

HAMPSHIRE COUNTY COUNCIL

Decision Report

Decision Maker:	Executive Member for Economy, Transport and Environment
Date:	23 July 2013
Title:	2013/14 Capital Programme Quarter 1 Monitoring
Reference:	5001
Report From:	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 Department's 2013/14 Capital Programme, in light of amendments and carry-forwards since the programme was approved in February.
- 1.2. This paper focuses on budget amendments that have occurred during the first few months of the year.
- 1.3. It also sets out the intention to review Capital spending plans, in order to re-evaluate and refocus, as necessary, and maximise delivery in priority areas.

2. Contextual information

- 2.1. The Economy, Transport and Environment (ETE) Capital Programme was approved by Cabinet in February 2013, at a value of £60.986million. Changes in the first few months of the year amount to £19.190million and a new programme value of £80.176million is set out in Table 1 for approval.
- 2.2. The Capital Programme is managed in the form of "spend" allocations (values relate directly to planned expenditure) and "starts" allocations (values determined by the full cost of projects to be started in-year, not the level of spend expected). The 2013/14 Programme is approximately two-thirds "spend" based.
- 2.3. The Programme includes the following areas:
 - (i) structural maintenance and bridges;
 - (ii) integrated transport;
 - (iii) economic development;
 - (iv) waste management

- (v) members' environment (highway) fund;
- (vi) quality enhancements; and
- (vii) flood risk and coastal defence.

3. Resources

3.1. Table 1 reconciles the current budget situation for each ETE capital area with the budget book. The adjusted budget is recommended for approval.

Table 1 – Environment Budget and Adjustments (Headlines)

	Structural Maint'	Integrated Transport	Economic Devl'mnt	Waste	Members Highway Fund	Quality of Place	Flood & Coastal	TOTAL
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Budget Book Total	38,453	21,222*	31	0	780	0	500	60,986
12/13 carry- forwards	11,674	4,905	321	0	0	1,000	1,000	18,900
Q1 Adjustments	0	290	0	0	0	0	0	290
Adjusted Budget	50,127	26,417*	352	0	780	1,000	1,500	80,176

*figures include external contributions.

2013/14 PROGRAMME OVERVIEW

4. Structural Maintenance and Bridges

4.1. The Highway 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. In addition, the seven year programme of Resilience, which started in 2011/12, is funded through prudential borrowing.

Table 2 – Maintenance approvals

Budget Book	Total 12/13 Carry-Forwards	2013/14 Adjustments	Revised Budget
£'000s	£'000s	£'000s	£'000s
38,453	11,674	0	50,127

4.2. This budget is an expenditure allocation, and as with revenue spend, the outturn position is determined by the value of work completed by year-end, rather than the value of schemes started. This can often mean that the year end carry-forwards in this area are higher than for a more traditional starts based programme.

- 4.3. The budget provision includes the Operation Resilience funding and a clear focus remains on improving Hampshire's network with a substantial programme of preventative maintenance, including extensive resurfacing, reconstruction and drainage improvements.
- 4.4. At this early stage, it is anticipated that the revised Structural Maintenance and Bridges budget will be spent in full, however as the year progresses adverse weather conditions, in particular episodes of extreme wet or freezing temperatures, are likely to cause delays and consequential slippage of spend into 2014/15.

5. Integrated Transport

- 5.1. The Integrated Transport programme is mostly funded from Developer Contributions and LTP Grant. In recent years, significant additional funding has also been awarded from the Local Sustainable Transport Fund (LSTF).

Table 3 – Integrated Transport approvals

Budget Book	Total 12/13 Carry-Forwards	2013/14 Adjustments	Revised Budget
£'000s	£'000s	£'000s	£'000s
21,222*	4,905	290	26,417*

*Figures include £11,330 external contributions.

- 5.2. The programme is primarily a starts allocation. Unlike maintenance, it is determined by the value of schemes started in-year. There are a few 'spend' elements, however, which tend to be sub-programmes of low-value projects.
- 5.3. The programme includes a wide variety of transport improvements, such as: major infrastructure projects, safety schemes, passenger transport infrastructure, town centre accessibility, junction improvements and minor improvements. Delivery has started well, and at this stage there are no proposed carry-forwards.
- 5.4. Adjustments relate specifically to new LSTF National Parks approvals for 2013/14. In February 2012, Hampshire County Council submitted a tranche 2 Small Package Bid for £3.9million of grant funding towards an overall £18.3million package of interventions. The bid was submitted on behalf of a partnership group, led by the County Council who are the accountable body.
- 5.5. As this is a complex project delivered across a number of authorities, a Programme Board has been established to oversee strategic direction and supervision of the Project. The Board, chaired by the County Council, met at the beginning of February to confirm priority projects for 2013/14 and 2014/15. Appendix 1 sets out the projects to be delivered in Hampshire over the next two years.

