

**HAMPSHIRE COUNTY COUNCIL****Decision Report**

<b>Decision Maker:</b>	Executive Member for Economy, Transport and Environment
<b>Date:</b>	20 January 2015
<b>Title:</b>	2014/15 Capital Programme Quarter 3 Monitoring, and Proposed Capital Programme 2015-18.
<b>Reference:</b>	6391
<b>Report From:</b>	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 (ETE) Department's 2014/15 Capital programme in the light of amendments and additions during September, October and November. It summarises progress towards delivery and updates the initial outturn figure for each part of the programme.
- 1.2. This paper also sets out the proposed 2015/16 to 2017/18 ETE Capital Programme, and seeks approval for submission to the Leader and Cabinet in February.

## 2. Contextual information

- 2.1. The 2014/15 Programme monitoring focuses on budget and programme amendments that have occurred during September, October and November. The updated ETE Capital Programme is £95.127million. Table 1 illustrates the amendments reported during this year.
- 2.2. The 2015/16, 2016/17 and 2017/18 proposed programmes set out new capital resources only, with the latter two years being provisional, based on indicative figures. At £198.188million this 3-year programme is the largest in value for at least 30 years.
- 2.3. The proposed programme has been prepared in consultation with the Executive Member for Economy, Transport and Environment and has been reviewed by the Economy, Transport and Environment Select Committee. It is to be reported to the Leader and Cabinet on 6 February 2015 to make final recommendation to County Council on 19 February.

## **2014/15 QUARTER 3 MONITORING**

### **3. Summary**

- 3.1. The 2014/15 Programme was approved by Cabinet in February 2014, at a value of £66.822million. The first quarter amendments and carry-forwards increased that figure to £96.745million and the second quarter saw a slight reduction to £94.819million, due mainly to early carry-forwards in the maintenance programme.
- 3.2. Budget changes during this third quarter amount to a £0.308million net increase; mainly due to the re-profiling and budget increase of one transport scheme following high tender returns. Reductions include the start of one Major Transport scheme just slipping over the line to next financial year, the re-profiling of planned expenditure on the Rowner Regeneration project, and the inclusion of Flood Defence Grant in Aid and Local Levy funding in relation to the Flood and Coastal Defence Programme. The total programme value is now £95.127million, and is set out in Table 1 for approval.
- 3.3. Progress had picked up during this quarter, with a significant increase in actual spend, particularly in the Transport and Maintenance programmes. The good weather over the earlier months certainly helped for construction projects and, subsequent to the letting of several large transport improvement contracts, and following the Local Growth Deal announcements in July, delivery and development of major transport schemes has accelerated in order to meet the tight Government timeframes.
- 3.4. Contractor availability remains an issue both locally and nationally. This is leading to extended lead-in times of months for some local contractors. Tender prices are increasing, reflecting contractor demand and the national demand for materials, such as bituminous based products, which is starting to outstrip supply.
- 3.5. While this continues, it is inevitably proving very difficult to accurately predict costs or programme effectively. As is highlighted in this report, some schemes require additional funding to secure tenders, and projects planned to start during the next quarter, may be delayed as a direct result of this, and the material availability situation.

### **4. Resources**

- 4.1. Table 1 reconciles the budget book with the current situation for each ETE area. The adjusted budgets include the changes arising during this third quarter, and new budgets are recommended for approval, replacing the Q2 figures approved in November.

**TABLE 1 – 2014/15 ETE BUDGET AND ADJUSTMENTS (HEADLINES)**

	<b>SM</b>	<b>ITP</b>	<b>F&amp;CDM</b>	<b>PRIP</b>	<b>W</b>	<b>ED</b>	<b>R'ner</b>	<b>TOTAL</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Budget Book</b>	34,906	30,385	0	750	0	31	750	<b>66,822</b>
<b>13/14 C'fws</b>	7,730	1,384	0	500	0	352	0	<b>9,966</b>
<b>Q1 Update</b>	13,372	2,625	4,460	(500)	0	0	0	<b>19,957</b>
<b>Q2 Update</b>	(2,200)	274	0	0	0	0	0	<b>(1,926)</b>
<b>Q3 Update</b>	0	(899)	1,957	0	0	0	(750)	<b>308</b>
<b>Adjusted Budget</b>	<b>53,808</b>	<b>33,769</b>	<b>6,417</b>	<b>750</b>	<b>0</b>	<b>383</b>	<b>0</b>	<b>95,127</b>

## 5. Structural Maintenance and Bridges (2014/15)

5.1 The Highways Maintenance and Bridge programme is funded from both the revenue budget and the capital programme. The capital element covers the structural maintenance of roads and bridges, and is funded by both Local Transport Plan (LTP) Grant, and local resources. The revised funding arrangements approved by Cabinet in February 2014 for the ongoing programme of major structural improvements (formerly Operation Resilience) are now in place and this funding has been combined with that for the Structural Maintenance and Bridges programme for reporting purposes.

