

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

<b>Decision Maker:</b>	Executive Member for Environment and Transport
<b>Date:</b>	19 January 2017
<b>Title:</b>	ETE Proposed Capital Programme 2017/18, 2018/19 and 2019/20
<b>Reference:</b>	8047
<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 set out the proposals for the Economy, Transport and Environment (ETE) Capital Programmes for 2017/18, 2018/19 and 2019/20, and to seek approval for their onward submission to the Cabinet in February 2017. Appendix 1 is the approved format for the budget book, and Appendix 2 is a simplified view with expenditure profiled.
- 1.2. These proposals amount to just over £209million across the next three years. Government grants make up the bulk of the funding, with formula settlements and project specific grants, e.g. Local Growth Funding (LGF) through the Local Enterprise Partnerships (LEPs) (£145.9million). The remainder is funded from a mix of local resources, (£44.3million), developer contributions (£18.4million), and other local authority contributions (£0.8million).

## **2. Contextual information**

- 2.1. Executive Members can now prepare proposals for:
  - (i) A locally resourced capital programme for three years from 2017/18 to 2019/20 within the guidelines of the current capital programme.
  - (ii) A programme of capital schemes supported by Government Grants in 2017/18, 2018/19 and 2019/20.
- 2.2. The 2017/18, 2018/19 and 2019/20 programmes set out new capital resources only, with the latter two years based on indicative figures. The 2017/18 and 2018/19 replace previously approved programmes, they do not add to them.

- 2.3. From 2017 there is no longer a separate capital provision for Economic Development. An historic arrangement with the amount too small as an allocation to undertake any regular meaningful capital works, the accumulated balance built up over time has recently been applied in full to contribute towards the overall funding for a speculative industrial building on the Solent Enterprise Zone at Daedalus. Following this investment it is now thought more appropriate to reclassify this annual sum as revenue.
- 2.4. In November, the Executive Member for Environment and Transport approved using the unallocated Bus Service Operators Grant (BSOG) as a grant stream for bus operators to apply for, on a match funding basis, to improve passenger facilities, such as the introduction of contactless payments or equipping vehicles with Wi-Fi, USB chargers, next stop announcement systems or similar, with any remaining monies to be considered for roadside infrastructure, such as real time information displays. While the majority will be revenue, any infrastructure or roadside equipment improvements will be capital and will therefore feature in this programme in due course.
- 2.5. ETE's capital programme includes the following programmes, however those in italics are not currently expected to receive any new resources over this 3-year plan period, and therefore will not feature in the rest of this paper.
  - Structural Maintenance and Bridges
  - Integrated Transport
  - Flood Risk and Coastal Defence
  - *Public Realm Improvements*
  - *Waste Management (Household Waste Recycling Centres)*.
- 2.6. The proposed programmes have been prepared in consultation with the Executive Member for Environment and Transport, and have been reviewed by the Economy, Transport and Environment Select Committee. They are to be reported to the Leader and Cabinet on 3 February 2017 to make final recommendation to Council on 16 February 2017.

## **PART A: RESOURCES**

### **3. Local Resources**

- 3.1. Local Resources guidelines were agreed by Cabinet on 12 December 2016. The guidelines reflect the additional funding of £10million per annum for Operation Resilience (from 2017/18 for four years). However they excluded the approval (subject to conditions) from September for £8.5million prudential borrowing towards the Stubbington Bypass, which has been included here for completeness.
- 3.2. Total local resources amount to £44.287million over the next three years.

**Table 1: Local Resources**

	2017/18 £000	2018/19 £000	2019/20 £000
Capital Guideline	11,929	11,929	11,929
<b>Original Capital Guidelines</b>	<b>11,929</b>	<b>11,929</b>	<b>11,929</b>
Additional Approvals	0	8,500	0
<b>Revised Capital Guidelines</b>	<b>11,929</b>	<b>20,429</b>	<b>11,929</b>

#### 4. Government Formula Allocations

- 4.1. The Department for Transport (DfT) has confirmed the Integrated Transport Block (ITB) and Structural Maintenance allocations for 2017/18.
- 4.2. In the 2015 Autumn Statement the National allocation for an ongoing Pothole Fund [prevention, elimination and resilience] was announced at £50m for 5 years. The Hampshire element is formula funded and the County Council receives approximately 3% of the total. This years' Autumn Statement increased the National figure by £20million and Hampshire's allocation has increased to £2.123million. For planning purposes, it is assumed that the £70million National figure will continue to 2020/21 (maintaining the original 5 year duration).
- 4.3. Government also announced a £175million National Road Safety Fund for improvements on the most dangerous roads. The Road Safety Foundation (RSF) produced a report from which the DfT has identified 50 locations. Stretches of the A27, A32 and A36 in southern Hampshire are included. Further to the results of this report in November the RSF has invited Hampshire to take part in a pathfinding exercise aimed at improving safety ratings by implementing improvements. At this stage no allocations have been made from this National fund, and it is unclear if there will be a bidding process, and if so, whether the RSF will lead on this as part of the pathfinding. Further detail will be provided in due course.
- 4.4. Also announced in the Autumn Statement was a National Congestion Busting and Repairing Roads Fund. More detail has yet to emerge, although it is expected that the DfT will shortly be inviting bids. A National figure of £1.1billion was announced, (however £175million of that appears to relate to the National Road Safety Fund above).
- 4.5. A National Pinch Point Fund for Strategic Roads (£220million) was also announced, towards projects that improve congestion hotspots on roads managed by Highways England (Motorways & trunk roads). Details are yet to emerge on how to access this fund, although opportunities for partnership working with Highways England are already being discussed.
- 4.6. Other potential Government funding includes the second tranche of the Local Highways Maintenance Challenge Fund, which should be announced

