

HAMPSHIRE COUNTY COUNCIL**Decision Report**

Decision Maker:	Executive Member for Environment and Transport
Date:	30 June 2016
Title:	Capital Programme Monitoring
Reference:	7533
Report From:	Director of Economy, Transport and Environment

Contact name: Helen Carter

Tel: 01962 847683

Email: helen.carter@hants.gov.uk

1. Executive Summary

1.1. The Economy, Transport and Environment Department's (ETE) capital programme contains a diverse array of projects, and the current 3-year programme is the highest value for many years.

1.2. This paper provides a high-level summary of progress and delivery within the capital programme. There are four appendices which provide further information in detail, if required, and they will be identified when relevant throughout this paper.

2. Contextual information

2.1. ETE's capital programme is a mix of starts-based and spend-based approvals, which means that the published programme figures are not wholly related to expenditure in any given year. It is not possible, therefore, to correlate the published programme to actual expenditure in any meaningful way. Therefore, to be consistent, this paper tries to focus on gross expenditure (irrespective of programme value).

2.2. The capital programme typically includes the following areas of work;

- Structural Maintenance and Bridges;
- Integrated Transport (including Major schemes, Members Highway Funded Schemes, Traffic Management, and Safety schemes);
- Public Realm Improvements;
- Waste (Household Waste Recycling Centre improvements and Closed Landfill Sites);

- Flood and Coastal Defence Conservation;
- Economic Development (Solent Enterprise Zone).

2.3. Appendix 1 summarises the progress of expenditure per work area for 2015/16 on a quarterly basis.

3. Expenditure and Funding

- 3.1. ETE's gross capital spend during 2015/16 amounted to £87.5m. Excluding the Street Lighting Private Finance Initiative (PFI), which is funded from PFI grant and revenue, the Department's capital expenditure in 2015/16 was £84m, an historically high level, averaging well over £20m more than the previous 7 years.
- 3.2. Over 91% of the 2015/16 capital programme started in-year.
- 3.3. Local Enterprise Partnership (LEP) Grants (known as Local Growth Fund or LGF) counted for £15.2m of the funding used in 2015. Although the overall LGF spend was a little less than planned, it does represent a significant percentage of the total spend within the programmes in which it was used (34% Integrated Transport and 44% Solent Enterprise Zone).
- 3.4. Use of developer contributions hit an all-time-high, with almost £16.2m spent last year, almost entirely within the Integrated Transport Programme.
- 3.5. As at January 2016, the final payment for Rowner Regeneration was not expected to be made until April, and the earmarked funds were deferred to 2016 ahead of year-end. However the required conditions were met much earlier, requiring the release of funds. An adjustment to the 2015/16 programme has therefore been applied in order to properly account for the payment. This completes the Department's financial commitment, although construction of the new housing and infrastructure will continue for the next couple of years.
- 3.6. Appendix 2 provides a summary breakdown of how the expenditure in Appendix 1 was funded.
- 3.7. In line with year-end capital procedures, carry forwards from 2015/16 were identified and have been reported to Cabinet on 20 June. No Executive Member decision is required. However, the detail is included in Appendix 3 for information.
- 3.8. Expenditure of £90m for 2016/17 was estimated in January (Appendix 3 of the Executive Member for Economy, Transport and Environment report). No revision of that figure is planned at this stage.