**Table 2 – Maintenance Approvals**

<b>Budget Book</b>	<b>Carry-Forwards &amp; previous adjustments</b>	<b>Q3 Adjustments</b>	<b>Revised Budget</b>
<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
34,906	18,902	0	53,808

5.1. Programme delivery has progressed well over the summer, with nearly £29million of the programme either completed or committed at the end of the quarter. The programme is currently on target to be fully complete by year end. Progress to date includes;

- Completion of the £6million surface dressing programme and micro asphalt programmes for carriageway and footways during the first few months of the year.
- Substantial completion of the £11.5million flood recovery fund programme, on time and within budget.
- Over £2.8million, of the £6million pothole fund spent.
- £3.6million of the £4.6million local office allocation for minor structural repairs to carriageways, footways, and drainage either complete or committed.
- Committed and spent over £2.8million of the bridges programme.
- Over £2.2million of the Operation Resilience programme completed.

## 6. Integrated Transport Approvals (2014/15)

- 6.1. The Integrated Transport Programme is funded from a mix of Government Grant (LTP), developer contributions, scheme specific grants, local resources and contributions from other external sources, mainly on a Starts basis.

**Table 3 – Integrated Transport Approvals**

<b>Budget Book</b>	<b>Carry-Forwards &amp; previous adjustments</b>	<b>Q3 Adjustments</b>	<b>Revised Budget</b>
<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
30,385	4,283	(899)	33,769

- 6.2. During this period, focus has been maintained on completing contracts and designs for the six major schemes. Contracts have now been awarded and works commenced on 4 of these, including the 3 Department for Transport (DfT) Pinchpoint projects. The major scheme at Peel Common Roundabout in Fareham has been deferred to the 2015/16 programme to reflect a May 2015 start, and is included in the proposed forward programme set out later in this report. The final major scheme, at the Leigh Road/Passfield Avenue Junction in Eastleigh, can not start until a nearby Highways Agency project on the M27 at Junction 5 is complete; although essential preliminary works will be undertaken in January to enable the main contract to start with minimal delay after the M27 project is finished.
- 6.3. 2014/15 is the final year of the 2012/13 Local Sustainable Transport Fund (LSTF) awards. Any remaining grant is due to be claimed/spent in full by March 2015. Expenditure of over £2.6million is required. Over half of this has been spent already. It is expected to reach the target. However, contingency plans are being prepared for a few projects in case of delays.
- 6.4. The adjustments this quarter include the reprogramming of Peel Common Roundabout at £1.8million (the original budget figure), although it will now appear in the 2015/16 programme at £3.25million following updated estimates and Local Growth Funding confirmation.
- 6.5. Another significant adjustment, for which approval is now sought, is the Eastleigh Station Forecourt partnership project with South West Trains, Network Rail and Eastleigh Borough Council. Originally approved at

£0.499million (part of the 2012/13 TfSH LSTF headline), tenders returned over the Christmas period were considerably higher than our pre-tender estimates, resulting in a £0.176million funding shortfall. The project has been developed and agreed by all parties with a substantial element to be constructed on third-party land. Furthermore the funding package includes a significant amount of LSTF, which is time limited and must be spent by the end of March, so it is essential that works start as close to the programmed date as possible. There is very limited opportunity for reducing the scope of the works. Some £156,500 of additional funding has been identified from nearby developer contributions, together with a £20,000 contribution from the Safety Programme. Approval is therefore sought to reprofile the original £0.499million to 2014/15, and increase that budget with new resources to £0.676million, in order to enable this project to proceed.

