

HAMPSHIRE COUNTY COUNCIL

Decision Report

Decision Maker:	Executive Member for Economy, Transport and Environment
Date:	14 January 2021
Title:	ETE Proposed Capital Programme 2021/22, 2022/23 and 2023/24
Report From:	Director of Economy, Transport and Environment

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Purpose of this Report

1. The purpose of this report is to set out, subject to confirmation of funding, the proposals for the Economy, Transport and Environment (ETE) Capital programme for 2021/22, 2022/23 and 2023/24 and to seek approval for their onward submission to the Cabinet in February 2021. Appendix 1 is the approved format for the budget book and Appendix 2 is a simplified view with expenditure profiled.

Recommendations

2. That the Executive Member for Economy, Transport and Environment recommends approval to the Leader and Cabinet of the proposed 2021/22, 2022/23 and 2023/24 capital programmes totalling £209.359 million, as set out in this report and in Appendices 1 and 2.
3. That the Executive Member for Economy, Transport and Environment delegates authority to the Director of Economy, Transport and Environment, in consultation with the Executive Member for Economy, Transport and Environment, to make minor amendments to the split of funding across sub-programmes within the Structural Maintenance programme.

Executive Summary

4. The proposals set out in this report amount to just over £209 million across the next three years. Government formula settlements (£89.716 million) and Government competitively bid grants (£59.028 million) make up the bulk of the funding, with other competitively bid project specific grants, e.g. Local Growth fund (LGF) through the Local Enterprise Partnerships (LEPs) (£0.07 million) also contributing. The remainder is funded through a mix of local resources, (£36.201million), developer contributions (£23.139 million), and other local authority contributions (£1.205 million).

Contextual information

5. Executive Members can now prepare proposals for:
 - a locally resourced capital programme for three years from 2021/22 to 2023/24 within the guidelines of the current capital programme; and
 - programme of capital schemes supported by Government Grants in 2021/22, 2022/23 and 2023/24.
6. The 2021/22, 2022/23 and 2023/24 programmes set out new capital resources only, with the latter two years based on indicative schemes and figures. The 2021/22 and 2022/23 programmes replace previously approved programmes, they do not add to them.
7. ETE's forward capital programme includes the following programmes:
 - Structural Maintenance;
 - Integrated Transport;
 - Waste; and
 - Flood Risk and Coastal Defence.
8. The proposed programmes have been prepared in consultation with the Executive Member for Economy, Transport and Environment and have been reviewed by the Economy, Transport and Environment Select Committee. They are to be reported to the Leader and Cabinet on 9 February 2021 to make final recommendation to Council later in February 2021.

PART A – RESOURCES

Local Resources

9. Local resources guidelines were agreed by Cabinet on 24th November 2020.
10. Total local resources amount to £36.201 million over the next three years.

Table 1: Local Resources

	2021/22 £000	2022/23 £000	2023/24 £000	Total £000
Capital Guidelines	11,929	11,929	11,929	35,787
Original Capital Guidelines	11,929	11,929	11,929	35,787
Local Resources Carried	0	0	414	414

Forward/Vired from Earlier Years				
Revised Capital Guidelines	11,929	11,929	12,343	36,201

Government Formula Allocations

11. The Department for Transport (DfT) allocations for Integrated Transport and Structural Maintenance for 2021/22, 2022/23 and 2023/24 are detailed in Table 3 below. However, at the time of writing, these have not been confirmed by DfT. These values are based on previous allocations and have been used for planning purposes.
12. The DfT is yet to confirm that Band 3 (highest band) recipients of its Incentive Fund will be awarded £4.495 million (the maximum available) each year until 2021/22. It is assumed in this report that Hampshire County Council will retain its Band 3 status and that funding remains at this level through to 2023/24 inclusive.
13. Further, at the time of writing, the DfT has not confirmed the Pothole fund, but for planning purposes, it is assumed that £1.543 million will be received each year for the next three years.

