

HAMPSHIRE COUNTY COUNCIL**Report for Information**

Title:	Capital Programme 2011/12 – 2014/15
Presented to:	Environment and Transport Select Committee
Presented by:	Director of Environment and The County Treasurer
Date:	26 January 2011

Decision Maker:	Executive Member - Environment
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Title:	Capital Programme 2011/12 – 2014/15
Reference:	2549
Report From:	Director of Environment and County Treasurer

Contact name: Helen Ackerman

Tel: 01962 847683

Email: helen.ackerman@hants.gov.uk

1. Executive Summary

- 1.1. This report seeks approval for submission to the Leader and Cabinet of the proposed capital programme for 2011/12 to 2014/15.
- 1.2. The report has been prepared in consultation with the Executive Member and will be reviewed by the Environment and Transportation Select Committee. It will be reported to the Leader and Cabinet on 11 February 2011 to make final recommendations to County Council on 24 February 2011.
- 1.3. The report considers the schemes which it is proposed to include in the capital programmes for 2011/12, 2012/13, 2013/14 and 2014/15, with the latter two years being provisional, based on indicative figures. Appendix 1 provides the overall capital programme summary.
- 1.4. Proposals are derived from the departmental service plan, which has been developed to support the priorities of the Corporate Strategy. Transport proposals have also been developed in conjunction with the third Local Transport Plan (LTP3).

2. Background

- 2.1. The guidelines for the locally resourced capital programme for 2011/12 to 2014/15 were agreed by Cabinet on 22 December 2010.
- 2.2. Executive Members can now prepare proposals for:
 - (i) a locally resourced capital programme for the four year period from 2011/12 to 2014/15 within these guidelines; and
 - (ii) a programme of capital schemes in 2011/12 to 2014/15 supported by Government grants or supported borrowing as announced by the Government, subject to limits restricting the take-up of Government supported borrowing approvals.
- 2.3 The medium-term financial and efficiency strategy is closely linked to the Corporate Strategy and the Corporate Business Plan to ensure that priorities are affordable and provide value for money and that resources follow priorities.

3. Overview

- 3.1. The Environment capital programme has mainly been funded through the LTP settlement, which for the period 2011/12 – 2014/15 is exclusively in the form of Government grant. The LTP covers integrated transport schemes (tackling safety, congestion, access and amenity problems) and structural maintenance of roads and bridges. In addition, substantial external funding (EF) is available from developers' contributions, district and parish councils and other bodies.
- 3.2. The switch from supported borrowing, which was never fully supported and resulted in the non-take up of the full LTP allocation, to 100% grant funding has been welcomed by Hampshire County Council. This means that the full level of approvals issued by the Department for Transport can now be utilised. This change in funding route is worth some £5 million to the Environment Department's capital programme, and is the main reason why the reductions in capital grant are not as severe for the LTP as was feared.
- 3.3. Most of the rest of the Environment capital programme is funded from local resources within limits set by Cabinet. These programmes include a further allocation for highway maintenance, but no new resources for either environmental improvements or waste management schemes; both of which continue to spend unused resources available from previous years' allocations.
- 3.4. In addition, at its meeting on 24 May 2010, Cabinet agreed to add £70 million to the Environment capital programme for structural maintenance and restructuring of the highway network over the seven year period from 2011/12 at £10 million per annum, to be resourced through utilisation of efficiency savings to fund prudential borrowing.

- 3.5. The overall capital strategy is to protect underlying highways maintenance spending whilst implementing this additional efficiency funded prudential borrowing programme to address the longer term resilience of the highway network. The strategy utilises developer contributions as far as possible, and focuses residual spending on schemes and sub-programmes that deliver value for money through low to medium cost projects delivering effective local transport outcomes.

PART A: RESOURCES

4. Local resources

- 4.1. The cash limit guidelines for the locally resourced capital programme for the Environment service were set by Cabinet on 22 December 2010. The guidelines do not include any addition for inflation.
- 4.2. As usual, a proportion of resources are transferred to revenue to reflect the changes in the four-year average cost of winter maintenance, and to meet the project and financing costs of any prudential borrowing, in this case funded through contract efficiencies anticipated to be delivered through the structural maintenance parts of the term highway contract. The adjusted guideline figures are set out in Table 1 below:

Table 1: Local resources guidelines

	2011/12 £000	2012/13 £000	2013/14 £000	2014/15 £000
Guideline	6,008	5,847	5,847	5,847
Transfer to revenue	996	1,692	2,388	3,084
Resources for new projects	5,012	4,155	3,459	2,763

- 4.3. Efficiency funded prudential borrowing provides another £10 million per year for the duration of this capital programme.

5. Capital programme supported by Government allocations

- 5.1. The Government announced details of the local transport capital settlement for 2011/12 to 2014/15 on 13 December 2010. Final allocations were given for 2011/12 and 2012/13 whilst only indicative allocations were provided for 2013/14 and 2014/15. The grant allocations are set out in Table 2.
- 5.2. Proposals for the programmes for integrated transport and structural maintenance for 2011/12 to 2014/15 period, set out in this report, have been prepared in accordance with the above guidelines.