- 6.6. Three new schemes are now included in the programme following project appraisals in October and November:
- High Street / Priory Road Junction Improvement, Southwick Winchester District. Originally prioritised for the minor works programme, it was expected to cost under £50,000. However, following completion of the detailed design, the minimum scheme is estimated at £60,000. It has been re-appraised and top-up funding confirmed.
  - Cycle & Pedestrian Improvements, Havant Town Centre. This scheme will complete the missing section of shared use footway/cycleway along Park Road North/South and will link to the existing routes to the bus station and railway station. Scheme cost £0.123million. Funded by LSTF and Developer Contributions.
  - Romsey Town Centre Improvements (phase 1). A cross-programme scheme with Public Realm, Maintenance, LSTF, LTP and district contributions, this £0.570million project is programmed to start in March. However, tendering is not yet complete and contractor availability may be an issue.
- 6.7. Other adjustments include the re-profiling of Romsey Rail Station Improvements at £0.3million (which is still awaiting Network Rail's support and response to design and programme details), and the LSTF Electrical Charging Points scheme at £59,000, which has reduced in scope and been moved to the current year's minor works programme for under £50,000 projects.
- 6.8. Three new major scheme bids for Newgate Lane South, St Margaret's Roundabout to Segensworth Dualling and Stubbington Bypass have been submitted to the Solent LEP following a request for further submissions under the Local Growth Deal 2 arrangements. Both Newgate and St.Margaret's have been included in the proposed 2015-18 capital programme based on expected Local Growth Fund (LGF) and identified match funding. However, Stubbington has not, as match funding has yet to be identified.

## **7. Flood and Coastal Defence Management (2014/15)**

- 7.1. The Flood and Coastal Defence programme is funded through £1.640million of local resources from 2012/13 and 2013/14, which do not show on Table 1. Adjustments resulting from the Capital Review increased the funding by

£4.460million in July. Capital funding from the Environment Agency’s (EA) Flood Defence Grant in Aid (FDGiA) and Local Levy have also recently been confirmed.

- 7.2. Table 4 shows the total budget, including resources allocated in previous years. Adjustments this quarter relate to the inclusion of approved FDGiA Flood Recovery grant for Hambledon, and Local Levy funding.

**Table 4 – Flood and Coastal Defence Management Approvals**

<b>Approvals at start of year</b>	<b>In year Adjustments</b>	<b>Q3 Adjustments</b>	<b>Revised Budget</b>
<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
1,640	4,460	1,957	8,056

- 7.3. A total of 33 bids were submitted to the three EA regions for FDGiA. Fifteen bids were submitted for the six year Flood Defence Capital Programme (2015/16 – 2020/21) and 18 for inclusion into its seven year plus pipeline programme to develop schemes for future flood defence and alleviation measures. The outcome of the FDGiA bidding process was announced in early December as part of the Government’s Infrastructure Investment Plan relating to the Chancellor’s Autumn Statement.
- 7.4. Within Hampshire, in addition to the £1.4million grant awarded for the scheme at Hambledon (£0.4million received in 2014/15, timing of the balance is yet to be confirmed), 8 further County Council schemes have been included in the EA’s programme for delivery, subject to development of schemes and approval of business cases, between 2016 to 2021. The total value of these schemes is £13.478million, of which £4.8million is Grant.
- 7.5. With respect to Local Levy the County Council has been successful in securing £0.357million of Local Levy for scheme development for alleviation schemes and quick wins. The local levy funding is relatively modest and is therefore mainly used for the costs of developing schemes and business cases for submission to the FDGiA programme, although some small scale works can be funded directly through local levy.
- 7.6. A detailed update on the progress of Flood Risk Management in Hampshire was presented to Cabinet on 15 December. Appendix 1 and 2 of that paper provides a summary of the recently approved FDGiA and Local Levy grants.

**8. Public Realm Improvements (2014/15)**

- 8.1. The Public Realm Improvements programme is mainly funded through local resources approved in 2013 at £2million over 3 years. The first year budget was £0.5million, which was carried forward, making a 2014/15 budget of £1.250million. In July, adjustments resulting from the Capital Review reduced this figure by £0.5million, to £0.750million, resulting in a net zero adjustment for the year.