Other Government Funding

14. The County Council has historically had a great deal of success in securing Local Growth Funding (LGF) from both the EM3 and Solent LEPs, with a significant proportion of Integrated Transport schemes currently being delivered from previous capital programme years (due to the 'starts-based' nature of this programme) being part-funded from LGF funding. However, due to the lack of additional Local Growth Funding being made available to the LEPs by central government, the total value of funding from this source has reduced from recent years with only £0.07 million within the starts programme in the next three years. This represents a significant reduction from last year's three-year value of just under £10 million and the £27 million three-year value the year before.
15. To mitigate the reduced opportunity for LGF funding, the department has worked hard to identify other sources and has been successful in securing significant competitive funding from DfT. This includes over £40 million in a forward package of works funded across the Tranche 2 Transforming Cities Fund and Tranche 2 Active Travel Fund (mix of capital and revenue). These schemes have entered the capital programme in 2020/21, 2021/22 and 2022/23.

Developer Contributions and other External Funding

16. The Department receives contributions from developers towards the cost of highway and transport infrastructure associated with mitigating the effects of developments.
17. This three-year programme includes an estimate of £23.139 million of developer contributions (£22.620 million from Section 106 and £0.519 million from Community Infrastructure Levy (CIL)). In addition, there are many more projects currently at feasibility or early development stages that may well come forward during the year for delivery which may utilise this source.

Revenue Investment

18. With all these potential funding sources available, it remains important to recognise that these substantial capital grants require initial revenue investment in order to develop scheme proposals sufficiently to make a credible funding bid. Since 2018/19 a revenue investment of around £1.5million per year has secured almost £170 million of competitive capital grants. Securing these funds requires schemes to be appropriately designed, costed and evidenced, prior to funding being secured. Such activities are multi-disciplinary and need to be sufficiently resourced if the County Council is to take best advantage. Due to the financial pressure that the Council is facing, at the time of writing, there is uncertainty over whether this funding can be maintained at the previous level from 2021/22 onwards.

Total Resources

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

Table 2: Total Capital Resources

	2021/22 £000	2022/23 £000	2023/24 £000	Total £000
Local Resources	11,929	11,929	12,343	36,201
DfT LTP Grant – Maintenance	21,584	21,584	21,584	64,752
DfT Highways Maintenance Incentive Fund	4,495	4,495	4,495	13,485

DfT LTP Grant – Transport	5,296	5,296	5,296	15,888
DfT Pothole Fund	<i>1,543</i>	<i>1,543</i>	<i>1,543</i>	<i>4,629</i>
DfT Pinch Point Grant	0	23,800	0	23,800
DfT Safer Roads Grant	600	0	0	600
LGF Grant – Transport	70	0	0	70
Transforming Cities Fund Tranche 2	18,274	16,354	0	34,628
Developer Contributions	6,899	12,815	2,906	22,620
Other Local Authority	1,205	0	0	1,205
CIL	519	0	0	519
Total Programme	72,414	97,816	48,167	218,397

Figures in italics are subject to DfT decisions and for planning purposes it is assumed that funding will keep to current levels.

PART B – PROGRAMMES

Structural Maintenance Programme

20. The maintenance programme is a 'spend' based programme, and therefore the figures in Table 3 represent how much will be spent in that year.

Table 3: Total Programme – Structural Maintenance

	2021/22 £000	2022/23 £000	2023/24 £000	Total £000
Local resources	11,823	11,823	11,823	35,469

DfT LTP Grant Maintenance	21,584	21,584	21,584	64,752
DfT Pothole Fund	<i>1,543</i>	<i>1,543</i>	<i>1,543</i>	<i>4,629</i>
DfT Highways Maintenance Incentive Fund	<i>4,495</i>	<i>4,495</i>	<i>4,495</i>	<i>13,485</i>
Total Programme	39,445	39,445	39,445	118,335

Figures in italics are subject to DfT and local decisions, for planning purposes it is assumed that funding will keep to current levels.