6. Capital programme funded from developers' contributions and other external funding

- 6.1. The Environment Department receives contributions from developers towards the cost of highway and transport infrastructure associated with developments. These are held until appropriate schemes can be developed. Table 2 summarises the total capital resources available, including developer contributions.

Table 2 – Total New Capital Resources

	2011/12 £000	2012/13 £000	2013/14 £000	2014/15 £000
Local resources	5,012	4,155	3,459	2,763
Efficiency funded	10,000	10,000	10,000	10,000
LTP grant	30,815	30,214	29,036	30,591
Externally Funded*	8,576	7,311	3,740	5,100
Total programme	54,403	51,680	46,235	48,454

*figures include developer and other external contributions.

- 6.2. Not all of the LTP grant and external funding will be used in the year in which it is awarded, and the grant conditions allow the Council to carry this forward into future years. This explains the difference between the total capital resources available, and the size of the overall starts programme set out in Table 5 and Appendices.

PART B : PROGRAMMES

7. Highway maintenance and bridge programme 2011/12 to 2014/15

- 7.1. Highway maintenance is funded from both the revenue budget and capital programme. The capital element covers the structural maintenance of roads and bridges and is funded from both the LTP and local resources. In addition, a seven year programme to improve the resilience of the network was approved to start in 2011/12 from efficiency funded prudential borrowing.
- 7.2. The highways maintenance capital programme for 2011/12 has been set at £37.992 million. Funding of the four year programme is set out in Table 3 below.

Table 3: Highway maintenance capital programme

	2011/12 £000	2012/13 £000	2013/14 £000	2014/15 £000
LTP grant	22,980	23,850	24,576	25,320
Local resources	5,012	4,155	3,459	2,763
Efficiency funded	10,000	10,000	10,000	10,000
Total programme	37,992	38,005	38,035	38,083

7.3. More detailed information on the highways and bridges maintenance programme for 2011/12 will be presented to the Executive Member for Environment at a subsequent decision day.

8. Integrated transport programme 2011/12 to 2014/15

8.1. The integrated transport programme is funded from an even mix of LTP grant and developer contributions. Occasionally Government grants for major schemes will enhance the programme, though there are none confirmed within this four-year programme, at present.

8.2. As a result of the commitment to maintain investment levels in highway maintenance some resource from the LTP settlement for integrated transport has been diverted; with the result that the primary source of funding for individual schemes, rather than countywide sub-programmes, will now be developers' contributions.

8.3. The move to 100% grant funding has enabled a full take up of LTP approvals, and a larger transport programme to be developed than originally anticipated, whilst maintaining structural maintenance programme at protected levels.

8.4. This four-year integrated transport programme totals some £48.791 million and has been developed in conjunction with setting the three-year Implementation Plan for LTP3. Table 4, below, sets out the integrated transport headings and capital programme new starts contained within the Implementation Plan, and represents new starts for each of those years.

Table 4: LTP3 Implementation Plan – Integrated transport (3 years)

	2011/12 £000	2012/13 £000	2013/14 £000	Total
Safety Schemes	2,556	2,000	2,000	6,556
Minor Improvements (<£50k)	1,950	2,520	2,200	6,670
Andover Bus Station	2,000	-	-	2,000
Totton Western Bypass Junction Improvements	-	2,000	-	2,000

	2011/12 £000	2012/13 £000	2013/14 £000	Total
Alençon Pedestrian Link, Basingstoke	-	1,400	-	1,400
A30/A340 Winchester Road Roundabout Signalisation, Basingstoke	-	1,100	-	1,100
Newgate Lane online widening, Fareham	-	-	3,000	3,000
Town Access Plan Priorities	156	1,508	950	2,614
Town Centre Schemes	1,764	400	-	2,164
Sustainable and Healthy Access Routes	2,077	473	510	3,060
Accessibility	1,430	650	650	2,730
Junction Improvements	97	-	1,000	1,097
Passenger Transport Improvements	950	650	-	1,600
Accelerating of developer funded schemes	150	150	100	400
Winter Infrastructure	1,200	-	-	1,200
Quality of Place – Quality Enhancements	1,000	-	-	1,000
Major scheme and Bid preparation	400	400	-	800
Total	15,730	13,251	10,410	39,391

- 8.5. This programme has been designed to ensure spend remains within overall resources. Appendix 2 gives an indication of the total annual spend across all four years (including ongoing spend against previous years' approvals).
- 8.6. To maintain programme flexibility throughout the year, category headings, rather than named schemes are submitted in Table 4 and the Appendices. Schemes valued £1.0 million to £5.0 million are of significant value to warrant a specific mention.
- 8.7. Schemes over £50,000 will continue to generate business cases and be subject to project appraisal under the Department's gateway process. Those below this threshold are included in the above table as 'Minor Improvements' and will be detailed in sub-programmes for approval under delegated authority procedures, in consultation with the Executive Member.
- 8.8. The ongoing exercise to accelerate the use of developers' contributions and other external funding is continuing to bring new schemes into the programme. £23.392 million of new developer funded schemes are now

planned start during the next four years. As more funding is received, additional schemes can be brought into the programme.