shortly and the second round of Local Highway Maintenance Incentive/Efficiency Element Funding which will be launched soon.

## **5. Government Local Growth Fund**

- 5.1. The County Council has had a great deal of success in securing Local Growth Funding (LGF) from both the EM3 and Solent LEPs. While the announcement of the next round of LGF is still awaited, it is expected that this round will utilise all previous allocations in full.

## **6. Highways England Housing and Growth Fund**

- 6.1. In 2016 the County Council successfully bid to Highways England in relation to a proposed major scheme at Junction 9 of the M27 and the first roundabout (R1) in Whiteley. This is very much seen as a shared project with Highways England, which is responsible for the M27, and the scheme is being designed and implemented by the County Council. It is expected to cost £19.6million, with £10million grant awarded from the Housing and Growth Fund. The rest will be funded through specifically negotiated Developer Contributions and the Integrated Transport Block allocations.
- 6.2. With all these potential funding sources available, it remains important to recognise that these substantial capital grants require significant upfront revenue investment. Securing these funds requires schemes to be appropriately designed, costed and evidenced. Such activities are multi-disciplinary, time consuming, and do need to be sufficiently resourced if the County Council is to take best advantage.

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

- 7.1. The Department receives contributions from developers towards the cost of highway 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.
- 7.2. This 3-year programme includes a cautious estimate of £18.4million from developer contributions; however there are many more projects currently at feasibility or early development stages that may well come forward during the year for delivery.
- 7.3. In relation to Community Infrastructure Levy regulations, with the Government expected to announce a major reform in the New Year, Councils are being urged to 'watch this space'. It is hoped that changes will redress the balance for the Council's strategic infrastructure requirements and see the pooling restrictions relaxed in order to address the growing infrastructure deficit.
- 7.4. Other external funding regularly includes contributions from District Councils. This plan includes £0.858million.

## 8. Total Resources

- 8.1. The table below is a breakdown of the capital resources in their respective starts years.
- 8.2. This table does not reflect actual expenditure in those years.

**Table 2: Total Capital Resources**

	2017/18 £000	2018/19 £000	2019/20 £000	TOTAL £000
Local Resources	11,929	20,429	11,929	44,287
LTP Grant – Maintenance	23,847	21,584	21,584	67,015
Government Pothole Fund	2,123	2,123	2,123	6,369
LTP Grant – Transport	5,296	5,296	5,296	15,888
LGF Grant – Transport	9,075	40,700	0	49,775
Housing and Growth Fund	0	10,000	0	10,000
Developer Contributions	2,911	14,835	650	18,396
Other Local Authority	258	600	0	858
Other contributions	25	0	0	25
LSTF South	2	0	0	2
<b>Total Resources</b>	<b>55,466</b>	<b>115,567</b>	<b>41,582</b>	<b>212,615</b>

## PART B: PROGRAMMES

### 9. Structural Maintenance and Bridges Programme

- 9.1. The maintenance programme is a 'spend' based programme, and therefore the figures in this table represent how much will be spent in that year.

**Table 3: Total Programme – Maintenance and Bridges**

	2017/18 £000	2018/19 £000	2019/20 £000	TOTAL £000
Local Resources	11,823	11,823	11,823	35,469
LTP Grant – Maintenance	23,847	21,584	21,584	67,015
Government Pothole Fund	2,123	2,123	2,123	6,369
<b>Total Programme</b>	<b>37,793</b>	<b>35,530</b>	<b>35,530</b>	<b>108,853</b>

### 10. Integrated Transport Programme

- 10.1. This programme is a 'starts' based programme, and therefore the figures in table 4 do not represent how much will be spent but the full value of projects that will start construction in that year. It is expected that the total for 2019/20 will increase significantly as future policy decisions are made as Government funds and developer funding are allocated beyond 2018/19.

Appendix 2 provides detail on the schemes to be included in this programme, and presents a spend profile across years for information.