21. The Structural Maintenance budget is used to extend the life of an existing asset. It is split across all highway assets for example, carriageways, footways, drainage, structures, traffic signals, pedestrian crossings and cattle grids.
22. It should be noted that, within year, one-off government grant funding and other funding from successful bids can be allocated to this budget increasing the total available in year. As part of some programmes, ETE seeks to build up sufficient allocations for larger more complex schemes over several years. In addition, some schemes hold funding to help support bidding opportunities.
23. Budgets are allocated in line with Hampshire County Council's Asset Management principles and needs based budgeting and programmes are developed based on various factors, including condition, remaining life and lifecycle planning including whole life costs.
24. The Structural Maintenance programme is made up of two major programmes of work: Structural Planned Maintenance and Bridges. The sub-programmes of work will vary over the next three years, however the information in the next two paragraphs detail the types of activity undertaken.
25. Structural Planned Maintenance consists of sub-programmes as follows:
 - Operation Resilience - consisting of a surface treatments programme i.e. surface dressing etc. In addition, sub-programmes for carriageway and footway resurfacing, reconstructions, drainage, haunching and edge repairs, vehicle restraint systems, fencing, cattle grids and similar;
 - local depot sub-programmes – consisting of carriageway and footway repairs, kerb repairs, carriageway edge repairs, drainage, accident damage, fencing and similar; and
 - Intelligent Transport Systems – consisting of replacing life expired equipment i.e. traffic signals and crossings.
26. The Bridges and Structures programme consists of works to County Council owned Highway structures, which includes road bridges, footbridges, culverts (1.5m span or more), subways and retaining walls, as well as works on pumps at subways and low spots in the carriageway. Work can include any of the

following as a result of structural assessment, annual inspection, accident damage (vehicles or weather related) or vandalism:

- bridges, footbridges and culverts: strengthening/ replacement; refurbishment; cathodic protection installation; bearing replacement; drainage replacement; concrete, steel, or brickwork repair; painting; bridge deck waterproofing replacement; expansion joint replacement; scour/invert repairs/protection; parapet repair/replacement; revetment repair/strengthening; and corrugated culvert relining;
- subways: in addition to the above, application/repair of murals; repair and replacement of signs and mirrors; repair and replacement of tiling; and
- pumps: replacement of pump units and pipework leading to pumps.

27. To provide greater governance of the Structural Maintenance programme, it has been agreed that this report will include the initial split of allocation between the two sub-programmes that form the Structural Maintenance programme, with authority delegated to the Director of Economy, Transport and Environment to make minor amendments to the split of funding across sub-programmes.
28. It is therefore recommended that the Executive Member for Economy, Transport and Environment delegates authority to the Director of Economy, Transport and Environment to make minor amendments to the split of funding across sub-programmes.
29. In 2021/22, the total Structural Maintenance spend will be split across the two programmes of work as shown in the tables below. The split of the total Structural Maintenance budget is confirmed on a rolling year basis, therefore the split for next year is shown below.
30. The initial split of allocations between the two sub-programmes that form the Structural Maintenance programme is shown in the table below:

Table 4: Structural Maintenance Programme

	2021/22 £000	Total £000
Operation resilience	27,576	27,576
Local Depots	3,929	3,929
ITS	150	150
Other Highways structural maintenance	3,790	3,790
Total Programme	35,445	35,445

Table 5: Bridges Programme

	2021/22 £000	Total £000
Bridges	4,000	4,000
Total Programme	4,000	4,000

Integrated Transport Programme

31. This programme is a 'starts' based programme, and therefore the figures in Table 6 do not represent how much will be spent but the full value of projects that are proposed to start construction in that year.
32. The proposed total value of the three-year Integrated Transport Plan (ITP) Programme is £90.706 million. As this is a 'starts-based' programme this figure does not include the value of schemes currently in delivery which commenced prior to 2021/22. Schemes which commenced prior to 2021/22, such as Stubbington Bypass, M27 Junction 9, Eclipse Busway Phase 1 Completion and Brighton Hill Roundabout, totalling over £90 million, will continue to require significant on-going resources from across the department in 2021/22.
33. As mentioned above, the proposed Integrated Transport Programme includes schemes that have now been successfully awarded funding from DfT's Tranche 2 Transforming Cities Fund. These schemes have entered the capital programme in 2020/21, 2021/22 and 2022/2. This has increased the overall programme by 22 schemes. The package of measures for Portsmouth City Region consists of 10 schemes (£21million) and a further 12 schemes in the Southampton City Region (£18million).
34. In addition, Hampshire County Council has recently received confirmation that it has been successful in securing £3.28 million of DfT Tranche 2 Active Travel Fund (capital and revenue mix). This will allow Hampshire County Council to provide a range of measures to create better spaces for people walking and cycling.
35. The 2021/22 main programme provides details of the schemes expected to commence during that financial year. Circumstances outside of the organisation's control such as further Covid-19 restrictions, unexpected public utility apparatus or environmental considerations can intervene that may cause some schemes to be delayed to later financial years. The main 2022/23 and 2023/24 programmes are at this stage provisional and programmed based upon the more limited information available for schemes at a much earlier stage of development. This includes schemes such as Hamble Lane Improvements (£15 million) and Lynchford Road, Farnborough Phase 2 (£6.6 million) that currently do not have funding secured.
36. The three-year capital programme has a range of scheme types, including a sub-programme of schemes which are mainly concerned with walking and/or cycling improvements. The current value of this sub-programme is over £18