- 8.9. Significant levels of new contributions are still being received, despite the downturn in the economy. Introduction of the Community Infrastructure Levy (CIL) is still some way off. However, contributions arising from pre-CIL Agreements will continue to be paid direct (potentially £20 million based on current records).
- 8.10. There are no new Major Schemes confirmed at this time, however a number of bids for Local Sustainable Transport Funding (LSTF) and Regional Growth Funds (RGF) are being prepared, which, if successful, may need to be included in a revised programme. A second bidding window is expected to be announced later in 2011.

9. Quality of place programme 2011/12 to 2014/15

- 9.1. In October 2010, a comprehensive review of allocations within this programme was undertaken with a view to reallocating uncommitted resources to a priority-led, cross-cutting programme.
- 9.2. As a result of this review a programme of works to complete projects committed in previous years has been approved, which will spend the remaining £1.379 million approvals.
- 9.3. While there are no new schemes, a £1 million provision has been made within the four-year integrated transport programme for 'quality enhancements'. This will enable improved materials and some 'public realm' additions to standard maintenance and improvement schemes.
- 9.4. Appendix 2 sets out, at a high level, the ongoing spend profile of previously approved resources. The figures relate wholly to local resources and do not include any external funds which may be received.

10. Waste management

- 10.1. This programme has historically comprised facilities management at landfill sites and improvements to household waste recycling centres. While there are no new local resources proposed, £0.9 million new developer contributions are being received towards delivery of Waterloo House Household Waste Recycling Centre (HWRC) relocation. The remaining programme will be funded from waste infrastructure grant already received, and earmarked for this purpose.
- 10.2. The future programme, beyond that of the currently approved schemes, will be subject to the outcome of the HWRC Service Provision Review, which is scheduled to be completed at the end of March 2011.

- 10.3. Details of the current approved programme is included in Appendix 2. A planned spend in the region of £4.5 million will deliver six new or improved HWRC sites and continue the investment in closed landfill site management.

11. Capital programme summary

- 11.1. On the basis of the position outlined above, Table 5 summarises the capital programmes submitted for consideration for the next four years, and Table 6 sets out how they will be funded in aggregate.

Table 5: Summary Capital Starts Programme

	2011/12 £000	2012/13 £000	2013/14 £000	2014/15 £000
Highways maintenance	37,992	38,005	38,035	38,083
Integrated transport	15,730	13,251	10,410	9,400
Waste management	-	900	-	-
Total programme	53,722	52,156	48,445	47,483

Table 6: Summary Capital Funding for New Projects

	2011/12 £000	2012/13 £000	2013/14 £000	2014/15 £000
Local resources	5,012	4,155	3,459	2,763
Efficiency funded	10,000	10,000	10,000	10,000
LTP grant	30,134	30,690	31,246	29,620
Externally funded*	8,576	7,311	3,740	5,100
Total funding	53,722	52,156	48,445	47,483

*figures include developer and other external contributions

12. Revenue implications

- 12.1. Table 7 sets out the revenue implications of the proposed capital programme as follows:

Table 7: Revenue implications – full year cost

	2011/12 £000	2012/13 £000	2013/14 £000	2014/15 £000
Current expenditure	215	180	146	132
Capital charges	1,808	1,699	1,556	1,530
Total implications	2,023	1,879	1,702	1,662

- 12.2. The total revenue implications for the four years of the starts programme, including capital charges, represent a real term increase of 5.4% over the 2010/11 original budget of the Environment service.

13. Conclusions

- 13.1. This report complies with the Cabinet's request to prepare proposals for a four year capital programme for 2011/12 to 2014/15 in line with the guidelines for local resources and expenditure to be supported by Government grants and borrowing approvals.

14. Recommendation

- 14.1. That the capital programme for 2011/12 to 2014/15, as set out in Appendix 1, be approved for submission to the Leader and Cabinet.

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. Equalities Impact Assessment:

- 1.1. Assessment of the Race Relations (Assessment) Act has been considered in preparing this report. No adverse impact has been identified in terms of race, creed or gender.
- 1.2. The proposals in this report are derived from the departmental service plans and LTP objectives, and are in accordance with the budget strategy and the County Council's financial management policy. An impact assessment of the departmental service plans and the financial management policy has been carried out and the proposals in this report are not considered to be discriminatory.

2. Impact on Crime and Disorder:

- 2.1. As this is a general report covering the whole of the budget for the department it cannot set out detailed crime and disorder implications. However, some schemes within the programme may contribute to a reduction in the fear of crime that may have been identified by local communities during consultation or development stages.

3. Climate Change:

- a) How does what is being proposed impact on our carbon footprint / energy consumption?
- b) How does what is being proposed consider the need to adapt to climate change, and be resilient to its longer term impacts?

As this is a general report it cannot set out detailed climate change implications. However, climate change implications of specific issues raised in the budget would be reflected in individual service plans and project reports where appropriate.