**Table 5 – Public Realm Improvements (2014/15)**

<b>Approvals at start of year</b>	<b>In year Adjustments</b>	<b>Q3 Adjustments</b>	<b>Revised Budget</b>
<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
750	0	0	750

- 8.2. The final allocation, £0.750million, is included in the proposals for 2015/16.
- 8.3. The Public Realm Improvements Programme comprises 7 projects, some of which are financial contributions to other programmes, often Integrated Transport (£1.653million) or Highway Maintenance (£0.164million), in order to encourage enhanced design and material specifications. In total, these schemes amount to £8.8million, of which only £1.5million relates to this Public Realm Fund.
- 8.4. Design and development of these projects is well underway. There will be a modest capital spend this year, leading to completion of the programme during 2015/16 and 2016/17.

**Table 6 – QEP**

<b>Approvals at start of year</b>	<b>In year Adjustments</b>	<b>Q3 Adjustments</b>	<b>Revised Budget</b>
<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
758	0	0	758

- 8.5. The Quality Enhancements Programme (QEP) is managed on a starts basis and is funded by LTP. This programme was originally allocated £1million over 4-years in 2011/12, making 2014/15 the final year.
- 8.6. There are 19 allocations in the QEP, almost all of which are financial contributions to other programmes. Of these, 11 projects have been completed, and two are on site. A further four are expected to start during next quarter, and the remaining two will be later in 2015.
- 8.7. March 2015 marks the end of this approved 4-year programme. With this in mind, it is proposed to close the QEP at the end of this year and move the remaining schemes and their QEP allocations to Integrated Transport, where the rest of the funding for these projects is being reported. Projects where QEP contributions are not profiled to spend until 2015 and beyond are already in the Integrated Transport Programme, and this proposal makes the quarterly reporting less confusing and more comprehensive in terms of whole costs.

## **9. Waste Management (2014/15)**

- 9.1. The Waste Management programme is funded by a residual grant and local resources on a starts basis. At the start of 2014/15 there was £4.733million funding remaining from these sources. £4.495million related to the Household Waste Recycling Centre (HWRC) Improvement Programme, and £0.238million

was for management of closed landfill sites. Adjustments resulting from the Capital Review reduced the overall funding by £1.6million in July.

- 9.2. As no new funding was approved at the start of the year for either part of this programme, and no carry-forward necessary (because it is a starts programme) the 2014/15 programme remains at zero in table 1.

**Table 7 – HWRC& Closed Landfill Programme 2014/15**

<b>Residual approvals at start of year</b>	<b>In year Adjustments</b>	<b>Q3 Adjustments</b>	<b>Revised Budget</b>
<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
4,733	(1,600)	0	3,133

- 9.3. Delivery is on track to complete the feasibility work set out in the Quarter 2 update for schemes at Marchwood, Netley and Bordon. However, following the recent decision to halt any further work on the Hedge End project related to the proposed relocation site, a review of potential other sites will be undertaken during Quarter 4.
- 9.4. The Eastleigh HWRC project is to be fully funded by Eastleigh Borough Council. However, the issue, relating to a covenant, delaying the relocation of the Eastleigh HWRC from going ahead will need to be resolved by the end of February at the latest. This will mean that the tender and procurement work to appoint a contractor can take place to enable construction later in 2015.
- 9.5. Looking forward, the above projects will form the bulk of the HWRC Capital Programme over the next three years. Work will also be undertaken on Welborne and Aldershot to deliver new and re-located sites as part of the wider housing developments taking place. All schemes will be operated subject to the new HWRC policies approved by the Executive Member in November 2014.
- 9.6. When all schemes outlined above are considered in terms of total capital costs (£4.8million) and taking into account currently identified developer contributions (£0.8million) there is a shortfall in funding, for which options are being considered.
- 9.7. £0.238million of the remaining funds has, for many years, been held by the Department as a contingency in case any action is required at its Closed Landfill Sites (currently 12 locations). Thanks to responsible management and close liaison with the regulatory bodies, there has been little activity at any site for some time, however the cost of any incident or a requirement to take action will be far more than is set aside here and funding would need to be identified at that time. It is therefore proposed that, during 2015, the consideration be given to reallocating this fund to the main HWRC programme.

## 10. Economic Development (2014/15)

- 10.1. The Economic Development Capital Programme is funded from local resources on a starts basis. Unspent funding from previous years has been carried forward, resulting in £0.383million being available in 2014/15.

