



Meeting: Highways and Transport Overview and Scrutiny Committee.

Date/Time: Thursday, 26 January 2023 at 2.00 pm

Location: Sparkenhoe Committee Room, County Hall, Glenfield

Contact: Mrs A. Smith (0116 3052583)

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Membership

Mr. T. Gillard CC (Chairman)

Mr. R. G. Allen CC Mr. B. Lovegrove CC
Mr. D. C. Bill MBE CC Mr. K. Merrie MBE CC
Mrs. A. J. Hack CC Mr. L. Phillimore CC

Please note: this meeting will be filmed for live or subsequent broadcast via the Council's web site at <http://www.leicestershire.gov.uk>

AGENDA

<u>Item</u>	<u>Report by</u>
1. Minutes of the meeting held on 3 November 2022	(Pages 5 - 8)
2. Question Time.	
3. Questions asked by members under Standing Order 7(3) and 7(5).	
4. To advise of any other items which the Chairman has decided to take as urgent elsewhere on the agenda.	
5. Declarations of interest in respect of items on the agenda.	



6. Declarations of the Party Whip in accordance with Overview and Scrutiny Procedure Rule 16.
7. Presentation of Petitions under Standing Order 35.
8. Medium Term Financial Strategy 2023/24 - 2026/27 Director of Environment and Transport and Director of Corporate Resources (Pages 9 - 26)
9. Leicestershire Highway Design Guide Full Refresh - Policy, Principles and Engagement Director of Environment and Transport (Pages 27 - 60)
10. Progress Review of Flooding Scrutiny Review Panel Director of Environment and Transport (Pages 61 - 76)
11. Special Educational Needs School Transport Service - Update Director of Environment and Transport (Pages 77 - 86)
12. Date of next meeting.

The next meeting will be on 9 March 2023 at 2.00pm.
13. Any other items which the Chairman has decided to take as urgent.

QUESTIONING BY MEMBERS OF OVERVIEW AND SCRUTINY

The ability to ask good, pertinent questions lies at the heart of successful and effective scrutiny. To support members with this, a range of resources, including guides to questioning, are available via the Centre for Governance and Scrutiny website www.cfgs.org.uk. The following questions have been agreed by Scrutiny members as a good starting point for developing questions:

- Who was consulted and what were they consulted on? What is the process for and quality of the consultation?
- How have the voices of local people and frontline staff been heard?
- What does success look like?
- What is the history of the service and what will be different this time?
- What happens once the money is spent?
- If the service model is changing, has the previous service model been evaluated?
- What evaluation arrangements are in place – will there be an annual review?

Members are reminded that, to ensure questioning during meetings remains appropriately focused that:

- (a) they can use the officer contact details at the bottom of each report to ask questions of clarification or raise any related patch issues which might not be best addressed through the formal meeting;
- (b) they must speak only as a County Councillor and not on behalf of any other local authority when considering matters which also affect district or parish/town councils (see Articles 2.03(b) of the Council's Constitution).



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Minutes of a meeting of the Highways and Transport Overview and Scrutiny Committee.
held at County Hall, Glenfield on Thursday, 3 November 2022.

PRESENT

Mr. T. Gillard CC (in the Chair)

Mr. R. G. Allen CC
Mr. D. C. Bill MBE CC
Mrs. A. J. Hack CC

Mr. B. Lovegrove CC
Mr. K. Merrie MBE CC
Mr. L. Phillimore CC

In attendance

Mr. O. O'Shea CC – Cabinet Lead Member for Highways and Transport
Mrs. M. Wright CC – Cabinet Support Member

23. Minutes of the previous meeting.

The minutes of the meeting held on 1 September 2022 were taken as read, confirmed and signed.

24. Question Time.

The Chief Executive reported that no questions had been received under Standing Order 35.

25. Questions asked by members.

The Chief Executive reported that no questions had been received under Standing Order 7(3) and 7(5).

26. Urgent items.

There were no urgent items for consideration.

27. Declarations of interest.

The Chairman invited members who wished to do so to declare any interest in respect of items on the agenda for the meeting.

Mr. B. Lovegrove CC declared a Disclosable Pecuniary Interest in agenda item 8: North and East Melton Mowbray Distributor Road – Update due to some land he owned in the area and stated that he would leave the room for that agenda item.

28. Declarations of the Party Whip.

There were no declarations of the party whip in accordance with Overview and Scrutiny Procedure Rule 16.

29. Presentation of Petitions.

The Chief Executive reported that no petitions had been received under Standing Order 35.

30. North and East Melton Mowbray Distributor Road - Update.

(Mr. B. Lovegrove CC, having declared a disclosable pecuniary interest, left the meeting for consideration of this item.)

The Committee considered a report of the Director of Environment and Transport regarding the progress of the North and East Melton Mowbray Distributor Road (NE MMDR) scheme, including cost implications, which provided an opportunity for comment, prior to the Cabinet making a decision on 16 December 2022 on whether to progress to delivery of the scheme. A copy of the report, marked 'Agenda Item 8', is filed with these minutes.

In presenting the report the Director of Environment and Transport set out three options for the next steps of the scheme and explained the benefits and risks/disbenefits of each. Those options were:

- Option 1 – Proceed to Delivery of the Scheme;
- Option 2 – Do not proceed to delivery;
- Option 3 – Pause the scheme.

The Director of Corporate Resources explained that neither of the options were affordable and costs had increased significantly. As the additional costs were not currently allocated in the Medium Term Financial Strategy (MTFS), committing this funding would add to the existing borrowing requirement. Additional savings could also have to be made elsewhere within the Council to cover the additional money spent on the NE MMDR. However, pausing the scheme could result in more expenditure for the Council than if the scheme was proceeded with straight away.

Arising from discussions the following points were noted:

- (i) Members urged the Director of Environment and Transport to maintain dialogue with the Department for Transport regarding any additional funding that might be available for the scheme.
- (ii) In response to a question from a member it was explained that the expected inflationary rates had been included in the figures presented in the report and the Council had allocated some money to cover those additional costs. The contract with the main contractor Galliford Try stipulated that both parties would be rewarded or penalised if costs changed.
- (iii) HM Treasury had suggested allowing for a +/- 10% change in costs, meaning that the scheme could outturn at £127.7m. Members sought reassurances that costs plus 10% would be enough and there would not be an even bigger increase in cost in a year's time.
- (iv) If a decision was made to proceed with the scheme the Council would need to borrow to cover the additional costs of the scheme. Consideration would have to be given to the timing of when any external borrowing was taken out and although interest rates were likely to carry on rising it was expected that they would peak in

2023. The Council would use the Grant money first for the scheme and then take out any loan further down the line. The numbers presented assumed that the loan would be over 40 years, but the actual duration would be decided at the time. It was assumed to be a maturity type loan which would mean the whole amount would be payable by a certain date at the end.

- (v) Homes that were to be built in connection with the NEMMDR would result in additional Council Tax being received by the Council however there was usually a shortfall in Council Tax and as the population of the area rose demand for services would go up in the Melton area. Government funding such as the Public Health Grant did not take into account current population levels.
- (vi) Members agreed that neither option for the scheme was ideal however members emphasised the positive aspects of proceeding with delivery of the scheme. For example, the road would ease traffic congestion in Melton Mowbray town centre. The scheme was also a critical part of Melton Borough's Local Plan and would directly support 4500 new homes. Members thought that to not proceed with the scheme now would be a waste of the time and resources that had already been put into the scheme.

RESOLVED:

- (a) That the progress of the North and East Melton Mowbray Distributor Road scheme including cost implications and the options for the next steps of the scheme including the risks of each option be noted;
- (b) That Option 1 – Proceed to delivery of the scheme, be supported;
- (c) That the comments now made be forwarded for consideration by Cabinet at its meeting on 16 December 2022.

(Note: Mr. B. Lovegrove CC then returned to the meeting.)

31. Highways and Transport Annual Performance Report 2021/22.

The Committee considered a report of the Director of Environment and Transport which provided an update on the key performance indicators that the Council was responsible for delivering against the Council's Strategic Plan. A copy of the report, marked 'Agenda Item 9', is filed with these minutes.

Arising from discussions the following points were noted:

- (i) Overall satisfaction with the condition of the highways had reduced. A contributory factor to this could be because of people's lifestyle changes caused by the Covid-19 pandemic in that as they were walking and cycling more and travelling at different times of the day than they used to they were noticing highways issues that they did not notice previously. It was known that although during the Covid-19 pandemic there were less cars on the road, the number of accidents increased because vehicles were travelling at higher speeds. Comparison with the satisfaction data other authorities had took place so that the relative position of Leicestershire could be assessed regardless of the impact of the Covid-19 pandemic.

