

HAMPSHIRE COUNTY COUNCIL

Decision Report

Decision Maker:	Cabinet
Date:	19 September 2016
Title:	Capital and Revenue Approvals
Reference:	7724
Report From:	Director of Corporate Resources

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1. Executive Summary

- 1.1. The purpose of this report is to seek Cabinet Approval for a number of capital initiatives.

The 2 capital spend initiatives covered by this report are set out below:

- i. **Stubbington Bypass** - support to deliver major infrastructure through the allocation of capital funding in the sum of £8.5m, funded from borrowing, to provide matched funding support for the Solent LEP Local Growth fund bid to enable the construction of a Stubbington Bypass
- ii. **Health and Safety Works**- a further Investment of £0.2m to complete technical risk assessments and to fund health and safety remedial work

- 1.2. Seeking and gaining approval for these initiatives at this time will allow the health and safety works to continue, and will support the Solent LEP, as a key partner, with confirmed matched funding to support their Local Growth Fund bid seeking to secure significant grant funding to enable the Stubbington Bypass scheme to progress.

2. Background

- 2.1. There are a number of emerging investment priorities which the Council is seeking to take forward, for which Cabinet approval is required at this point in time.

These investment priorities will be funded from capital resources.

Capital Investment

Stubbington Bypass

- 2.2. The County Council has a strong track record of investing in and building major highways improvements across the County over many years, which have delivered improved transport linkages, safety and accessibility, reduced congestion and facilitated economic growth.
- 2.3. Cabinet is committed to continuing that approach, and in particular to securing the necessary transport and other infrastructure to support sustainable economic growth across the County, and to working with partners to enable schemes which support this commitment to be delivered.
- 2.4. As part of the strategic transport plan for the Fareham and Gosport area, the Council has had a long standing commitment to the residents of Gosport and Stubbington to try to alleviate local traffic problems and to support long-term development plans to secure regeneration and economic growth.
- 2.5. The County Council regards the proposed Stubbington Bypass as a final key piece in the jigsaw of improvements already completed or under construction, to implement the overall Fareham and Gosport package of transport improvements to facilitate economic growth in this part of Hampshire.
- 2.6. The proposed bypass, which would be delivered by the County Council, but working in partnership with the Solent LEP and Fareham Borough Council (who own the Enterprise Zone), on the finances, would deliver the following benefits:
- i. reduced journey time, reduced peak hour congestion and improved journey time reliability on the Gosport peninsula
 - ii. remove transport barriers to growth and encourage investment and regeneration
 - iii. improve access to the Solent Enterprise zone
 - iv. improve connectivity and provide additional road network resilience
 - v. reduce the direct impact of through traffic on local residents
- 2.7. However, the cost of the scheme is estimated at £34m, and can only proceed if significant Government Grant can be secured towards the overall cost.
- 2.8. The proposed scheme funding is as follows:

	SCHEME FUNDING £M
Government Grant through the Solent LEP Local Growth Fund	25.5
Hampshire County Council	8.5
Total Funding	£34M

- 2.9. The Solent LEP have agreed to submit a bid to Government via the Local Growth Fund, in the sum of £25.5m, and have endorsed this scheme as their number one priority project for the current Local growth fund bidding round.
- 2.10. The Local Growth Fund bid will have a greater chance of success if it can be demonstrated that significant matched funding is secured in support of the bid.
- 2.11. The request to agree an in principle County Council contribution to the scheme of £8.5m, enabled the LEP to submit their Local Growth Fund bid in July, clearly showing an agreed matched funding commitment. This report seeks formal confirmation of that in principle commitment from the County Council.
- 2.12. It is proposed that the County Council's contribution of £8.5m be funded from borrowing. This is on the basis that the Solent LEP have agreed in principle to dedicate to the County Council future business rates receipts which arise from and are ring-fenced to the Solent Enterprise Zone, to cover the full costs of the borrowing (the Government as part of the consultation on 100% business rates retention, has confirmed that Enterprise Zone business rates will not be part of the new 100% business rates retention system, and that the existing ring fenced position will continue).
- 2.13. The County Council's proposed contribution of £8.5m will only proceed subject to:
 - i. a successful Local Growth Fund bid being agreed to secure the additional funding required to deliver the scheme.
 - ii. formal agreement being secured from the Solent LEP to fund the Council's borrowing costs through the ring-fenced business rates received from the Solent Enterprise Zone.

Health and Safety Works

- 2.14. The Council is currently undertaking work to the built estate to complete health and safety remedial works
- 2.15. An initial assessment of the cost was made, and a sum of £0.3m was approved by the council at the design stage.
- 2.16. Since then further detailed assessments have identified a greater quantum of remedial works needed requiring an additional £0.2m including works and professional fees.
- 2.17. It is recommended that this funding comes from general contingencies. This funding is being allocated to County Council corporate buildings only

3. RECOMMENDATIONS TO CABINET

- 3.1. To agree capital funding in the sum of £0.2m, funded from general contingencies, for health and safety remedial work to the built estate.

- 3.2. **It be a Cabinet recommendation to Council that**

Council agree a funding contribution to the Stubbington Bypass scheme, in the sum of £8.5m, to be funded from borrowing, subject to:

- i) a successful Local Growth Fund bid being agreed to secure the additional funding required to deliver the scheme.
- ii) formal agreement being secured from the Solent LEP to fund the Council's borrowing costs through the ring-fenced business rates received from the Solent Enterprise Zone.

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

Hampshire safer and more secure for all:	yes
Maximising well-being:	yes
Enhancing our quality of place:	yes

Other Significant Links

Links to previous Member decisions:		
<u>Title</u>	<u>Reference</u>	<u>Date</u>
Direct links to specific legislation or Government Directives		
<u>Title</u>	<u>Date</u>	
None.		

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.)