**Table 8 – Economic Development Approvals**

<b>Budget Book</b>	<b>Carry-Forwards &amp; previous adjustments</b>	<b>Q3 Adjustments</b>	<b>Revised Budget</b>
<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
31	352	0	383

- 10.2. A £60,000 contribution to the establishment of the Aldershot Enterprise Centre, alongside a £100,000 revenue contribution, has now led to the successful opening of the centre. The official opening is planned for January 2015, but notably a number of tenants are already being signed up. Economic Development is now supporting operators WSX Enterprise in marketing the centre.
- 10.3. The Solent Enterprise Zone at Daedalus continues to be the main priority project. As previously reported, serious consideration is being given to Economic Development making a contribution to the costs of the proposed speculative industrial unit, to ensure that the unit is fit for the local market from both a size and specification perspective. Construction of this unit is planned to start in May 2015.

## 11. Rowner, Gosport. Phase 1 (2014/15)

- 11.1. The County Council is a partner in this urban renewal scheme in Gosport. Under a Consortium Agreement of 2007, the County Council's current financial commitment in support of this project is two capital grants, each of £0.750million.
- 11.2. The first payment was made in 2011, the second is subject to various conditions, and was expected to be made in 2014/15.
- 11.3. It is now unlikely that the consortium will meet the pre-conditions for us to make the planned payment in the current financial year. Demolition of the final blocks of flats has only recently commenced (completion of which is one condition), and they are not starting full construction of the final phase until next spring/summer. Therefore, much of the expenditure on highway infrastructure on this phase, which will meet another condition, has yet to be made and the Agreement requires proven expenditure before release of the final payment can be made.
- 11.4. It is therefore recommended that the £0.750million is carried forward to 2015.

## 2015 TO 2018 PROPOSED CAPITAL PROGRAMME

### 12. Summary

- 12.1. This section considers the projects which it is proposed to include in the Capital Programmes for 2015/16, 2016/17 and 2017/18, with the latter two years being provisional.
- 12.2. These proposals amount to almost £200million over the next three years, and include over £101m of new investment in structural maintenance. The Integrated Transport programme, at £96.2million, is the largest in value for 30 years, and includes 15 Major Transport Schemes at a value of £79.3million.
- 12.3. Government Grants make up the bulk of the funding, with formula settlements and project specific grants (LGF through the LEPs) adding up to over £150million. The remainder is a mix of local resources (£29million), developer contributions (£16million), and other local authority contributions (£1.8million).
- 12.4. Appendix 2 provides the overall programme summary, and sets out new capital resources for the following areas:
- Structural Maintenance and bridges;
  - Integrated Transport, including Members Highway Fund;
  - Public Realm Improvements; and
  - Economic Development.
- 12.5. Executive Members can now prepare proposals for;
- (i) A locally resourced capital programme for three years from 2015/16 to 2017/18 within the guidelines of the current capital programme.
  - (ii) A programme of capital schemes supported by Government Grants in 2015/16 to 2017/18.

## PART A: RESOURCES

### 13. Local Resources

- 13.1. Local resources guidelines were agreed by Cabinet on 15 December, amounting to £29.226million over the next three years.
- 13.2. As usual, a proportion of resources are transferred to revenue to reflect the changes in the four-year average cost of winter maintenance. The table below shows the final figures.

**Table 9: Local Resources Guidelines**

	2015/16 £000	2016/17 £000	2017/18 £000
Adjusted Guideline	3,384	2,634	1,854
Structural Maintenance (resilience)	10,177	10,177	0
Major Project Bidding Resources	1,000	0	0
<b>Resource for new projects</b>	<b>14,561</b>	<b>12,811</b>	<b>1,854</b>

### 14. Government Formula Allocations

- 14.1. The Department for Transport (DfT) confirmed the Integrated Transport Block (ITB) allocations for 2015/16 to 2017/18 in July (£5.296million per year) including indicative figures for a further three years. The allocations are slightly higher than those used for planning the three year programme last year, and equate to a reduction of around 47% compared to the 50% assumed.
- 14.2. Structural Maintenance indicative allocations were provided for 2015/16 to 2017/18 in December, including figures for a further three years, following a national consultation on the 'needs based' formula during November. Under the new formula Hampshire will receive £75.262million over the next 3 years.
- 14.3. DfT also confirmed that every authority will also have the opportunity to secure additional Maintenance funding on an "incentive basis", dependent on its pursuit of efficiencies and use of asset management; and/or from a competitive "Challenge Fund" for major maintenance projects.
- 14.4. The DfT have advised that both the ITP and Maintenance allocations for 2018/19 to 2020/21 are subject to review. From April 2015, DfT will be replacing the current formula used to distribute ITB funding with a new formula. The data used in both will be refreshed in 2017 after which time the DfT will be able to confirm allocations for 2018/19 to 2020/21.
- 14.5. In total, over this 3-year period, Hampshire will receive £91million Government Grant from these formulae.