- (ii) Average vehicle speeds were used as a proxy measure for peak time congestion. Since the Covid-19 pandemic the peak period now lasted for longer and therefore whilst the peaks were not higher, overall traffic levels were still high.
- (iii) It was a challenge to get footpath and cycling data for Leicestershire. Consideration was being given to whether the Council could get data from mobile phone applications that the public used.
- (iv) In response to a request from a member for data regarding E-scooters in Leicestershire it was noted that it was not legal to use E-scooters on public highways in the County and the only available data would be held by Leicestershire Police in relation to accidents.
- (v) In response to a query about restrictions on turning right in the Hinckley area it was agreed that this issue would be dealt with outside of the meeting.

RESOLVED:

That the Annual Performance update on the key performance indicators that the Council is responsible for delivering be noted.

32. Date of next meeting.

RESOLVED:

That the next meeting of the Committee take place on 26 January 2023 at 2.00pm.

2.00 - 3.25 pm
03 November 2022

CHAIRMAN



**HIGHWAYS AND TRANSPORT OVERVIEW AND SCRUTINY COMMISSION -
26 JANUARY 2022**

MEDIUM TERM FINANCIAL STRATEGY 2023/24 – 2026/27

**JOINT REPORT OF THE DIRECTOR OF ENVIRONMENT AND TRANSPORT
AND THE DIRECTOR OF CORPORATE RESOURCES**

Purpose of Report

1. The purpose of this report is to:
 - a) Provide information on the proposed 2023/24 to 2026/27 Medium Term Financial Strategy (MTFS) as it relates to the Highways and Transport services of the Environment and Transport Department; and,
 - b) Ask the Highways and Transport Overview Scrutiny Committee to consider any issues as part of the consultation process and make any recommendations to the Scrutiny Commission and the Cabinet accordingly.

Policy Framework and Previous Decisions

2. The County Council agreed the current MTFS in February 2022. This has been the subject of a comprehensive review and revision in light of the current economic circumstances. The draft MTFS for 2023/24 – 2026/27 was considered by the Cabinet on 16 December 2022.

Background

3. The MTFS is set out in the report to the Cabinet on 16 December 2022, a copy of which has been circulated to all members of the County Council. This report highlights the implications for the Highways and Transport Services.
4. Reports such as this are being presented to the relevant Overview and Scrutiny Committees. The views of this Committee will be reported to the Scrutiny Commission on 30 January 2023. The Cabinet will consider the results of the scrutiny process on 10 February 2023 before recommending an MTFS, including a budget and capital programme for 2023/24, to the County Council on 22 February 2023.

Proposed Revenue Budget

5. Table 1 below summarises the proposed 2023/24 revenue budget and provisional budgets for the next three years thereafter for the Council's Highways and Transport Service. The proposed 2023/24 revenue budget is shown in detail in Appendix A.

	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000
Original prior year budget	51,436	60,089	60,209	61,504
Budget transfers and adjustments	6,948	0	0	0
Add proposed growth (Appendix B – Growth and Savings 2023/24 – 2026/27)	1,310	1,840	1,745	2,110
Less proposed savings (B)	395	-1,720	-450	0
Proposed/Provisional budget	60,089	60,209	61,504	63,614

Table 1 – Revenue Budget 2023/24 to 2026/27

6. Detailed service budgets have been compiled on the basis of no pay or price inflation. A central contingency will be held which will be allocated to services as necessary.
7. The central contingency also includes provision for an increase of 1% each year in the employers' pension contribution rate, in line with the requirements of the actuarial assessment.
8. The total proposed expenditure budget for Highways and Transport services in 2023/24 is £74.61m with contributions from grants, service user income, recharges to the capital programme and various other income totalling £14.52m. The proposed net budget for 2023/24 of £60.09m is distributed as shown in Table 2 below:

	£000
Development & Growth	1,423
H&T Commissioning	2,423
H&T Network Management	3,096
H&T Operations Delivery	9,056
H&T Operations Resourcing	37,378
H&T Operations Services	6,713
Total	60,089

Table 2 - Net Budget 2023/24

Budget Transfers and Adjustments

9. A number of budget transfers (totalling a net increase of £7.02m) were made during the 2022/23 financial year. These transfers include:
 - £4.20m for running cost/contract inflation for highways maintenance, street lighting and transport budgets from the central inflation contingency.
 - £2.82m to cover additional costs associated with the pay award net of removal of the social care levy.
10. Adjustments were made across the Environment and Transport Department to manage the budget within the overall funding envelope. This has resulted in an overall decrease of £0.08m for Highways and Transport services.

11. Growth and savings have been categorised in the appendices under the following classification:

* item unchanged from previous MTFS
 ** item included in the previous MTFS, but amendments have been made
 No stars - new item

12. This star rating is included in the descriptions set out for growth and savings below.
13. Savings have also been classified as 'Eff' or 'SR' dependent on whether the saving is seen as efficiency, service reduction, or a mixture of both. 'Inc' denotes those savings that are funding related and/or generate more income.

GROWTH

14. The overall growth picture for Highways and Transport services is presented below.

References		<u>GROWTH</u>	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000
		Demand & cost increases				
**	G9	Special Educational Needs transport - increased client numbers/costs	1,310	3,150	4,960	7,070
*	G13	HGV Driver Market Premium (temporary growth removed)	0	0	-65	-65
		TOTAL	1,310	3,150	4,895	7,005
<u>References used in the tables</u>						
* items unchanged from previous Medium Term Financial Strategy						
** items included in the previous Medium Term Financial Strategy which have been amended						

15. For 2023/24 growth represents an increase of £1.31m (or 2.5%) compared to the original prior year budget. SEN transport is the main driver of growth, rising to £7.07m by 2026/27. More detail is provided in the following section.

Demand and Cost Increases

G9(**) SEN Transport – Increased client numbers/costs: £1.31m in 2023/24 rising to £7.07m by 2026/27

The cost of Special Educational Needs (SEN) transport continues to increase significantly. The number of pupils requiring transport is projected to increase by 6% in 2023/24, followed by increases of 8% in 2024/25 and 7% in 2025/26 and 2026/27 in line with the anticipated growth of pupils with an Education, Health and Care Plan (as projected by Children and Family Service Department). In addition, the daily cost of transport is rising at a rate of 2% annually due to the need to provide transport for those with more complex needs as identified by risk assessments. Growth figures are based on projected increases in service user numbers and complexity of needs only.

The budget overspend of £990,000 currently forecast in 2022/23 is linked to other issues (primarily market conditions and inflation). Since the beginning of the 2022/23 academic year, 98 SEN taxi contracts have been handed back by providers on the basis they are unable to deliver for the contracted cost. This is contributing to a substantial rise in costs when the contracts are retendered. Any impact arising from the development of additional local SEN provision is unable to be quantified at this point and will be closely monitored particularly if children move from residential provision requiring weekly transport to local provision requiring daily transport. Work

continues to be undertaken in collaboration with Children and Family Services Department to review future growth projections.

G13 HGV Driver Market Premium – Temporary growth removed: £0.07m in 2025/26

Time limited funding to cover costs associated with awarding Market Premia to specialist HGV driver roles with longer-term implications to be reassessed as part of future MTFS.

SAVINGS

16. The overall savings picture for Highways and Transport services is presented below.

References			SAVINGS	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000
			<u>Highways & Transport</u>				
*	ET1	Eff/Inc	Street Lighting - design services to developers and installation of street lighting on their behalf	-25	-35	-35	-35
**	ET2	Eff/Inc	E&T Continuous Improvement Programme - review of processes and potential income across a range of services	180	180	180	180
**	ET3	Eff	SEN Transport Lean Review	710	0	-350	-350
*	ET4	Eff	Passenger Transport Service - develop digital offer	0	-150	-150	-150
	ET5	Eff	Street Lighting - dimming to lower lighting levels	-45	-45	-45	-45
	ET6	SR	Review application of subsidised bus policy, post Covid	0	-200	-200	-200
	ET7	SR	Review approach to Park and Ride	-100	-400	-500	-500
	ET8	Eff	Review level of resource supporting HS2	-120	-120	-120	-120
	ET9	SR	Stop expansion of community speed cameras	-55	-55	-55	-55
	ET10	Eff/SR	Street Lighting - review energy reduction options, including reduced operation times and brightness	-150	-500	-500	-500
			Total	395	-1,325	-1,775	-1,775
References used in the following tables							
* items unchanged from previous Medium Term Financial Strategy							
** items included in the previous Medium Term Financial Strategy which have been amended							
Eff - Efficiency saving							

17. Highways and Transport services are expecting to deliver £0.50m savings in 2023/24, however, this is offset by a reinstatement of budget totalling £0.89m for savings that were either not deliverable in full or unable to be progressed in 2022/23. Savings of £1.33m are expected from 2024/25 and are projected to rise to £1.78m by 2025/26 subject to the delivery of a number of reviews and initiatives.

