 8.2. Applications for funding at four sites were submitted to the Environment Agency Flood Defence Grant in Aid (FDGiA) scheme in 2013, of which the second phase of the Hambledon project was one. In March 2014, Hampshire received confirmation of two projects; £80,000 towards Middleton Gardens and Buckskin Lane flood alleviation projects.

9. Public Realm Improvements Programme

- 9.1. A programme of six schemes was approved in November, the first three of which are due to commence on site later in 2014. The full starts allocation was therefore identified as a carry-forward.

10. Quality Enhancements Programme

- 10.1. Delivery of this programme is linked to the others detailed in this paper, funding being provided to augment and enhance materials to better fit with any special surroundings, where otherwise standard materials would be chosen.
- 10.2. In summer, a full review of the programme was undertaken, resulting in a virement of around £0.5million to Integrated Transport and the Flood & Coastal Defence programmes. A rationalised programme was approved in November, for completion and full spend by end of 2015/16.
- 10.3. Overall this programme spent £1.15million in 2013/14. Figures in Table 2 above include the now complete Quality of Place programme.

11. Economic Development

- 11.1. The £60,000 forecast expenditure towards the enterprise centre at Mandora Officers' Mess, Aldershot, was delayed while legal arrangements were finalised. As a result, the entirety of this programme's budget will carry-forward, as no spend occurred.

12. Waste Management

- 12.1. Construction of the new Household Waste Recycling Centre (HWRC) at Havant is substantially completed, spending just under £1.0million this year. Work at the site is now focussed on the new Salt Barn, which is scheduled to be complete in July, before the winter stocks are required.

13. Community Transport

13.1. The Passenger Transport Vehicle Replacement programme is a schedule of planned replacements for County Council owned vehicles. This year, £18,275 on replacement mopeds was spent. This was funded from the Community Transport vehicle replacement reserve, which in turn is funded from contributions from various sources.

14. Future direction

14.1 After a period of prolonged price stability the construction industry nationally is starting to experience significant inflation in both labour and materials costs and this is already beginning to feed through in steep increases to tender prices nationally. While the impact to date has been limited this is likely to become a particular issue where schemes are funded by fixed grant awards.

15. Conclusion

15.1. Overall, 2013/14 has been a much better financial year in terms of spend and delivery, particularly considering the flooding emergency from December to March. Once again, connectivity between programmes has exacerbated delays. However spending and delivery was generally on target and over all performance has seen a significant improvement on last year.

16. Recommendations

16.1. That the final financial position for the Economy, Transport and Environment Department's 2013/14 capital programme be noted.

16.2. That the carry forwards identified in Appendix 1 be noted.

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):	

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. 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. The website contains a summary [assessment of the impacts](#) on Keeping Hampshire Moving, Shaping Hampshire's Future and A Prospering Hampshire.
- 1.2 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 of flood and coastal defence management is being delivered.

APPENDIX 1

CARRY FORWARDS – AS PER TABLE 3

Schemes not started by 31 March 2014 – to be carried forward to 2014/15

Scheme	Fund to C/F	Prog	Value £000	Notes
Public Realm Improvement Programme	Starts	PRIP	500	Planned start in 2014. Proposed in Q3 update.
Economic Development Programme	Starts	ED	292	Planned c/fwd proposed in Q3 update.
Aldershot Enterprise Centre – Startup grant	Starts	ED	60	Protracted Legal delays. Project start deferred.
Casualty Reduction Programme				
• Low Cost Safety Programme (LCSP)	Spend	ITP	203	Weather related delays. Various projects deferred to 14/15.
• Casualty Reduction Programme (CRP)	Spend	ITP	57	Weather related delays. Various projects deferred to 14/15.
• Casualty Safety Audit Programme (CSAP)	Spend	ITP	50	Consultation delays. Scheme deferred to 14/15.
• Carriageway Surface Treatment Programme (CSTP)	Spend	ITP	140	Linked programmes delayed (weather). Deferred to 14/15.
• A & B Roads Review	Spend	ITP	150	Programme continues into 14/15
• Unused CRP Approvals	Spend	ITP	704	Balancing
Minor Traffic Management Programme				
• Area North	Spend	ITP	4	
• Area East	Spend	ITP	8	
• Area South	Spend	ITP	2	
• Area West	Spend	ITP	9	
• Unallocated	Spend	ITP	21	Balancing
SRTS Programme				
• Victory Avenue	Spend	ITP	13	Weather related delays
• West lane, Hayling	Spend	ITP	6	
• Netley Marsh	Spend	ITP	17	Weather related delays

Scheme	Fund to C/F	Prog	Value £000	Notes
Structural Maintenance Programme				
A35 Holmsley Bridge	Spend	SM	1,500	Replacement bridge A35 Holmsley (£1m was reprofiled in Q2 13/14 Exec member report)
Havant Railway Footbridge	Spend	SM	500	Havant rail footbridge contingency fund (reprofiled in Q2 13/14 Exec member report) – timescale is unknown as ongoing discussions with Havant District
Highways Flood Recovery Programme	Spend	SM	4,224	Highways Flood Recovery Grant – This was received by HCC on 28 March 2014 and the timeframe of works will be published by end of April in accordance with the acceptance of the funding
Bishopstoke Retaining Wall	Spend	SM	560	Bishopstoke Retaining Wall scheme – works planned Summer 2014
Redbridge concrete Repair scheme	Spend	SM	463	Contribution to Redbridge Concrete repair scheme – works planned by end of 2014/15
Miscellaneous schemes	Spend	SM	483	
TOTAL CARRY FORWARDS			9,966	