## **15. Government Local Growth Fund**

- 15.1. In July 2014, the first wave of Local Growth Fund (LGF) allocations were announced to the Local Enterprise Partnerships (LEPs). ETE has continued its successful bidding history by securing (subject to final approval) over £55million of LGF funding for Major Transport and Sustainable Transport improvements, of which £49million is to be spent over the next three years.
- 15.2. Presently, it is understood that LGF grants must be fully spent within the year of allocation. This means that match funding through local contributions, such as local resources, LTP and Developer Contributions will need to be carefully managed to ensure affordability and availability well in advance, and beyond the grant year. Until DfT confirm how the LGF is to be transferred to the LEPs, the possibility of applying grant to expenditure outside of that year is unknown. For planning purposes, the local match funding has been profiled to spend first and last.

## **16. Developer Contributions and other external funding**

- 16.1. The Department receives contributions from developers towards the cost of highways and transport infrastructure associated with mitigating the effects of developments. These contributions are ring fenced to be spent only on what is in the associated Section 106 legal Agreement. This means that sometimes contributions are held until appropriate schemes have been developed and programmed.
- 16.2. The 2015-18 programme includes a conservative £16million of funding from developer contributions. There are many more projects currently at feasibility or early development stages which may come forward during the year – some to be implemented during 2015, but most will be proposals for a future year delivery.
- 16.3. There are now three operational Community Infrastructure Levy (CIL) charging schedules operating in Hampshire: in Fareham, Havant and Winchester. This means that CIL-liable developments which are granted planning permission in those areas are required to pay the levy and the use of section 106 agreements is restricted.
- 16.4. In February 2014 the CIL regulations were amended and new statutory guidance was issued in relation to CIL. The amended regulations have introduced a restriction on the use of section 278 agreements. This means that the Highway Authority cannot enter into an agreement to secure necessary highway works if those works, or general highway improvements, are included on the local planning authority's CIL Regulation 123 list. In addition, the statutory guidance makes it clear that there should be no actual or perceived "double dipping", with Section 106 or section 278 agreements seeking provision of any infrastructure that is on the CIL Regulation 123 list. Therefore, the County Council is engaging with local planning authorities to ensure that CIL Regulation 123 lists are as transparent as possible in setting out what infrastructure may be funded by CIL and what will be funded by Section 106 or 278 agreements.

- 16.5. In general terms, it is clear that Hampshire local authorities expect to see a reduction in developer funding due to the introduction of CIL. The funding deficit is compounded by the way in which CIL operates, with funding collected over time and not necessarily at the point at which infrastructure needs to be delivered. As funds are collected, the CIL charging authorities, (i.e. the district or borough councils), will need to determine what proportion should go towards County Council provided infrastructure.
- 16.6. Other external funding regularly includes contributions from District Councils. This plan includes a confirmed £1.878million, of which £1.6million is from Basingstoke and Dean Borough Council towards the LGF Major Schemes on the South West (A30/A340) and A33 Corridors to Growth.

## 17. Total Resources

- 17.1. Table 10 summarises the total new capital resources available for this programme period.

**Table 10: Total Capital Resources**

	2015/16 £'000	2016/17 £'000	2017/18 £'000	TOTAL £'000
Local Resources (Table 9)	14,561	12,811	1,854	29,226
LTP Grant – Structural Maint'ce	26,824	24,591	23,847	75,262
LTP Grant – Transport	5,296	5,296	5,296	15,888
LGF Grant – Transport	11,566	32,358	11,420	55,344
Developer Contributions	9,744	4,465	1,850	16,059
Other Local Authority	223	555	1,100	1,878
<b>Total Resources</b>	<b>68,214</b>	<b>80,076</b>	<b>45,367</b>	<b>193,657</b>

- 17.2. The maintenance programme is a 'spend' based programme, and therefore all resources should be used within the year of allocation.
- 17.3. The LGF Grant, in the absence of clarification from DfT, is also being considered a 'spend'-based resource with no opportunity for carry-forward beyond the year of receipt.
- 17.4. The rest of ETE's capital resources are mainly 'starts' based, and therefore not all resources are likely to be used in the year they are awarded: the County Council carries the funding forward into future years to match forecast expenditure on those programmes. This explains the difference between the total capital resources in the above table, and the size of the capital programme in Table 15 and Appendix 2.