*ET1 (Eff/Inc) Street Lighting – Design services to developers and installation of street lighting on their behalf: -£0.03m in 2023/24 rising to -£0.04m by 2024/25

Increase income generation by taking an active approach to the sale of design services to developers and the installation of street lighting on their behalf. Quotes for the provision of design services will be offered as part of the existing s278 process when designs and/or design checks are complete.

**ET2 (Eff/Inc) E&T Continuous Improvement Programme – Review of processes and potential income across a range of services: £0.18m reimbursement of budget in 2023/24

As a result of further investigation and/or implementation, it has been identified that several smaller-scale savings opportunities captured under the remit of a continuous improvement programme were either not deliverable in full or unable to be progressed further. The figures above relate to the reinstatement of the budget previously

removed as part of the 2022-26 MTFS for Highways recharges; Highways Driven inspections; and Business Management digital payments. The overall impact has been offset by additional smaller scale savings delivered in-year.

**ET3 (Eff) SEN Transport Lean Review: £0.71m temporary reimbursement of budget in 2023/24. Saving of £0.71m expected in 2024/25 rising to -£1.06m by 2025/26

Work completed by Newton Europe has identified a potential £1.06m savings deliverable through the application of a standard “should cost” approach to contracting. The “should cost” calculator determines an estimated cost per mile based on an individuals need after having factored in direct and indirect costs for each journey, as well as the erosion of initial efficiencies generated through contract re-negotiations at the start of the academic year as a result of changes in pupil circumstances. This saving has been deferred by 2-years to allow the transport market to recover post-Covid-19 pandemic.

*ET4 (Eff) Passenger Transport Service – Develop digital offer: -£0.15m in 2024/25

Review of internal processes with a view to reducing manual input, duplication of effort and maximising developments in technology including robotics.

ET5 (Eff) Street Lighting – dimming to lower lighting levels: -£0.05m in 2023/24

Bring all part night lighting onto the same dimming profile, impacting 38,870 assets. This change has already been implemented and will result in energy and cost saving from reduced electricity consumption between the hours of 10pm and 12pm. This saving will also contribute to reduction in carbon emissions.

ET6 (SR) Review application of subsidised bus policy, post-Covid-19: -£0.20m in 2024/25

Reduction in the level of subsidised bus services. Options under consideration range from restricting subsidised services to those that provide ‘lifeline services’, with or without a review of community transport provision and Demand Responsive Transport.

ET7 (SR) Review approach to Park and Ride: -£0.10m in 2023/24 rising to -£0.40m in 2024/25 and -£0.50m in 2025/26

Reduced subsidy through review of the frequency of direct bus services from car parks at Enderby, Birstall and Meynells Gorse to Leicester City Centre. Options under consideration range from ceasing service provision entirely to reducing the number of park and ride sites with price fare initiatives, including removing concessions and introducing bus priority schemes.

ET8 (Eff) Review level of resource supporting HS2: -£0.12m in 2023/24

Reduce resourcing for HS2 activity/team.

ET9 (SR) Stop expansion of community speed cameras: -£0.06m in 2023/24

Discontinue expansion of installation of Average Speed Cameras (ASC) from 7 to 14 sites.

ET10 (Eff/SR) Street Lighting – review energy reduction options, including reduced operation times and brightness: -£0.15m in 2023/24 rising to -£0.50m in 2024/25

Review of various options including reducing hours of street lighting operation / part night lighting, lowering brightness and restricting street lighting operations from October to March.

Savings under Development

18. There are a number of savings which are not yet currently developed enough to be able to quantify and build into the detailed savings schedules.
19. SEN Transport Lean Review – Fleet Transport: This involves looking at the scope for service users to be transferred from high-cost taxi contracts onto the Council's own fleet. Also introducing a comprehensive marketing / communications approach to voluntary passenger transport budgets to increase take-up further.
20. Developer Shop: Create a One Stop Shop for developers. Work proposed to investigate a commercial model for engaging with developers across the Department, creating a one stop shop to maximise the income potential. Currently there are a number of approaches and/or touch points with developers in different teams. There are examples of other authorities that have a single approach to developer engagement that delivers and maximises income from the various activities included.
21. Fees and Charges: A review is being conducted of all fees and charges across 50 services (such as disabled bays, H-bars, road works permitting and penalties and other licences the Council charges for) to ensure that fees and charges are reflective of the full costs incurred by the Authority.
22. Lane Rental: Lane Rental is a concept where a local authority can charge commercial firms for works on 'major' parts of the highways network. The aim of Lane Rental is to minimise the amount of time part of the major network is unavailable and ensure that the network is available as soon as possible. The experience of other local authorities suggests that this scheme could generate income although it needs to be considered in the context of the permitting charging currently in place.
23. New Vehicle Hire Contract (HGV's): Secure increased cost-effectiveness by implementing one single hire contract across the fleet to deliver economies of scale and better value for money.
24. Other options being explored

a) Generating further income: The scope for generating further income on a range of activities such as:

- Travel planning,
- Sign shop,
- Driver Education Workshop income from young driver market,
- Selling design services to neighbouring authorities,
- Traffic counts,

- Street lighting design,
- Traded income from electronic vehicle workshop.

b) Improve Commissioning: The potential for savings arising from outsourcing vehicle access construction.

c) Passenger Transport: A range of measures around passenger transport including:

- Cheaper provision for high-cost taxis,
- Increase Personal Transport Budgets,
- Improved efficiency in Home to School transport,
- Removal of manual processes within passenger fleet,
- New commissioning and procurement opportunities,
- Route optimisation to reduce number of single taxi journeys,
- Enhanced fleet / alternative fleet opportunities,
- In-year review of contracts (including Social Care contracts),
- Improved and consistent decision making (including a review of policy and application of policy through eligibility and risk assessment processes),
- Systems improvements (including system replacement, reporting and automation).

d) Highways Efficiencies: The scope to generate efficiencies from the overall strategy for vehicle usage through making better use of improved workshop data.

Other Factors influencing MTFS delivery

25. Services continue to face significant challenges in recruiting and retaining sufficiently skilled and qualified staff. Competition with major national projects such as HS2 and National Highways, as well as the private sector, mean that it is difficult to retain and recruit internal Council staff and also to secure external consultants and contractors. To meet needs, the Department currently relies heavily on buying in support at augmented prices. This practice is likely to grow as emphasis is placed on delivering initiatives and recruitment remains extremely challenging.
26. Ongoing uncertainty over the future viability of the public transport market remains with patronage failing to recover to the pre-Covid-19 pandemic levels resulting in lower fare revenues for bus operators. Inflationary pressures and a shortage of drivers have also had a huge impact on the local transport market. This has led to changes/ending of some commercial bus services and shrinkage of the bus/taxi operator market resulting in higher costs. Consequently, a significant level of transport reviews of supported services, mainstream school transport, social care and SEN transport service are required to bring expenditure in line with available budgets. Whilst contracts continue to be handed back there is a risk that current staffing resource will be insufficient to carry out this work.

27. The Department for Transport (DfT) have confirmed that with effect from April 2024 the Highways Maintenance block funding will be top sliced to incorporate incentivisation as part of the funding allocation. Metrics will include Local Transport Plan (LTP) development, Electric Vehicle (EV) charging levels, and bus and active travel infrastructure. Current self-assessments provide a strong indication that the Authority is unlikely to be able to access any of the incentivised funding without significant additional investment. As a result, existing maintenance works will need to be scaled back to match funding allocation.
28. The single year spending review continues to provide added uncertainty concerning longer-term investments including future years' capital programme allocations from the DfT, which in turn could have a knock-on impact on the fees recovered from a revenue perspective.

Other Funding Sources

29. For 2023/24, a number of additional funding sources are expected and allowed for within the budget outlined in Appendix A. These funding sources include external grants and other contributions from external agencies towards the cost of schemes delivered by the Department. The key ones include:
 - Section 38, 184 and 278 agreements – £3.37m income from developers relating to fees for staff time, mostly around design checks for these agreements;
 - Capital fee income - £7.74m for staff time charged in delivering the capital programme. Should elements of the capital programme not be delivered as planned this could have an impact on the amount of staff time recovered. However, the use of agency and temporary staff resource does give some scope for varying staff levels in order to minimise the risk of this resulting in overspending in staffing cost centres;
 - Fees and charges/external works charges to other bodies (works for other authorities, enforcement of road space booking, permit scheme and network management and fleet services) - £4.82m;
 - Driver Education workshop - £2.24m of fee income collected for the Road Safety Partnership from drivers taking speed awareness and similar courses. This income is returned to the partnership net of the cost of operating the courses;
 - Joint arrangement income - £0.41m from Leicester City Council primarily to cover the costs of the City Council's share of the Park and Ride scheme that is jointly operated with the County Council.
 - Civil parking enforcement income - £1.10m which covers penalty charge notices (PCNs) for on-street parking, income from the district authorities to cover the cost of processing off-street PCNs on their behalf and parking permit income;
 - Vehicle workshop internal recharge - £1.57m, to ensure vehicle use is recharged back to the capital programme where appropriate;
 - Other specific grants (such as Bus Service Operators Grant, Extended Rights to Free Home to School Travel and Rural Mobility Fund) - £2.46m;

- Leicester, Leicestershire, Rutland Road Safety Partnership - £0.28m returns and a drawdown from reserve to fund safety schemes; and,
- Leicester and Leicestershire integrated transport model - £2.71m funding provided for the transport model development work.