5.6. It is recommended that projects in Appendix 1 be approved into the 2013/14 and 2014/15 capital programmes, and that the additional £0.290million and £0.195million new resources, be added to those budgets.

6. Economic Development

6.1. The Economic Development Budget is funded entirely from local resources on a 'starts' basis.

Table 4 – Economic Development approvals

Budget Book £'000s	Total 12/13 Carry-Forwards £'000s	2013/14 Adjustments £'000s	Revised Budget £'000s
31	321	0	352

6.2. The £0.321million carry-forward from 2012/13 includes £0.1million specifically for Strategic Sites and Premises – starter units and workshops.

7. Quality of Place

7.1. The Quality of Place Programme is managed on a starts basis and comprises a 'Quality Enhancements Programme' (QEP), funded by LTP, and an ongoing programme of Public Realm and environmental improvements (Quality of Place – QOP), funded by existing approvals from local resources.

7.2. The £1million Quality Enhancements Programme (QEP), below, was approved in 2011 and runs to 2015. The allocation was carried forward, in its entirety at the end of 2012.

Table 5 – Quality Enhancements approvals

Budget Book £'000s	Total 12/13 Carry-Forwards £'000s	2013/14 Adjustments £'000s	Revised Budget £'000s
0	1,000	0	1,000

7.3. The Quality of Place (QOP) programme is funded on a starts basis, using £0.505million residual approvals funded from local resources in order to continue the delivery of a programme of public realm and environmental improvements.

7.4. Both programmes are fully allocated to named schemes with development and delivery plans integrated with Operation Resilience, the Integrated Transport programme, StreetSense and partnership initiatives.

8. Waste Management

- 8.1. The waste management programme is funded by local resources, residual Grant and, occasionally developer contributions on a starts basis. As there was no new funding towards delivery of the ongoing programme, and no carry-forwards reported, the 2013/14 starts programme is unaffected.
- 8.2. Residual approvals of £4.548million were available at the start of the year for development and delivery of key projects. Progress to date is summarised below.
- 8.3. Construction started on the new Havant Household Waste Recycling Centre (HWRC) and Salt Barn project during this quarter. Work is planned to continue until January 2014 with the HWRC opening in November 2013. Work continues on Eastleigh HWRC relocation, Marchwood HWRC Redevelopment and Netley HWRC redevelopment; all of which aim to begin construction in early 2014. In addition work is progressing in Aldershot and Fareham linked to waste infrastructure provision as a part of the major housing developments taking place.

9. Members' Environment (Highway) Fund

- 9.1. New to the programme in February 2013, the equivalent of £10,000 per Member (£0.780million in total) is to be made available each year to support a four-year rolling programme of high profile, locally important environmental works across the County, funded by the Corporate Policy Reserve.

Table 6 – Members' Environment (Highway) Fund

Budget Book	Total 12/13	2013/14	Revised Budget
£'000s	Carry-Forwards	Adjustments	£'000s
£'000s	£'000s	£'000s	£'000s
780	0	0	780

- 9.2. In a report to the Executive Member for Policy and Resources on 18 April 2013, approval was given to allocate additional resources from the Corporate Policy Reserve of £195,000 per annum to the Economy, Transport and Environment cash limit (revenue) from 2013/14 on an ongoing basis to support scheme development, including feasibility, design, and consultation for the period of operation of the Members Environment Fund.

- 9.3. Discussions on the operation of this programme are ongoing.

10. Flood Risk and Coastal Defence

- 10.1. New to the programme in 2012, ETE secured £1.5million local resources (over 2-years) to cover liabilities which are the responsibility of the County Council where there is little or no potential for future funding to pay back initial

investments, and to secure capital project match funding for Environment Agency Grant Aid schemes and minor flood defence.

Table 7 – Flood Risk and Coastal Defence approvals

Budget Book £'000s	Total 12/13 Carry-Forwards £'000s	2013/14 Adjustments £'000s	Revised Budget £'000s
500	1,000	0	1,500

- 10.2. The 2012/13 starts allocation was carried forward, in full at the end of last year.
- 10.3. Following early design work in 2012/13, during Quarter 1, four sites at risk of flooding were submitted to the Environment Agency seeking Flood Defence Grant in Aid (FDGiA). Subject to securing this and other contributions, these projects are planned to be delivered in 2013/14 and beyond.