4. Delivery

- 4.1. The Operation Resilience programme completed nearly 550 planned maintenance schemes on carriageways, footways and drainage. This included completion of the following notable projects:
 - A337 Christchurch Road in New Milton, at just below £0.750m, which was delivered in good time, despite restrictions to avoid summer traffic and the need for night-working.
 - Milton Road, Cowplain, Phase 3, completed the final phase of this major maintenance scheme, totalling almost £1m.
 - A35 Southampton Road (Ashurst to Lyndhurst Cycleway), resurfacing 3km of this important cycle route at a cost of £0.320m.
- 4.2. Haslar Bridge in Gosport received major concrete repairs, the biggest project of its kind undertaken last year and completed on time and within budget (£0.875m). This was a hugely challenging project, being over tidal water and having to keep the centre span open. Ecological constraints meant the scaffolding had to 'hang' off the bridge as nothing could be placed on the lake bed. Noisy activities had to be completed by September, which was achieved, and the road was closed but pedestrian and cycle access was maintained.
- 4.3. On transport, the Major Schemes programme continued to gather pace. With 20 projects at various stages of delivery and a combined total value of around £130m, this is the most challenging and high-profile programme for many years.
- 4.4. Delivery across the rest of the transport programme saw completion of over 140 different schemes (£11m worth of projects), each of which has required a bespoke design and a level of consultation. This includes the 92 minor works (below £50,000) that were delivered, valued at over £2m.
- 4.5. The Solent Enterprise Zone, for which the County Council is acting as delivery agent to the Homes and Communities Agency (HCA), is well underway, with the new industrial building due for completion in July and the new road, Daedalus Drive, in November. An occupier has been secured for the new building and Fareham Borough Council will finance the additional specification requirements.
- 4.6. The first private sector investment (£4m) in Daedalus East is the new Universal Tool Precision industrial facility, which was occupied in May. The first three units at Daedalus Park were ready for occupation this month, and form part of a £3m private investment by Tidebank developers.
- 4.7. Monitoring of the average fee rate has been undertaken for the past eight years and was originally part of a successful exercise to bring average fee-levels down within the transport programme. It is now more generally used to

monitor fees across the whole programme, which for 2015 produced an average fee rate of 18.58%, continuing the downward trend since 2012.

5. Challenges and Opportunities 2016 and beyond

- 5.1. On Asset Management, the Department intends to achieve the Department for Transport's (DfT) highest rating (Band 3). This will maintain the maximum possible funding from the 'incentive fund' for 2017/18, and beyond. For 2016, Hampshire has received the maximum achievable settlement from the Incentive Fund of £1.5m.
- 5.2. Operation Resilience is the County Council's long-term strategy designed to make Hampshire's roads more resilient to the effects of extreme weather and increasingly heavy traffic and recognising the importance of good roads for the county's economy. The total capital investment required to bring the entire network up to a good standard runs into billions of pounds, and the department must strike a balance between planned and reactive maintenance across the entire network.
- 5.3. The additional planned funding for Operation Resilience ends in 2016/17 and it is proposed to extend this to the end of the decade to support this priority, limiting revenue costs which would otherwise grow as reactive maintenance increased.
- 5.4. The End of Year Financial report to Cabinet of 20 June 2016 sets out the intention to continue the current funding mechanism in order to provide for £10m of additional capital funding per annum to 2020 through a balanced combination of prudential borrowing and direct use of the NHB.
- 5.5. Implementing the new Hampshire Highways Services Contract, where rates and costs will be calculated differently from the current contract, will present a challenge. Investment plans and models will require recalibration and a period of uncertainty across users will inevitably cause some issues.
- 5.6. Ten major transport schemes will be under construction at the same time during 2016 – something the County Council is working hard to co-ordinate with neighbouring Councils, Districts and affected neighbourhoods. Also this year, within the transport programme, new governance arrangements are being implemented to better reflect the complexity of delivering such a large programme of Major Schemes.
- 5.7. New Infrastructure at Daedalus West will come forward later in 2016. The County Council will provide project management support, with Fareham Borough Council directly procuring the construction. On the Waterfront, the Homes and Communities Agency (HCA) will bring their redevelopment forward in 2016/17, and they will procure a developer for the housing and commercial provision through their own framework.
- 5.8. Following the winter flood events of 2013/14, the County Council has been able to supplement local resources through successful bids to Defra for

Flood Defence Grant in Aid (FDGiA), Recovery Funding, FDGiA underspends in 2014/15, and local levy. This has added in excess of £2m to the budget so far, with the expectation of more to come. The County Council is also developing options for future flood risk reduction measures, and opportunities to secure national funding at Buckskin, Farnborough, Romsey, Totton and Winchester.