Capital Programme

30. The draft capital programme is summarised in Table 3 and the detailed programme is set out in Appendix C. The capital programme is funded by a combination of the LTP grant, discretionary funding and other external and internal sources.

	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	Total £000
Major Schemes	71,583	78,600	27,892	5,603	183,678
Transport Asset Management	21,481	15,659	13,505	16,989	67,634
Total	93,064	94,259	41,397	22,592	251,312

Table 3 – Summary Draft Capital Programme 2023/24 to 2026/27

31. The programme includes £183.67m to deliver major infrastructure schemes including;

- Melton Mowbray Distributor Road: £100.17m for the North and East sections (total scheme costs £116.11m), and £33.91m for the Southern section (total scheme costs £37.50m);
- Zouch Bridge: £10.36m towards the cost of bridge replacement;
- County Council Vehicle Replacement programme: £13.16m;
- Advanced design programmes: £12.20m.

	2023/24	2024/25	2025/26	2026/27	Total
	£000	£000	£000	£000	£000
Grant - Local Transport Plan (LTP) - <i>Integrated transport element</i>	2,750	2,750	2,750	2,750	11,000
Grant – Local Transport Plan (LTP) - Total needs/formula allocation	7,891	7,891	7,891	7,891	31,564
Grant – Local Transport Plan (LTP) - Total <i>Incentive funding</i>	1,973	1,973	1,973	1,973	7,892
TIIF - Grants - DfT Pothole Funding	7,891	7,891	7,891	7,891	31,564
Grants - Housing infrastructure fund (HIF)	4,213	12,442	0	0	16,655
Grants - Melton Mowbray Distributor Road DfT Funding	43,919	5,553	0	0	49,472
Grants - Melton Mowbray Distributor Road LLEP Funding	4,000	0	0	0	4,000
S106 Contributions	451	2,530	0	0	2,981

Revenue and Earmarked Funds	1,350	600	100	100	2,150
Revenue Contribution to capital	1,392	0	0	0	1,392
Capital Substitution	0	-1,144	-1,144	-1,144	-3,432
Environment agency Grant	701	0	0	0	701
Corporate Funding (capital receipts and revenue)	16,533	53,773	21,936	3,131	95,371
Total Highways & Transportation	93,064	94,259	41,397	22,592	251,312

Table 4 – Highways and Transportation Capital Funding

32. At the time of writing, the Government has yet to confirm the LTP allocation for 2023/24 and the pothole funding for any future years so the above figures are still provisional. The LTP funding from DfT comprises two elements:
- a) Integrated Transport Schemes – funding of £2.75m has been assumed each year from 2022/23 to 2025/26. This funding will be used as match funding for grant bids into external funding streams. This resource will also be used to fund advanced design and feasibility studies to ensure outline business cases are available to support any such bids;
 - b) Maintenance — LTP Maintenance funding of £7.89m is assumed each year for the basic needs-based allocation.
33. It has been assumed that the Governmental incentive level funding for capital maintenance activity on highways assets is to remain at the 2022/23 grant allocation rate. The incentive level funding is dependent on the County Council being able to demonstrate Level 3 in its Asset Management assessment.
34. Funding for improvement schemes is limited to that which can be secured from the various Government funding streams available for infrastructure. Some provision (around £12.20m over the MTFS) exists for advance design/match funding. However, increased levels of capital funding are being channelled through bidding processes. This has an impact in two ways. Significant amounts of staff time are required in submitting bids (including options modelling, developing business cases, liaising with the Government, Midlands Connect and/or Leicester and Leicestershire Enterprise Partnership) which may be wasted if bids are unsuccessful. The costs of compiling and submitting a bid are significant and may not result in funding being awarded.
35. Schemes for which external funding has already been secured include:
- Hinckley Junctions (National Productivity Infrastructure Fund);
 - Melton Mowbray North East Distributor Road (Local Majors Fund); and
 - Melton Mowbray Southern Distributor Road (Housing Infrastructure Fund).
36. The largest risk to the capital programme is rising inflationary costs. This risk is putting pressure on the affordability of completing major works and delivering within budget.

37. There is continued risk stemming from labour shortages slowing progress and whilst this can be addressed through outsourcing, it is more costly. Government funding often dictates delivery within a prescribed time-frame. This can be difficult to achieve, causing knock-on pressures across other schemes in sourcing resources for scheme design, programme planning and delivery as resources cannot always be secured externally.
38. Often this can be compounded by other pressures. Adverse weather conditions can play a part, especially for certain maintenance activities (such as surface dressing and flood alleviation works). Also, for some of the larger schemes, legal issues may need resolving around for example, compulsory purchase orders.

Capital Programme – Future Developments

39. Where capital projects are not yet fully developed, or plans agreed these have been included under the heading of 'Future Developments' under the Department's programme in Appendix C. It is intended that as these schemes are developed, and where there is a financial justification, or an investment required to maintain delivery of the service, they are added into the capital programme. These include:
 - Additional bid development/match funding,
 - Green vehicle fleet.

Background Papers

Report to Cabinet 16 December 2022 – Medium Term Financial Strategy 2023/24 to 2026/27. <https://politics.leics.gov.uk/ieListDocuments.aspx?CId=135&MId=6746&Ver=4>

Circulation under Local Issues Alert Procedure

None.

Equality and Human Rights implications

40. Public authorities are required by law to have due regard to the need to:
 - Eliminate unlawful discrimination, harassment and victimisation;
 - Advance equality of opportunity between people who share protected characteristics and those who do not; and,
 - Foster good relations between people who share protected characteristics and those who do not.
41. Many aspects of the County Council's MTFS may affect service users who have a protected characteristic under equalities legislation. An assessment of the impact of the proposals on the protected groups must be undertaken at a formative stage prior to any final decisions being made. Such assessments will be undertaken in light of the potential impact of proposals and the timing of any proposed changes. Those assessments will be revised as the proposals are developed to ensure decision makers

have information to understand the effect of any service change, policy or practice on people who have a protected characteristic.

42. Proposals in relation to savings arising out of a reduction in posts will be subject to the County Council Organisational Change policy which requires an Equality Impact Assessment to be undertaken as part of the action plan.

List of Appendices

Appendix A – Revenue Budget 2023/24

Appendix B – Growth and Savings 2023/24 – 2026/27

Appendix C – Capital Programme 2023/24 – 2026/27

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HIGHWAYS & TRANSPORT**REVENUE BUDGET 2023/24**