million, an increase of £8 million from 2020/21. It is noted however that this is the value of schemes mainly focused on walking and cycling improvements, there are many other schemes in the programme that include walking and cycling elements, which are not included in this sub-programme.

37. The programme includes an allocation of £1.5 million to the Safety Engineering Programme for each of 2021/22, 2022/23 and 2023/24. This budget provides for a combination of planned schemes and other safety measures based on a rigorous process of continuous monitoring of accident statistics, patterns, and trends.
38. Appendix 2 provides detail on the schemes to be included in this programme and presents a spend profile across years for information.

Table 6: Total Programme – Integrated Transport

	2021/22 £000	2022/23 £000	2023/24 £000	Total £000
Local Resources	0	0	414	414
DfT - LTP Grant - Transport	2,250	2,450	2,150	6,850
DfT - Pinch Point Grant	0	23,800	0	23,800
DfT - Safer Roads Grant	600	0	0	600
LGF Grant - Transport	70	0	0	70
Transforming Cities Fund Tranche 2	18,274	16,354	0	34,628
Developer Contributions	6,899	12,815	2,906	22,620
Other Local Authority	1,205	0	0	1,205
CIL	519	0	0	519
Total Programme	29,817	55,419	5,470	90,706

The County Council is developing additional schemes, which are expected to be added to 2023/24 capital programme year once further developed. This explains why the value is so much higher in years 2021/22 and 2022/23.

Waste Programme

39. The feasibility study into development of new recycling infrastructure to meet the forthcoming legislation has been completed by Veolia providing the capital costs associated with the delivery both for the Materials Recycling Facility (MRF) as well as the associated Waste Transfer Station (WTS) network. The twin stream system, which sees fibre-based materials being collected separately from containers (plastic bottles, pots, tubs and trays, glass bottles and jars, tins and cans and cartons) the later mix going to a new container MRF for processing, is broadly deliverable with the WTS network and would cost approximately £20 million to deliver. The alternative kerbside sort option would require the majority of the 11 WTSs to be replaced with new larger sites which is both unlikely to be deliverable and would cost significantly more.
40. It is expected that the collection system review work supported by WRAP will be completed by consultants in early March 2021 with the outputs from both the collections and infrastructure work being presented together at a waste summit on the preferred recycling system across Hampshire, Portsmouth and Southampton as soon as reasonably practical. Decisions to proceed by partners would need to be made in quarter 2 or 3 of 2021/22 with detailed design and planning work to follow ahead of a 12 month construction period which would be completed by the summer 2023.

Flood Risk & Coastal Defence Programme

41. Several flood risk reduction schemes have been delivered across the County despite the delays and costs associated with high ground water levels and Covid-19 lockdown restrictions during the last financial year. The estimated value of the programme is £24 million. The County Council is projected to spend just over £14 million of local resources (including structural maintenance), 60% of the total with the remaining 40% anticipated to be drawn from other sources including Flood Defence Grant in Aid (FDGiA), Regional Flood and Coastal Committee (RFCC) Local Levy, other local authorities and the private sector.
42. Up until October 2020, a further £3.4million has been invested in the programme increasing the total investment to date in flood risk reduction schemes to £12.8 million. £2.5 million of the funding secured in 2020/21 for the programme was from national FDGiA, local levy and contributions from partners. A further £3.5 million is due to be leveraged in to support the programme subject to the deliverability of the schemes. It is also projected that just over £3.8 million of HCC funds will be required to support the programme this financial year.