Key Programme Information

6. Significant Programme Changes

- 6.1. The following amendments and additions are recommended for approval. A list of other amendments (approved under delegated authority) are included in Appendix 4.
- 6.2. 2015/16 A33 Ringway / Popley Major Scheme – Approximately 12 weeks delay has been incurred to the completion of this project as a result of additional service diversion work coupled with the Highways England Black Dam project over-running. Additional costs have also been incurred for an improved drainage solution following completion of a detailed CCTV drainage survey (which couldn't be undertaken until the Black Dam project was offsite). With the Enterprise M3 LEP's approval, £0.380m of LGF can be transferred from the 2016/17 A33 Crockford and Binfields project, increasing this scheme's value from £1.975m to £2.330m in the programme. Alternative funding has been identified to replace the transferred funds, should the need arise, therefore no adjustment to that scheme's value is required at this time.
- 6.3. It is there recommended that the Executive Member approves additional capital of £0.380m, funded by the Enterprise M3 LEP, increasing the approved budget for A33 Ringway and Popley major scheme to £2.330m.
- 6.4. 2015/16 Whitehill / Bordon Phase 1, Louisburg Barracks – Current projected outturn is now £6.857m (excluding the spur road which is covered under a separate delegated PA and noted in Appendix 4). This represents an increase of £0.350m, which is primarily due to the cost of delays (standing time), principally as a result of service diversions and contractor delays, over which County Council has no control. Further ecological challenges relating to badgers and slow worms are being managed. The HCA has been kept fully informed, and will fund the increase, as this project is fully HCA funded.
- 6.5. It is therefore recommended that the Executive Member approves additional capital of £0.350m, funded by the HCA, increasing the approved budget for Whitehill/Bordon Phase 1, to £6.857m.
- 6.6. 2016/17 Hutt Hill Chandler's Ford to Chilworth Cycleway, Eastleigh. A recent business case has been reviewed bringing this missing cycle links scheme forward for entry into the delivery programme. Fully funded from Developer Contributions at £0.264m, it is recommended that this first phase be added

to the 2016/17 capital programme. Later phases will come forward as further funds become available.

7. Post Completion Reports

- 7.1. For capital schemes, new Financial Regulations state that if final scheme costs exceed the approved estimate by more than 10% (after allowing for inflation), a Post Project Completion report should be submitted to the Executive Member. These reports aim to present a high- level reflection of the project from start to finish.
- 7.2. Future capital programme monitoring reports will now include a section on Post Completion Reports, for information, with the document(s) added to the Appendices.

8. Recommendation

- 8.1. That the recommended amendments to the Economy, Transport and Environment Capital Programme, as set out in section 6 of this report, be approved.

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. 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 primarily a financial report to look back at the 2015/16 delivery year. Amendments to individual schemes within each programme will have been made following consultation and will have their own project appraisals (if over £50,000) and associated equalities impact assessments. The decisions in this report are financial and for in-house management of the programme accounts. Individual schemes are assessed for equalities impacts separately.

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? – no specific proposals
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ETE Quarterly Spend by sub-programme 2015/16

Gross Expenditure		Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total
		Periods 1-3	Periods 4-6	Periods 7-9	Periods 10-13	Cumulative
		£	£	£	£	£
Structural Maintenance		10,732,791.96	12,892,364.44	8,616,291.50	5,238,982.84	37,480,430.74
Flood & Coastal Defence Management		541,261.49	617,666.93	796,327.08	589,716.05	2,544,971.55
Public Realm Improvements		220,033.56	163,463.00	400,400.31	339,577.90	1,123,474.77
Waste		885.00	2,941.70	3,469.92	20,804.69	28,101.31
Economic Development		0.00	0.00	0.00	0.00	0.00
Solent Enterprise Zone		1,314,466.90	1,819,113.50	1,255,011.25	2,533,475.79	6,922,067.44
Rowner					750,000.00	750,000.00
Street Lighting PFI	Street Lighting	0.00	0.00	0.00	3,541,702.98	3,541,702.98
Community Transport		5,515.00	2,206.00	4,412.00	72,070.00	84,203.00
Integrated Transport Programme		3,582,491.35	5,701,365.35	8,111,766.84	17,675,776.50	35,071,400.04
	BEPP*		7,686.76			7,686.76
TOTAL		16,397,445.26	21,206,807.68	19,187,678.90	30,762,106.75	87,554,038.59

*BEPP = Better Energy Programme. P&R funded but uses a code from the client Department for the building where the work has been done. In this case C.J008219.01 – Micheldever Depot/Lab.