Net Budget 2022/23 £		*	Employees £	Running Expenses £	Internal Income £	Gross Budget	External Income £	Net Total £
HIGHWAYS & TRANSPORT								
Development & Growth								
1,163,946	Development & Growth Management AD	S/D	1,463,000	302,939	-399,815	1,366,124	-222,888	1,143,236
292,782	HS2	S/D	255,114	32,886	0	288,000	-8,000	280,000
1,456,728			1,718,115	335,825	-399,815	1,654,125	-230,888	1,423,237
H & T Commissioning								
2,282,018	H & T Staffing & Admin	S/D	5,212,904	3,621,909	-5,131,621	3,703,192	-1,280,312	2,422,880
H & T Network Management								
1,566,319	Traffic controls	S	0	1,596,319	0	1,596,319	-25,000	1,571,319
548,611	Road Safety	S	550,001	634,765	-411,083	773,683	-200,265	573,418
0	Speed Awareness	S	239,125	1,801,769	0	2,040,894	-2,040,894	0
252,016	Sustainable Travel	D	292,561	414,970	-500,065	207,466	0	207,466
1,222,456	H & T Network Staffing & Admin	S/D	4,693,305	68,262	-892,745	3,868,822	-3,124,926	743,896
0	Civil Parking Enforcement	S	0	1,202,734	0	1,202,734	-1,202,734	0
3,589,402			5,774,991	5,718,819	-1,803,893	9,689,917	-6,593,819	3,096,098
Highways and Transport Operations								
Highways & Transport Operations Delivery								
1,660,478	Staffing & Admin Delivery	S/D	2,020,308	140,341	-527,657	1,632,992	0	1,632,992
2,110,752	Winter Maintenance	S	957,828	1,152,906	0	2,110,734	0	2,110,734
201,033	Passenger Fleet	S/D	4,495,425	1,610,669	-5,793,303	312,791	-111,758	201,033
3,037,241	SEN Fleet	S	0	3,044,402	0	3,044,402	0	3,044,402
2,061,248	Social Care Fleet	D	0	2,202,118	0	2,202,118	-136,000	2,066,118
9,070,753			7,473,562	8,150,436	-6,320,960	9,303,037	-247,758	9,055,279
Highways & Transport Operations Resourcing								
4,688,296	Environmental Maintenance	S	1,626,971	3,209,036	0	4,836,007	-72,000	4,764,007
2,066,416	Reactive Maintenance	S	672,287	1,746,254	-297,203	2,121,338	0	2,121,338
4,256,963	Staffing & Admin Resourcing	S	4,860,158	254,341	-586,000	4,528,499	-106,500	4,421,999
15,384,248	SEN External	S	50,000	17,891,260	0	17,941,260	-131,700	17,809,560
3,409,650	Mainstream School Transport	S	0	4,700,976	0	4,700,976	-1,156,700	3,544,276
2,337,906	Social Care External	S/D	0	2,432,243	0	2,432,243	-52,800	2,379,443
0	Joint Arrangements	D	0	430,567	-67,232	363,335	-363,335	0
2,295,831	Public Bus Services	S/D	0	3,832,149	-398,148	3,434,001	-1,038,170	2,395,831
-56,337	Fleet Services	D	729,671	835,816	-1,581,423	-15,936	-42,400	-58,336
34,382,973			7,939,087	35,332,642	-2,930,006	40,341,723	-2,963,605	37,378,118
Highways & Transport Operations Services								
3,797,882	Street Lighting Maintenance	S/D	455,305	3,307,717	0	3,763,022	-88,340	3,674,682
72,650	Blue badge	S	0	220,000	0	220,000	-141,410	78,590
428,041	H & T Operations Management	S/D	452,967	4,518	-108,460	349,025	0	349,025
-1,561,902	Staffing, Admin & Depot Overheads	S/D	7,330,172	3,385,237	-9,261,595	1,453,814	-2,950,970	-1,497,156
27,500	Cyclic Maintenance	S/D	9,921	17,579	0	27,500	0	27,500
4,914,000	Concessionary Travel	S	0	4,107,350	0	4,107,350	-26,850	4,080,500
7,678,172			8,248,366	11,042,401	-9,370,055	9,920,711	-3,207,570	6,713,141
58,460,045	TOTAL		36,367,025	64,202,031	-25,956,350	74,612,706	-14,523,952	60,088,754

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HIGHWAYS & TRANSPORT GROWTH & SAVINGS

References				2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000
<u>GROWTH</u>							
Demand & cost increases							
**	G9	Special Educational Needs transport - increased client numbers/costs		1,310	3,150	4,960	7,070
*	G13	HGV Driver Market Premium (temporary growth removed)		0	0	-65	-65
TOTAL				1,310	3,150	4,895	7,005
<u>SAVINGS</u>							
*	ET1	Eff/Inc	Street Lighting - design services to developers and installation of street lighting on their behalf	-25	-35	-35	-35
**	ET2	Eff/Inc	E&T Continuous Improvement Programme - review of processes and potential income across a range of services	180	180	180	180
**	ET3	Eff	SEN Transport Lean Review	710	0	-350	-350
*	ET4	Eff	Passenger Transport Service - develop digital offer	0	-150	-150	-150
	ET5	Eff	Street Lighting - dimming to lower lighting levels	-45	-45	-45	-45
	ET6	SR	Review application of subsidised bus policy, post Covid	0	-200	-200	-200
	ET7	SR	Review approach to Park and Ride	-100	-400	-500	-500
	ET8	Eff	Review level of resource supporting HS2	-120	-120	-120	-120
	ET9	SR	Stop expansion of community speed cameras	-55	-55	-55	-55
	ET10	Eff/SR	Street Lighting - review energy reduction options, including reduced operation timed and brightness	-150	-500	-500	-500
TOTAL				395	-1,325	-1,775	-1,775

References used in the tables

* items unchanged from previous Medium Term Financial Strategy

** items included in the previous Medium Term Financial Strategy which have been amended

Eff - Efficiency saving

SR - Service reduction

Inc - Income

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APPENDIX C

HIGHWAYS & TRANSPORT - CAPITAL PROGRAMME 2023-27

Estimated Completion Date	Gross Cost of Project £000		2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	Total £000
		<u>Major Schemes</u>					
Mar-25	116,110	Melton Distributor Road - North and East Sections (Subject to Cabinet Approval)	49,417	41,427	9,322	0	100,166
Mar-26	37,500	Melton Distributor Road - Southern Section	5,803	23,446	4,663	0	33,912
Mar-24	12,430	Zouch Bridge Replacement - Construction and Enabling Works	5,427	4,933	0	0	10,360
Mar-26	13,164	County Council Vehicle Replacement Programme	3,501	3,196	3,357	3,110	13,164
Mar-26	12,203	Advance Design / Match Funding	3,108	3,021	3,582	2,493	12,204
Mar-24	5,430	A511/A50 Major Road Network - Advanced design	2,429	0	0	0	2,429
Mar-25	9,960	Melton Depot - Replacement	648	2,127	6,968	0	9,743
Mar-24	2,230	Leicester and Leicestershie Integrated Transport Model - Refresh	1,250	450	0	0	1,700
			71,583	78,600	27,892	5,603	183,678
		<u>Transport Asset Management</u>					
Mar-27	44,269	Capital Schemes and Design	0	14,531	13,127	16,611	44,269
Mar-24	2,656	Bridges	2,656	0	0	0	2,656
Mar-24	1,084	Flood Alleviation- Environmental works	1,084	0	0	0	1,084
Mar-24	305	Street Lighting	305	0	0	0	305
Mar-24	1,456	Traffic Signal Renewal	1,456	0	0	0	1,456
Mar-24	438	Preventative Maintenance - (Surface Dressing)	438	0	0	0	438
Mar-24	4,075	Restorative (Patching)	4,075	0	0	0	4,075
Mar-24	9,066	Public rights of way maintenance	9,066	0	0	0	9,066
Mar-24	21.071	Network Performance & Realibility	21	0	0	0	21
Mar-24	159	Plant renewals	75	28	28	28	159
Mar-27	450	Property Flood Risk Alleviation	100	150	100	100	450
Mar-24	701	Hinckley Hub (Hawley Road) - National Productivity Investment Fund	701	0	0	0	701
Mar-25	5,830	Safety Schemes	351	300	0	0	651
Mar-27	1,866	Highways Depot Improvements - subject to business case	516	250	250	250	1,266
Mar-25	770	Externally Funded Schemes	370	400	0	0	770
Mar-24	267		267	0	0	0	267
			21,481	15,659	13,505	16,989	67,634
		TOTAL	93,064	94,259	41,397	22,592	251,312
		<u>Future Developments - subject to further detail and approved business cases</u>					
		Additional bid development/match funding					
		Green vehicle fleet					

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**HIGHWAYS AND TRANSPORT OVERVIEW AND SCRUTINY
COMMITTEE – 26 JANUARY 2023**

**LEICESTERSHIRE HIGHWAY DESIGN GUIDE FULL REFRESH -
POLICY, PRINCIPLES AND ENGAGEMENT**

REPORT OF THE DIRECTOR OF ENVIRONMENT AND TRANSPORT

Purpose of the Report

1. The purpose of this report is to seek comments from the Highways and Transport Overview and Scrutiny Committee on the Leicestershire Highway Design Guide (LHDG) Full Refresh work undertaken to date, including:
 - a) A review of the policies and principles that are the foundation of the LHDG, in the context of changes to national policy and guidance, the Council's priorities and the current pressures on maintenance budgets.
 - b) Development of the commuted sums scenario testing work and the proposals regarding the review of the standard palette of materials used in the construction of highway assets that the Council would consider for future adoption.
 - c) Development of the proposed engagement and consultation activities.