Table 7: Flood Risk and Coastal Defence Capital Programme

	2021/22 £000	2022/23 £000	2023/24 £000	Total £000
Local Resources – Capital Guidelines	106	106	106	318
Total	106	106	106	318

PART C – SUMMARY**Summary**

43. On the basis of the position outlined in Part B above, Table 8 summarises the proposed new capital investment submitted for consideration for the next three years. Table 9 sets out how they are to be funded in aggregate.

Table 8: Summary of Capital Programmes

	2021/22 £000	2022/23 £000	2023/24 £000	Total £000
Structural Maintenance	39,445	39,445	39,445	118,335
Integrated Transport	29,817	55,419	5,470	90,706
Flood and Coastal Defence	106	106	106	318
Total Programme	69,368	94,970	45,021	209,359

Table 9: Summary of Capital Funding

	2021/22 £000	2022/23 £000	2023/24 £000	Total £000
Local Resources	11,929	11,929	12,343	36,201
DfT LTP Grant – Maintenance	21,584	21,584	21,584	64,752
DfT Highways Maintenance Incentive Fund	4,495	4,495	4,495	13,485
DfT Pothole Fund	1,543	1,543	1,543	4,629
DfT LTP Grant – Transport	2,250	2,450	2,150	6,850
DfT Pinch Point Grant	0	23,800	0	23,800
DfT Safer Roads Grant	600	0	0	600
LGF Grant – Transport	70	0	0	70
Transforming Cities Fund Tranche 2	18,274	16,354	0	34,628
Developer Contributions	6,899	12,815	2,906	22,620
Other Local Authority	1,205	0	0	1,205
CIL	519	0	0	519
Total Programme	69,368	94,970	45,021	209,359

The balance of funding compared to Table 2 is retained as a programme contingency to enable the County Council to enter into funding agreements requiring spend within tight deadlines and leaving the risk of cost overruns with the County Council and to provide some capacity to provide match funding where this is required.

Revenue Implications

44. On the basis of the position outlined in Part B above, Table 10 summarises the Revenue Implications of the proposed capital investment.

Table 10: Revenue Implications

	2021/22 £000	2022/23 £000	2023/24 £000	Total £000
Running Costs	417	776	77	1,270
Capital Charges	3,466	4,746	2,248	10,460
Revenue Implications	3,883	5,522	2,325	11,730

Consultation and Equalities

45. This is a financial report amending or proposing budgets for programmes and individual schemes, and therefore does not require a consultation.
46. Service changes or proposals for individual schemes will undertake their own specific consideration of equalities issues. This report has no direct effect on service users, so has a neutral impact on groups with protected characteristics.

Climate Change Impact Assessments

47. The tools employed by the County Council to assess impacts on climate change adaptation and mitigation were utilised and found not to be applicable on grounds that the decision relates to a strategic programme rather than specific interventions. The tools will be applied to specific schemes and more detailed proposals in the future to assess any impacts and ensure they are reported.

REQUIRED CORPORATE AND LEGAL INFORMATION:

Links to the Strategic Plan

Hampshire maintains strong and sustainable economic growth and prosperity:	yes
People in Hampshire live safe, healthy and independent lives:	yes
People in Hampshire enjoy a rich and diverse environment:	yes
People in Hampshire enjoy being part of strong, inclusive communities:	yes

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.)

Document

Location

None

EQUALITIES IMPACT ASSESSMENT:

1. Equality Duty

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 by or under the Act with regard to the protected characteristics as set out in section 4 of the Act (age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation);
- Advance equality of opportunity between persons who share a relevant protected characteristic within section 149(7) of the Act (age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation) and those who do not share it;
- Foster good relations between persons who share a relevant protected characteristic within section 149(7) of the Act (see above) and persons who do not share it.

Due regard in this context involves having due regard in particular to:

- The need to remove or minimise disadvantages suffered by persons sharing a relevant characteristic connected to that characteristic;
- Take steps to meet the needs of persons sharing a relevant protected characteristic different from the needs of persons who do not share it;
- 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.

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 undertake their own specific consideration of equalities issues. The decisions in this report are financial, and mainly relate to in-house management of accounts, and therefore have a neutral impact on groups with protected characteristics.