DETAILS OF FUNDING USED

Economy Transport & Environment Capital Funding Summary		
Funding		£
Contributions:		
	Other Local Authorities (OLAs)	1,340,140
	* Developers	16,194,653
	* Other	17,490,086
Grant		32,032,274
Miscellaneous		99,900
Prudential borrowing		5,551,707
Street Lighting		3,541,703
Reserve accounts		1,504,504
Total specific funding		77,754,967
Plus funding from local resources		9,799,071
Total funding		87,554,038

*Developer = S106 contributions.

*Other = Other grants and contributions. Further detail below.

Capital Funding Summary - Contributions From Others			
Homes & Communities Agency (HCA)	Daedalus EZ Phase 1A (Gate Access)	-£	285,499
Homes & Communities Agency (HCA)	Daedalus EZ Phase 1B (DIO/Daedalus Park)	-£	182
Homes & Communities Agency (HCA)	Daedalus EZ Phase 1C	-£	1,890,198
Homes & Communities Agency (HCA)	Daedalus EZ Phase 1C (building)	-£	43,026
Solent LEP	Solent EZ - Daedalus Drive (phase 3A)	-£	1,167,517
Solent LEP	Solent EZ - Foul Drainage Works (phase 3B)	-£	1,029,509
Solent LEP	Solent EZ - Waterfront Power works (phase 3C)	-£	836,159
Solent LEP	Newgate Lane - Peel Common	-£	1,718,271
Solent LEP	A27 Corridor - St Margarets Roundabout, Fareham	-£	2,214,396
Solent LEP	A27 Corridor - Station Roundabout, Gudge Heath Lane, Fareham	-£	1,246,464
Enterprise M3 LEP	Petersfield to Queen Elizabeth Country Park	-£	300,000
Enterprise M3 LEP	Andover Town Centre, Access Improvements	-£	300,000
Enterprise M3 LEP	A340 Dualling, Aldermaston Road, Basingstoke	-£	2,854,330
Enterprise M3 LEP	A339/A33 Ringway and A33 Popley Way junction, Basingstoke	-£	670,699
Enterprise M3 LEP	Whitehill Bordon IRR Phase 2	-£	934,419
Enterprise M3 LEP	Access to Fleet Station	-£	8,734
Enterprise M3 LEP	Popley-Chineham District pedestrian & cycle imps., Basingstoke	-£	29,350
Enterprise M3 LEP	Ringway North/Rooksdown access improvements, Basingstoke	-£	84,000
Enterprise M3 LEP	STF Merton School improvements, Basingstoke	-£	46,209
Enterprise M3 LEP	A33/Crockford & Binfields Roundabouts, Basingstoke	-£	1,050,705
Enterprise M3 LEP	Western Way Puffin Crossing, Basingstoke	-£	26,483
Enterprise M3 LEP	St Pauls Hill & Roomsey Rd/Upper High St, Winchester	-£	2,295
Enterprise M3 LEP	Westgate/Western Schools Tport imps, Winchester	-£	10,667
Enterprise M3 LEP	WiFi and AudioVisual - Buses and Railway Stations	-£	676,427
Segensworth Business Forum Ltd	Segensworth Industrial Estate - New Footways	-£	23,717
Coopervision manufacturing LTD	Segensworth Industrial Estate - New Footways	-£	7,403
New Forest National Park Authority	NFNPA - LSTF Brockenhurst Cycle Routes	-£	33,427
	Total	-£	17,490,086