Policy Framework and Previous Decisions

2. The Council's Strategic Plan (adopted in March 2022) outlines the Council's five key outcomes for 2022 to 2026. As a tool providing policies and guidance for development and the basis for the Council's highway observations as a statutory consultee in the planning process, the LHDG helps to support these outcomes, and particularly that of a "Strong Economy, Transport and Infrastructure".
3. The LHDG is also a key supporting document of the Local Transport Plan 3 2011-2026 (LTP3), helping to deliver the Plan's six priorities.
4. On 15 May 2019, the County Council declared a Climate Emergency, with a commitment to achieve carbon net zero by 2030 for its own emissions and 2050 for Leicestershire emissions. The Council's Environment Strategy sets out how it will reduce the environmental impacts of travel and transport and a Net Zero Strategy is in the final phase of development.

5. The outcome of this work will help to inform the development of the next Local Transport Plan and its associated programmes. Through provision of guidance on the development of active travel options, the LHDG supports this ambition. The LHDG project will undertake a Strategic Environmental Assessment of the LHDG to evaluate opportunities to integrate environmental and net zero carbon objectives.
6. In line with new national guidance, the Council adopted its Cycling and Walking Strategy in 2021, which presents a vision “for Leicestershire to become a county where walking and cycling are safe, accessible and obvious choices for short journeys and a natural part of longer journeys, helping to deliver healthier, greener communities”. The LHDG supports this ambition through provision of guidance on the design of new development that supports active travel.
7. The LHDG should also consider how to manage the influence of national policies and strategies, as outlined in paragraphs 15-20 of this report.
8. On 16 December 2022 the Cabinet authorised the undertaking of engagement work regarding the LHDG Full Refresh.

Background

9. The LHDG provides guidance regarding highways and transportation infrastructure for new developments in areas for which Leicestershire County Council is the Local Highway Authority (LHA). The principal intention of having the LHDG is to have a consistent approach to development across Leicestershire.
10. The LHDG is also the basis for the Council’s highway observations on planning applications as statutory consultee in the planning process.
11. The Council was previously a member of the 6Cs Highway Design Guide Board (a collaboration of six LHAs including: Leicestershire County Council, Leicester City Council, Nottinghamshire County Council, Nottingham City Council, Derbyshire County Council and Derby City Council). In 2018, the County Council withdrew from the 6Cs Highway Design Guide Board, the documentation was re-branded and a project was initiated to manage its review.
12. Following the consideration of matters that needed to be addressed in the short-term, such as updates to references to standards and guidance, an Interim LHDG was published in April 2022.
13. The Interim LHDG comprises the core Parts 1-6 and a suite of appendices and companion documents shown in Table 1 below. The documents cover a range of aspects relating to highway approvals from guidance for highway design and construction (including trees and landscaping) to information about applying for a Section 278 Agreement (to enable third parties to work within Council’s owned highway) and how to manage road safety in relation to new development.

14. The full refresh of the LHDG is now underway. This is a significant piece of work that will look at all aspects of the LHDG and enable the assessment of changes to national and local policy and guidance, including the National Planning Policy Framework (NPPF) in 2021, and decisions about how they might be integrated within the new LHDG.

Key Factors Influencing the LHDG Refresh

15. Changes to the NPPF and new national guidance such as the Local Transport Note 1/20 on cycling infrastructure and the National Design Guide have made reviewing the LHDG even more pressing.
16. The NPPF now necessitates that all planning authorities create design guides or codes consistent with the National Design Guide and National Model Design Code, updated in 2021 and that they reflect an aspiration for places to be “beautiful, healthy, greener, enduring and successful”.
17. A new clause in the NPPF states that ‘planning policies and decisions should ensure that new streets are tree-lined, that opportunities are taken to incorporate trees elsewhere in developments (such as parks and community orchards)’. It also says that existing trees should be maintained wherever possible and that planners should ensure measures are in place for the long-term maintenance of newly planted trees.
18. In July 2020 the Government published Local Transport Note (LTN) 1/20, which provides guidance for local authorities on designing high-quality, safe cycle infrastructure. It also released “Gear Change” a vision for cycling and walking in England.
19. In response to LTN 1/20, the Council adopted its Cycling and Walking Strategy (CaWS) in 2021, setting out a vision “for Leicestershire to become a county where walking and cycling are safe, accessible and obvious choices for short journeys and a natural part of longer journeys, helping to deliver healthier, greener communities.”
20. As part the LHDG Refresh project, officers will need to consider how to embed CaWS and LTN 1/20 within the new suite of documents in a way that manages financial risk to the Council.
21. The current LHDG references and aligns itself with national guidance Manual for Streets, which “explains how to design, construct, adopt and maintain new and existing residential streets”. The guidance is currently under review and due to be issued in the near future. Progress with this work will be monitored.
22. The Council is broadly supportive of these national principles, but their application within a new LHDG needs to be carefully considered if they are not to put undue pressure on an already stretched maintenance budget. These matters will also need to be considered alongside the Council’s own developing policies and guidance.

23. The additional financial burdens placed on the Authority through the creation of highway assets as part of new development must be effectively managed and mitigated; the nature and tone of the LHDG is no longer sufficiently robust in this respect.
24. Housing developers are also facing increased expectations for affordable housing, delivering net biodiversity gain, providing significantly enhanced cycling facilities in accordance with LTN1/20 and other measures arising from new legislation. This is compounded by the increasing material and labour costs. It is also important to note that landowners could continue to have expectations regarding the financial value of their land, which may not reflect the increasing financial pressures faced by housing developers. All this could put pressure on scheme viability, such as, whether there is a sufficiently strong commercial case for a developer to invest in a project, or indeed any prospect of making any financial return at all. In such case, the house building market could stall.
25. The Department is currently developing its Asset Risk Management Strategy, which will define how the Council will manage its highway assets in the future. This work will influence the expectations the Council places on developers within the LHDG in terms of the types of materials used in the construction of new adopted highway and the anticipated levels of maintenance.
26. Similarly, once adopted, the Council's emerging Road Safety Strategy will need to be considered in relation to the LHDG.
27. The Department is currently working on a 'Value of Trees' project that considers how the re-establishment of trees on or adjacent to the highway can be encouraged. How this toolkit might be applied within a revised LHDG will be assessed as part of the Refresh.

LHDG Project and Progress to Date

28. The full refresh project is now underway, and it is estimated that the new LHDG will be published in late 2023/early 2024.
29. The Project vision is "To deliver a Leicestershire Highway Design Guide that:
 - a) Facilitates sustainable growth that meets the needs of the people of Leicestershire.
 - b) Provides an achievable base from which the Environment and Transport Department can facilitate the delivery of sustainable growth.
 - c) Provides clear, accessible and common guidance.
 - d) Considers the impacts of climate change.
 - e) Considers the latest guidance, policy and regulations.
 - f) Allows for some flexibility and encourages new approaches.
 - g) Considers the current economic challenges."

30. The work will involve a holistic review of all guidance and processes contained within the LHDG, including guidance on:
- a) Design layouts, materials and construction;
 - b) Third parties working within the existing highway (Section 278 Agreements);
 - c) The procedures for road adoption, including technical approvals and the application of Section 38 Agreements;
 - d) Council's Road Safety Audit requirements;
 - e) Traffic Regulation Orders.
31. Critical to the progress of the review will be consideration of the fundamental policies and principles that then underpin the LHDG, including:
- a) The highway assets that the Council will agree to adopt in the future;
 - b) The application of commuted sums policy (the maintenance activities and materials for which costs are recovered under the commuted sums schedule);
 - c) The Council's policy relating to road safety, inclusive access and new connections to the road network;
 - d) Consideration of LHDG's role in facilitating beautiful places and sustainability including net zero.
32. Work to date has focused on the future policy and principles of the LHDG. A key issue is the future affordability to the Council of maintaining ever more highway assets arising from new developments and how the funding imbalance could be redressed.