11. Future direction

- 11.1 The three-year Capital Programme now totals £181,517million, inclusive of the amendments and carry-forwards mentioned in this report, the largest in value for many years. However, following the Government announcements on 26 and 27 June setting up the Single Capital Growth Pot, and related initiatives for infrastructure and transport funding, it is important to review the capital investment plans. With the loss of up to 50% of the Integrated Transport block funding as an example, it is essential that the programme is reviewed in order to reassess affordability, reflect the latest priorities and maximise value for money.
- 11.2 With this in mind, a full review of planned capital spend over this plan period is to be undertaken during the summer months, with a view to re-evaluating, refocusing and re-prioritising where necessary to maximise delivery in key areas, and to ensure that the programme takes full account of current changes in capital funding provision.
- 11.3 A revised three-year programme is to be compiled for consideration in September, and a second-quarter update (based on this new programme) submitted in October.

12 Recommendations

- 12.1 That the amendments to the Economy, Transport and Environment Department's 2013/14 Capital Programme, as summarised in Table 1, be approved.

- 12.2 That Local Sustainable Transport Plan (National Park) projects, set out in Appendix 1, be approved for inclusion in the 2013/14 and 2014/15 Integrated Transport capital programmes, and that £0.290million and £0.195million of new resources, be added to those budgets.
- 12.3 That, following the Government's recent capital investment announcements, a review of the Economy, Transport and Environment planned capital spending for 2013 – 2016 be undertaken to review the programmes to maximise delivery in priority areas, and take account of the changes to Government capital funding provision.

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):	

Other Significant Links

Links to previous Member decisions:		
<u>Title</u>	<u>Reference</u>	<u>Date</u>
Quarter 4 2012/13 End of year review	4850	11 June 2013
Capital programme 2013-2016	4487	22 January 2013
Direct links to specific legislation or Government Directives		
<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. 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?

In itself, the report makes no specific proposals affecting this, but the programmes of work it contains are developed with due consideration of the need to mitigate the impact of climate change.

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

In itself, the report makes no specific proposals affecting this, but the programmes of work it contained are developed with due consideration of the need to adapt to climate change.

**Local Sustainable Transport Fund-National Parks Project.
2-year Starts Programme for approval.**

2013/14 Delivery

Prog Year	Scheme Title on CMS	District	LSTF NP revenue	LSTF NP capital
2013/14	LSTF NP Traditional Fingerpost Renewals	NFDC	£ -	£ 6,000
2013/14	LSTF NP Alton Station - East Hants Villages Cycle Route	EHDC	£ -	£ 50,000
2013/14	LSTF NP Lymington/Lyndhurst Mapping & Finger Post Signing	NFDC	£ -	£ 15,000
2013/14	LSTF NP Brockenhurst Station Bus/Rail/Cycle Interchange	NFDC	£ -	£ 73,000
2013/14	LSTF NP Liss & Rowlands Castle Bus Stop Improvements	EHDC	£ -	£ 6,000
2013/14	LSTF NP New Forest Community Routes	NFDC	£ -	£ 130,000
2013/14	LSTF NP Buckland Rings Pedestrian Refuge Island	NFDC	£ -	£ 10,000
2013/14	LSTF NP Bus Route Extension: Lepe Park & Exbury Gardens	NFDC	£ 17,000	£ -
			£ 17,000	£ 290,000

2014/15 Delivery

Prog Year	Suggested Scheme Title on CMS	District	LSTF NP revenue	LSTF NP capital
2014/15	LSTF NP Botley Station - Bishops Waltham Cycle Route	WCC	£ -	£ 30,000
2014/15	LSTF NP Petersfield Station	EHDC	£ -	£ 30,000
2014/15	LSTF NP NCN2 Brockenhurst-Christchurch Cycle/Walking Link	NFDC	£ -	£ 50,000
2014/15	LSTF NP Meon Valley Trail Upgrade - Cycle & Walking Links	EHDC	£ -	£ 75,000
2014/15	LSTF NP Gateway feature on Ringwood Road, Burley	NFDC	£ -	£ 5,000
2014/15	LSTF NP Extension of 40mph Zone Copythorne & Winsor	NFDC	£ -	£ 5,000
			£ -	£ 195,000