**PART B: Programmes****18. Structural Maintenance and Bridge Programme****Table 11: Total Programme – Maintenance and Bridges**

	2015/16 £'000	2016/17 £'000	2017/18 £'000	TOTAL £'000
Local Resources & Resilience	12,000	12,000	1,823	25,823
LTP Grant – Highways	26,824	24,591	23,847	75,262
<b>Total Resources</b>	<b>38,824</b>	<b>36,591</b>	<b>25,670</b>	<b>101,085</b>

- 18.1. 2016/17 is the final year of the currently approved locally resourced funding.
- 18.2. Government has now completed its consultation on the Structural Maintenance Block Funding arrangements for 2015/16 – 2020/21. The results of this consultation have been published, and the revised maintenance settlement, which reflects the new formula, has been received.
- 18.3. A new competitive 'Challenge Fund' is to be made available for future major maintenance bids, and business cases will need to be prepared at short notice to take advantage of this opportunity, in much the same way as the Major Transport schemes.

**19. Integrated Transport Programme****Table 12: Total Programme – Integrated Transport**

	2015/16 £'000	2016/17 £'000	2017/18 £'000	TOTAL £'000
Local Resources	1,780	780	0	2,560
Local resources carried forward	90	0	0	90
LTP Grant – Transport	4,476	7,703	8,150	20,329
LGF Grant - Transport	11,566	32,358	11,420	55,344
Developer Contributions	9,744	4,465	1,850	16,059
Other Local Authority	223	555	1,100	1,878
<b>Total Resources</b>	<b>27,879</b>	<b>45,861</b>	<b>22,520</b>	<b>96,260</b>

- 19.1. The success experienced during 2014 in competing for LGF has significantly enhanced the programme value going forward, resulting in the largest programme in 30 years, possibly longer.
- 19.2. The County Council's commitment to invest in these major schemes means that the more flexible resources, such as LTP, can be used towards our match funding requirements. Of the £20.329million LTP assigned in the above programme, over £13.6million has been allocated to LGF major schemes.
- 19.3. It should be noted that 2015 is the first year of the reduced Integrated Transport Settlement. In 2014 the settlement was almost £10m; from 2015 that figure has reduced to just over £5million per annum. Funding that used to be available for sustainable transport and minor improvements is therefore no longer available to any great degree.

- 19.4. Casualty reduction remains a high priority for the Council. This commitment is reflected in an annual £1.3million LTP allocation for this work.
- 19.5. Minor Improvements and Minor Traffic Management programmes have both reduced. However, because of the planned back loading of the allocation of the Members' Highway Fund, in order to soften the impact of the loss of LTP from 2015/16 onwards, the expenditure can remain more or less the same at around £1.0million until 2016/17. The current 'Members Highway Fund' was a four-year funding allocation, ending 2016/17.
- 19.6. Allocations towards Major Scheme Development have also had to reduce during this plan period. In the past three years over £5million has been spent in developing and bidding for major schemes with much success, and now many of these are in this proposed programme and fully funded. Last February, Cabinet agreed local resources of £1.0million for 2015/16 for continued development and bidding. However, in 2016/17 and 2017/18 there are no confirmed local resources for this activity and only £0.5million per year is affordable from LTP. With the Government's move to competitive funding through the LEPs, continued local funding for early scoping and bid preparation for major schemes will be an important challenge.

## 20. Public Realm Improvement Programme

20.1. The final allocation of this three-year Programme is set out below.

**Table 13: Total Programme – Public Realm Improvements**

	2015/16 £'000	2016/17 £'000	2017/18 £'000	TOTAL £'000
Local Resources	750	0	0	750
<b>Total Resources</b>	<b>750</b>	<b>0</b>	<b>0</b>	<b>750</b>

20.2. There are 7 confirmed projects within this programme amounting to £8.8million total value, of which only £1.5million relates to the Public Realm Improvement fund. The rest is a combination of LTP, Local Resources, Developer Contributions and District contributions that are already included within the Structural Maintenance and Integrated Transport Programmes from 2014 and beyond.