Commuted sums and Road Adoption

33. In line with the principle set out in national guidance "Commuted Sums for Maintaining Infrastructure Assets", the LHA currently seeks commuted sums for the maintenance of new highway assets that are over and above the minimum required for its safe functioning (or "standard items"), such as:
- a) Soft landscaping in excess of the grass verge, including trees;
 - b) The use of materials that will result in replacement costs over and above the standard specification;
 - c) Street furniture not required for safety purposes;
 - d) Bridges and other structures.
34. Current policy states that the Council will adopt new highway where:

- a) Road layouts are designed to an adoptable standard defined by the LHA;
 - b) Residential roads serve more than five dwellings;
 - c) Industrial or commercial development is occupied by more than one company.
35. Options regarding the future of commuted sums and highway adoptions and work to define the underlying principles of the LHDG have been considered through workshops with the Departmental teams.
36. In relation to these specific policy aspects, initial appraisal work (see “Adoption and Commuted Sums Options Report” and Scenario Testing Table appended to this report) has been undertaken on the following Options:
- a) **Option 1** - Do nothing.
 - b) **Option 1(a)** - A full review of the rates charged and the items and maintenance activities included under the commuted sums schedule.
 - c) **Option 2** - The charging of commuted sums for maintenance of all adopted highway infrastructure, including those items considered as standard.
 - d) **Option 3** - The creation of a new standard palette of materials that the Council will consider for future adoption. (This is a significant and ongoing piece of work that will be undertaken outside of the Refresh project to prevent any delay to delivery of the new LHDG).
 - e) **Option 3(a)** - The creation of a bespoke restricted “beautiful” palette of materials that could be charged at a lower rate than all other commuted sums.
 - f) **Options 4** - Reducing the scope of new highway to be adopted in the future.
37. Options 1, 3(a) and 4 were discounted for scenario testing as part of the scope of the current LHDG work as:
- a) Option 1 “Do nothing” does not tackle the critical budget issue and as a minimum reviewing the commuted sums schedule should be treated as business as usual.
 - b) Option 3(a) will not help to resolve the maintenance budget issue in the short-term and creates significant additional work that may substantially impact on the timescales of the project.
 - c) Option 4 would reduce the developer payments the Council receives through commuted sums and fees, which would negatively affect

maintenance budgets. There is a higher risk of developers seeking highway to be adopted under S37 of the Highways Act. A successful challenge would result in a loss of recoverable costs for fees and commuted sums and additional legal work and costs defending the Authority's position. The developer's challenge would need to successfully argue a case that the development provided significant wider community benefit in order to "force" adoption. Additionally, it is not considered to be in the best interest of residents of new development.

38. It has been proposed that Options 1a and 2 are taken forward for further scenario testing. This work involves a review of the costs recovered from developers for future maintenance and replacement of materials within the current commuted sum schedule, and the creation of rates for items we do not currently charge commuted sums for ("standard" highway assets such as carriageway, kerbs and highway drainage).
39. As data does not already exist, to collate information on the likely frequency and cost of maintaining "standard" highway infrastructure, it is necessary to examine historic maintenance activities undertaken over a 10–15-year period across a sample of adopted County highway sites.
40. Once defined, these new rates can then be applied to the maintenance of assets contained within five recently developed Leicestershire residential sites, selected for the purposes of testing.
41. This will enable a comparison of costs recovered for options 1a and 2 at the 5 chosen sites. This comparison will need to be balanced against the respective non-monetary benefits and disadvantages as highlighted in the Scenario Testing Table.
42. Option 3 is proposed to be delivered in parallel but not within the scope of the LHDG project. Option 3 has wider Departmental implications (including in-house design and delivery matters) than those solely related to the LHDG; it presents a significant ongoing piece of work that has the potential to impact on LHDG delivery timescales, without the short to medium term financial benefits.
43. Subject to ongoing option development, consideration is being given to the new assets the Council adopts as LHA in the future. For example, some local authorities are no longer encouraging the automatic blanket provision of street lighting in new developments and where, nonetheless, it is to be provided, it will only be adopted where it meets their own particular criteria for adoption.

LHDG Policy and Principles

44. Part 1 of the LHDG, which considers the LHA's policy regarding the delivery of highway as part of new development, is currently under review. Initial discussions have taken place regarding the principles that underpin the LHDG, which are predominantly covered within the existing Policy IN4.
45. Policy IN4 defines the LHA's principles regarding issues such as:

- a) Road Safety;
 - b) Accessibility for highway users;
 - c) Sustainability;
 - d) Design quality and asset maintenance.
46. A set of draft principles have now been produced and is appended to this report. The Council remains committed to these important themes (with safety of paramount concern), but consideration will need to be given to the level of influence of the current maintenance affordability issue and changes to national policy and guidance.
47. These principles will need to be discussed with stakeholders as part of any engagement work. The detailed guidance that will support the principles is still to be defined and is subject to additional evaluation, such as the Strategic Environmental Assessment work currently under development.
48. A change of approach regarding Policy IN5 “Access to the Road Network” has been proposed for further investigation and discussion with stakeholders. Current policy regarding the creation of new accesses onto existing roads or the increased use of an existing access, primarily focuses on road classification. It has been suggested that future guidance uses a risk-based approach to assessment, with consideration of traffic volumes and highway purpose and usage (schools, bus routes etc.). It is expected that this approach would provide an effective way of maintaining safety and the free flow of traffic.

Engagement and Consultation

49. Changes to the LHA’s position on commuted sums and road adoption and to current LHDG principles and policies are fundamental to shaping the content of the new LHDG. It is therefore important to seek the views of key stakeholders on the implications for them of such changes prior to preparing a draft of the new LHDG itself for formal consultation. To prepare a draft without this engagement work creates a risk of parties raising fundamental issues, which had they been known about earlier could have materially affected its content. At the very least, this could lead to considerable abortive work that could have been avoided. Thus, it is important that an early, separate engagement exercise should take place prior to public consultation.
50. Considerations regarding policy, principles and procedures in relation to the project are likely to be complex in the context of highway maintenance budget pressures, the aforementioned changes to national and local policy and guidance, the developing risk-based approach and the Council’s commitment to carbon Net Zero.
51. To help inform the development of the LHDG and ensure that stakeholders are “signed up” to a future published Guide and that the Council is giving full

consideration to Equalities and Human Rights issues, substantial engagement work will be required in the lead up to formal consultation on the draft LHDG.

52. The engagement activities will primarily involve developers and their consultants as the main users of the LHDG. However, other key stakeholders, with an interest such as equality groups, statutory consultees to the planning process and emergency services, will need to be involved during the development phase.
53. The LHDG is also a key point of reference for the LHA in providing its advice to Local Planning Authorities (the district councils) where development that has a highway aspect is progressed through the planning application process. There are clear interfaces between the LHDG and Local Plan documents that need to be considered during the development phase. Other local authority services might also take an interest in the development of a new LHDG, such as waste collection or environmental health. District authorities will therefore be involved in this engagement exercise.
54. Other stakeholders who could be potentially impacted by changes to the LHDG are highway users such as residents, protected characteristic groups, businesses and the emergency services.
55. The planned engagement activities would include the establishment of reference and focus groups, meetings and the use of online consultation tools. Representation at local forums will also be considered (for example, Local Access Forum or Leicestershire and Rutland Association of Local Councils).
56. Once a draft new LHDG has been prepared, it is intended that a further report, detailing the outcome of the engagement work, the consultation proposals and seeking approval to consult will be presented to the Cabinet in late 2023.

Resource Implications

57. The immediate work involved in the LHDG Refresh is considerable and will require collaborative effort from across the Environment and Transport Department as well as the wider Authority. The internal work is being funded from the Highways and Transport Programmes approved by the Cabinet in March 2022. Limited consultant support will be required to deliver specialist elements of the project such as a Strategic Environmental Assessment.
58. The highway maintenance budget is under significant pressure. At a time when the number of highway assets requiring maintenance is increasing and placing an additional burden on budgets, there has been a real term, year on year reduction in funding for 12 of the past 13 years, when inflation is accounted for.
59. Leicestershire's population is projected to rise by 19% between 2021 and 2043. This population increase will require growth in housing and associated highway infrastructure to support this. At the same time, the new NPPF and National Design Guidance emphasise that development should create "beautiful places" where street trees should be a prominent feature. These factors have the

potential to worsen the already significant pressures on maintenance budgets, putting into question the future affordability to the Authority of maintaining ever more highway assets.

60. The highway maintenance budget is supplemented through developer contributions, the details of which are set out within the LHDG's commuted sums policy. It is considered that current rates charged within LHDG do not reflect levels of inflation or changes in the national context. The LHDG refresh project will review the current commuted sums schedule.
61. The Director of the Corporate Resources and the Director of Law and Governance have been consulted on the content of this report.

Timetable for Decisions

62. Formal engagement activities will begin in January 2023, following the Cabinet's approval on 16 December 2022.
63. Following the engagement exercise further reports will be submitted to members regarding formal consultation on a draft LHDG. The consultation is currently programmed to take place in Winter 2023.
64. A further report will be presented to Highways and Transport Overview and Scrutiny Committee as part of the draft LHDG consultation.
65. A further report will be presented to the Cabinet outlining the consultation responses and requesting approval to publish the new LHDG.

Currently proposed full LHDG refresh programme

66. It is estimated that the new LHDG will be published in late 2023/early 2024.
67. The timetable (Table 1) below is subject to the Cabinet approvals and further ongoing refinement to engagement work; in particular, whether the Authority is prepared to make some very significant policy changes (as highlighted above) and if so, the process by which those changes need to be made and endorsed has a major bearing on the early stages of the programme.