Schemes Not Started by 31 March 2016 - To Be Carried Forward to 2016/17				
Scheme	Control Basis	Value £000	Estimated Start Date	Reasons for Delay (Please complete for each scheme)
	Starts or Exp			
Structural Maintenance				
Mill Lane, Alton	Exp	250		Further Carry Forward of 13/14 Local resources reprofiled from Havant Footbridge
Albermarle Avenue	Exp	200		Further carry forward of funding for future scheme
Church Road, East Hants	Exp	76		Further carry forward of funding for future scheme
Redbridge Causeway	Exp	687		Residual funding from 14/15 c/fwd for major scheme
Green Lane, Clanfield	Exp	50		Contribution to Integrated Transport Scheme reprofiled to 16/17
Redbridge Causeway	Exp	106		Additional funding for major scheme
Vyne School - Contribution to MUGA	Exp	20		
Gordleton Mill - Contribution to ITP scheme	Exp	52		Contribution to Integrated Transport Scheme started but not completed in 15/16
Safety Fencing	Exp	440		Carry forward of funding for future scheme
Winchester Station Underpass	Exp	400		Contribution to Network Rail Scheme started but not completed in 15/16
Bourley Road	Exp	120		Carry forward of funding for future scheme
A27 Windhover Road Roundabout	Exp	230		Carry forward of funding for future scheme
Southmoor Lane	Exp	281		Carry forward of funding for future scheme
Meon Road, Titchfield	Exp	40		Carry forward of funding for future scheme
Safety				
Low Cost Safety Schemes Programme (LCP)	Exp	114		Slight delay to delivery of the programme. Commitments remain in 2016/17
Casualty Reduction Programme (CRP)	Exp	161		Slight delay to delivery of the programme. Commitments remain in 2016/17
Carriageway Surface Treatment Programme (CSTP)	Exp	56		Slight delay to delivery of the programme. Commitments remain in 2016/17
Routes Assessment Programme (RAP)	Exp	81		Slight delay to delivery of the programme. Commitments remain in 2016/17
Carriageway Safety Audit Programme (CSAP)	Exp	99		Slight delay to delivery of the programme. Commitments remain in 2016/17
Other				
Coastal Conservation	Start	844		Slight delay to delivery of the programme. Commitments remain in 2016/17
Economic Development	Exp	4		
Total New		4,311		
Already deferred				
Carry forward to 16/17 structural maintenance Re Holmsley Bridge	Exp	2,000		Deferred in Q2
Rowner Regeneration	Exp	750		deferred in Q3
		-750		adjusted back to 15/16 Q4
TOTAL CARRY FORWARDS		6,311		

The following is a list of projects where delegated decisions have been made.

2014/15 North Baddesley Crossroad Upgrade Traffic Signals – budget increased by £0.073m to £0.376m.

2014/15 A325/A331 Bradfords Roundabout – budget increase of master-value by £0.051m to ££0.406m, following delegated PA for second instalment.

2014/15 Pedestrian Access Improvement to Winchester Rail Station – scheme withdrawn (£0.092m)

2015/16 Whitehill Bordon Junction 5 Spur Road – New Entry (£0.165m)

2015/16 STF Fleet Station – Scheme deferred to 2016. Reduced scope. Budget reduced by £0.110m to £0.075m.

2015/16 Popley – Chineham District Centre – Reduce scope. Budget reduced by £0.092m to £0.060m.

2015/16 Gordleton Mill Bridge – Moved into main programme from minor works at £0.1m.

2016/17 Swanwick Lane Traffic Calming, Whiteley – New Entry (£0.170m)

2016/17 Chestnut Avenue/Passfield Avenue Phase II – New Entry (£0.120m)

2016/17 Stubbington Southern Cycles – Brought forward from 2017/18. Budget increased by £0.043m to £0.118m.

2016/17 Romsey Town Centre Improvements. Phase 2, Bell Street – Funding changed. No amendment to budget.

2016/17 Emsworth Cycles – Reduce scope. Budget reduced by £0.085m to £0.135m.

2016/17 Avenue Road/Manor Road/Station Road Junction Improvements, New Milton – scheme withdrawn. (£0.193m)

2017/18 A3090 Winchester Road / Halterworth Lane Junction Improvement – New Entry - £0.226m