## 21. Economic Development

21.1. Economic Development continues to focus, through its Regeneration and Development activities, on transformational projects which have the potential to have a significant impact on the local economy.

**Table 14: Total Programme – Economic Development**

	2015/16 £'000	2016/17 £'000	2017/18 £'000	TOTAL £'000
Local Resources	31	31	31	93
<b>Total Resources</b>	<b>31</b>	<b>31</b>	<b>31</b>	<b>93</b>

**PART C: 2015 - 2018 SUMMARY****22. Summary**

22.1. On the basis of the position outlined in sections 18 to 21 above, Table 15 summarises the proposed new capital investment submitted for consideration for the next three years. Table 16 sets out how they are to be funded in aggregate.

**Table 15: Summary of Capital Programmes**

	2015/16 £'000	2016/17 £'000	2017/18 £'000	TOTAL £'000
Highways Maintenance	38,824	36,591	25,670	101,085
Integrated Transport	27,879	45,861	22,520	96,260
Public Realm Improvements	750	0	0	750
Economic Development	31	31	31	93
<b>Total Programme</b>	<b>67,484</b>	<b>82,483</b>	<b>48,221</b>	<b>198,188</b>

Figures include carried forward resources, which explains the difference between total new resources (Table 10) and the size of the programmes above.

**Table 16: Summary of Capital Funding**

	2015/16 £'000	2016/17 £'000	2017/18 £'000	TOTAL £'000
Local Resources – c/fwd	90	0	0	90
Local Resources	14,561	12,811	1,854	29,226
LTP Grant	31,300	32,294	31,997	95,591
LGF Grant - Transport	11,566	32,358	11,420	55,344
Developer Contributions	9,744	4,465	1,850	16,059
Other Local Authority	223	555	1,100	1,878
<b>Total Programme</b>	<b>67,484</b>	<b>82,483</b>	<b>48,221</b>	<b>198,188</b>

**23. Revenue Implications****Table 17: Revenue Implications**

	2015/16 £'000	2016/17 £'000	2017/18 £'000	TOTAL £'000
Current expenditure	365	631	315	1,311
Revenue charges	1,882	2,022	1,278	5,182
<b>Revenue Implications</b>	<b>2,247</b>	<b>2,653</b>	<b>1,593</b>	<b>6,493</b>

## **24. Conclusions**

- 24.1. This report complies with the Cabinet's request to prepare proposals for a three-year capital programme for 2015/16 to 2017/18 in line with the guidelines for local resources and expenditure to be supported by Government grants and borrowing approvals.

## **25. Recommendations**

- 25.1. That the amendments to the Economy, Transport and Environment Department's 2014/15 Capital Programme, as summarised in Table 1, be approved.
- 25.2. That £1.8million be carried forward to 2015/16, in relation to Peel Common Roundabout Improvement.
- 25.3. That the approved £0.499million budget for Eastleigh Station Forecast be re-profiled to 2014/15, and increased by £0.177million of new resources, in order to enable this project to proceed at a new value of up to £0.676million.
- 25.4. That £0.750million of local resources be carried forward to 2015/16 in relation to Rowner Renewal Project.
- 25.5. That the Quality Enhancement Programme (QEP) be closed at the end of 2014/15 and any unfinished projects, and their QEP allocations, be moved to the Integrated Transport Programme, where the rest of the funding is being reported.
- 25.6. That the Capital Programme for 2015/16 to 2017/18, as set out in Appendices 1 and 2, be approved for submission to the Leader and Cabinet.

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

<b>Hampshire safer and more secure for all:</b>	yes
Corporate Improvement plan link number (if appropriate):	
<b>Maximising well-being:</b>	yes
Corporate Improvement plan link number (if appropriate):	
<b>Enhancing our quality of place:</b>	yes
Corporate Improvement plan link number (if appropriate):	

**Other Significant Links**

<b>Links to previous Member decisions:</b>		
<u>Title</u>	<u>Reference</u>	<u>Date</u>
<u>Cabinet Paper on Flood Management</u>	6243	15 December 2014
<b>Direct links to specific legislation or Government Directives</b>		
<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. 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 to 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 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.

3.1. 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

highway 'resilience' and flood and coastal defence management is being delivered.