**Table 4: Total Programme – Integrated Transport**

	2017/18 £000	2018/19 £000	2019/20 £000	TOTAL £000
Local Resources	0	8,500	0	8,500
LTP Grant – Transport	2,376	8,547	1,800	12,723
LGF Grant - Transport	9,075	40,700	0	49,775
Houses and Growth Fund	0	10,000	0	10,000
Developer Contributions	2,911	14,835	650	18,396
Other Local Authority	258	600	0	858
Other contributions	25	0	0	25
LSTF South	2	0	0	2
<b>Total Programme</b>	<b>14,647</b>	<b>83,182</b>	<b>2,450</b>	<b>100,279</b>

10.2. The proposed programme includes seven major infrastructure schemes, totalling £85.215million, of which six are expected to start in 2018/19 (subject to final confirmation of grant awards from the LEPs). This explains why the value is so much higher in that year than the others. The schemes, from highest to lowest value are as follows:

- Stubbington Bypass, Fareham (£34million),
- M27 Junction 9 and R1, Fareham (£19.6million)
- Newgate Lane South, Fareham (£9.5million) (starting in 2017/18)
- Farnborough Corridor (£8million)
- A30 Thorneycroft Roundabout, Basingstoke (£7.6million)
- Whitehill/Bordon A325 Integration (£4million)
- Redbridge Lane Roundabout, Nursling (£2.5million)

10.3. A range of major schemes are being developed across the EM3 and Solent LEP areas to help facilitate housing and employment growth in key locations, especially where there are major development allocations or significant congestion hotspots. It remains essential that this programme of potential major schemes is developed to a state of readiness that enables a fast and flexible response to funding opportunities when they arise.

## **11. Flood Risk and Coastal Defence Programme**

11.1. The Flood Risk and Coastal Defence Programme is still very much a work in progress. The main programme, which was agreed by the Executive Member in September, totals £17million over the next few years and is not yet in a position to be formally presented into delivery years.

11.2. While business cases are being prepared for unlocking potential grants and external funding, the programme remains at the level of confirmed local

resources only. Any Flood Grant in Aid or other contributions will come forward for individual schemes in due course once funding is secured.

**Table 5: Total Programme – Flood Risk and Coastal Defence**

	2017/18 £000	2018/19 £000	2019/20 £000	TOTAL £000
Local Resources	106	106	106	318
<b>Total Programme</b>	<b>106</b>	<b>106</b>	<b>106</b>	<b>318</b>

## PART C: SUMMARY

### 12. Summary

12.1. On the basis of the position outlined in sections 9 to 11 above, Table 6 summarises the proposed new capital investment submitted for consideration for the next three years. Table 7 sets out how they are to be funded in aggregate.

**Table 6: Summary of Capital Programmes**

	2017/18 £000	2018/19 £000	2019/20 £000	TOTAL £000
Structural Maintenance	37,793	35,530	35,530	108,853
Integrated Transport	14,647	83,182	2,450	100,279
Flood and Coastal Defence	106	106	106	318
<b>Total Programme</b>	<b>52,546</b>	<b>118,818</b>	<b>38,086</b>	<b>209,450</b>

**Table 7: Summary of Capital Funding**

	2017/18 £000	2018/19 £000	2019/20 £000	TOTAL £000
Local Resources	11,929	20,429	11,929	44,287
LTP Grant	26,223	30,131	23,384	79,738
LGF Grant	9,075	40,700	0	49,775
Pothole Fund	2,123	2,123	2,123	6,369
Houses and Growth Fund	0	10,000	0	10,000
Developer Contributions	2,911	14,835	650	18,396
Other Local Authority	258	600	0	858
Other contributions	25	0	0	25
LSTF South	2	0	0	2
	<b>52,546</b>	<b>118,818</b>	<b>38,086</b>	<b>209,450</b>

### 13. Revenue Implications

13.1. On the basis of the position outlined in sections 9 to 11 above, Table 8 summarises Revenue Implications of the proposed capital investment.

**Table 8: Revenue Implications**

	2017/18 £000	2018/19 £000	2019/20 £000	TOTAL £000
Current Expenditure	205	1,165	34	1,404
Revenue Charges	1,478	2,801	1,078	5,357
<b>Revenue Implications</b>	<b>1,683</b>	<b>3,966</b>	<b>1,112</b>	<b>6,761</b>

**14. Recommendation**

- 14.1. That the Executive Member recommends approval to the Leader and Cabinet of the proposed 2017/18, 2018/19 and 2019/20 capital programmes totalling £209.450million, as set out in this paper and in Appendix 2.

**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>
<a href="#">Medium Term Financial Strategy to 2020</a>	7482	20 June 2016
<a href="#">Bus Service Operators Grant</a>	7839	3 Nov 2016
<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 or proposals for 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 decision in this report has no direct impact on crime and disorder. Projects within the programmes being agreed here may have some positive effect on the fear of crime. Where this is the case, individual project appraisals will reference the impact.

### **3. Climate Change:**

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

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

The Operation Resilience programme is primarily for improving the health of our road network so that it will survive changing weather patterns. Similarly, the Flood and Coastal Defence programme is about dealing with known flooding issues, and making low-maintenance sustainable improvements that are able to cope with high rainfall for years to come.