	Action	When
1	Stakeholder Engagement	January 2023 – Autumn 2023
2	Board Full Refresh sign off for presenting to the Cabinet	Autumn 2023
3	Cabinet (Outcomes of engagement work and approval to consult on the Draft LHDG)	Autumn 2023
4	Consultation on the Draft LHDG	Winter 2023

	Action	When
5	Highways and Transport Overview and Scrutiny Committee – Draft LHDG consultation	Winter 2023
6	Cabinet LHDG final version approval	Winter 2023
7	LHDG published	Late 2023/Early 2024

Table 1 - outline LHDG programme

Conclusions

68. National policy of relevance to the LHDG is changing, with an emphasis on sustainability, “beautiful places” and active travel. The additional assets required that the Council may need to adopt to deliver on these aspirations may impact on the already significant pressures on maintenance budgets.
69. As part of the LHDG refresh, consideration will need to be given to implications for funding future maintenance of highway assets in the context of these changes and any mitigations required.
70. Options are under development relating to the future approach of the LHDG, including consideration of how the Council applies commuted sums and its policy relating to the adoption of new highway assets. A set of key policy principles that underpin the LHDG has also been drafted.
71. Engagement with key stakeholders is required regarding options for changes to policy, approach and guidance, some of which may prove contentious.
72. Public consultation on development of the draft LHDG will be undertaken/is planned for later in the programme.
73. Further Cabinet reports will be presented during the project: firstly, to seek approval to consult once a draft LHDG has been developed, and then, to present findings and seek approval to publish the Guide following consultation.

Recommendation

74. The Committee is asked to note and comment on the matters raised in this report regarding the LHDG policy and principles, the commuted sums scenario testing and the proposed engagement and consultation activities.

Background papers

Leicestershire Highway Design Guide Refresh - Approval to Undertake Engagement – Cabinet Report 16 December 2022:

<https://politics.leics.gov.uk/documents/s172910/LHDG%20approval%20for%20engagement%20FINAL.pdf>

Commuted Sums for Maintaining Infrastructure Assets:

<https://modgov.sefton.gov.uk/documents/s40883/ADEPT%20formerly%20County%20Surveyors%20Society%20or%20CSS%20guidance%20document%20Commuted%20sums%20for%20maintaining%20in.pdf>

Leicestershire Highway Design Guide webpage:

<https://resources.leicestershire.gov.uk/environment-and-planning/planning/leicestershire-highway-design-guide>

Circulation under the Local Issues Alert Procedure

None

Equality and Human Rights Implications

75. The Equality Act 2010 requires the Authority to consider the need to eliminate discrimination and to promote equality of opportunity between different protected groups.
76. The current LHDG guidance has been developed with the intention of facilitating developments that are “accessible to all people..., including those with sensory and mobility impairments.” Throughout the course of the Refresh project, impacts on protected characteristic groups will continue to be assessed.
77. An EHRIA and Human Rights initial screening exercise has been undertaken and presented to the Departmental Equalities Group. At this stage, it is thought that the overall impact of the refreshed LHDG is likely to be neutral. However, as further detailed work and evidence gathering needs to be completed to confirm this, the overall impact is currently classed as unknown.
78. Age and Disability protected characteristic groups have the greatest potential to be impacted by the project. Tailored consultation will be undertaken to ensure the views of these groups are properly understood.
79. A full assessment will be undertaken following the development of the refreshed LHDG to ensure that any potential negative impacts have been identified and opportunities for positive *outcomes considered*.

Crime and Disorder Implications

80. One of the key policy objectives highlighted in the current LHDG is consideration of road and personal safety and that developments:
 - a) are safe for all users,
 - b) promote road safety, and
 - c) reduce personal safety risks (whether real or imagined).
81. An appraisal of the crime and disorder implications of the Refresh will be undertaken.

Environmental Implications

82. The LHDG refresh is a significant project where there is potential for change of policy and guidance to have consequential impacts on the environment. The production of a Strategic Environmental Assessment (SEA) report and subsequent consultation will be required to understand the implications of the any changes to LHDG.

Appendices

Appendix A - Draft Leicestershire Highway Design Guide Principles

Appendix B - Adoption and Commuted Sums Options Report

Appendix C - Scenario Testing Table

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Leicestershire Highway Design Guide Principles

The fundamental principles that underpin the Leicestershire Highway Design Guide (LHDG) are:

Principle 1 – Collaboration and Engagement

- 1.1 An ethos of joint working with all key stakeholders is an essential part of the culture to be applied when preparing developments proposals to:
 - Set shared objectives.
 - Understand one another's interests, aspirations and requirements.
 - Reconcile any competing interests or site-specific challenges in an efficient and amenable way.
- 1.2 It is recognised that it is often difficult to get all stakeholders around the table to discuss and agree matters of mutual interest. When this is the case, every attempt will be made to establish the relevant case officers for all parties concerned, to ensure the appropriate input into proposed schemes.
- 1.3 Where appropriate we will look to reduce the need for bespoke site by site discussion on all points of a development. This will reduce resource pressures across all organisations involved.
- 1.4 To facilitate developments that meet the needs of occupants and users, LHDG surveys and engagement work will be undertaken to help reduce the possibility of future issues, particularly in residential areas.

Principle 2 - Safety and Security

- 2.1 Increased congestion or road safety problems because of new development can have economic and social costs, and impact negatively on local communities and the environment. In consideration of this aspect of development we will require:
 - Development promoters to provide robust evidence to demonstrate the impacts of their proposals on highway safety and the transport network, and details of how these will be mitigated, consistent with the National Planning Policy Framework 2021.
 - A more inclusive approach involving slower traffic speeds (where necessary) to create a safer environment, with particular consideration for active travel modes and highway users with accessibility needs.
 - The promotion of an appropriate level of human activity in private and public spaces to foster natural surveillance and, the design of spaces that encourage residents to engage with their environment in a way that minimises crime and the fear of crime.

Principle 3 - Active Travel

- 3.1 Achieving a greater uptake of ‘active travel’, such as walking and cycling, leads to a wide range of benefits, such as health and wellbeing and a more efficient movement of vehicles within the road network, often leading to improved highway capacity and air quality. This will only be achieved if design solutions place these modes at the heart of the movement strategy to give precedence to walking and cycling over motor vehicles wherever practicable to maximise their uptake, together with incentives for their use.
- 3.2 Design of highway within new development will be required to take account of the objectives and policies set out in LCC’s Cycling and Walking Strategy and national guidance including the Local Transport Note 1/20 “Cycling Infrastructure Design”, which defines the ambition to create “a national default position where high quality cycle infrastructure is provided as a matter of course in local highway schemes”.
- 3.3 In designing new development, consideration must be given to how new active travel infrastructure can link into the existing network of facilities.

Principle 4 - The Impact on Existing Highways and Transportation Infrastructure

- 4.1 To minimise the impact on people and place, it will be expected that existing highways and transportation infrastructure is not adversely affected during construction and in the long term by development proposals.
- 4.2 Assessment of the impact of a development should be undertaken via appropriate modelling tools, including as appropriate Leicestershire County Council’s Pan-Regional Transport Model, which can also be utilised to identify the potential environmental impacts.
- 4.3 As part of the assessment, the design should consider the frequency and cost of maintaining new development assets within the extents of the existing/proposed public highway to minimize future maintenance burdens.

Principle 5 - Residential Highway Layouts

- 5.1 There is an important relationship between the built form and the spaces created by streets. This relationship can change depending on the local context and indeed the design aspirations for the development.
- 5.2 Nevertheless, to provide clarity around expectations from design of layouts and efficiency in delivery, LHDG will provide a hierarchy of road types and street types. Street types need to be safe and functional but also help contribute towards good quality housing development. LHDG provides the criteria to be applied to make street design safe and functional whilst allowing flexibility for designers to propose street types that best fit the design aspirations.

- 5.3 It is critical that developers speak to the highway authority in addition to the local planning authority at the earliest opportunity (ideally pre-application) and that effective communication is maintained between all parties throughout the development process.

Principle 6 - Design Quality, Asset Management and Sustainability

- 6.1 Development should respect and reflect the diversity of settlement character and landscape across Leicestershire. In accordance with the National Planning Policy Framework (NPPF) and national design guidance, new highway should contribute to creating attractive, sustainable places to live where all residents and highway users can enjoy the benefits it provides.
- 6.2 We will seek to work with Borough/District councils, development promoters and the wider highway industry to ensure that LCC continues to evaluate its approach to design safety, quality and sustainability within the context of the LHDG.
- 6.3 In addition to active travel options, the design of new development should consider the provision of the necessary infrastructure and layouts to ensure residents have opportunities to access the passenger transport network.

Attractive Places, Quality and Asset Management

- 6.4 To ensure that attractive, well-functioning places are not just created but are built to last, it is critical that they are designed to be simple and cost effective to maintain. To safeguard the interests of communities and residents, highway and transportation infrastructure will only be adopted where it is designed to publicly maintainable standards, in accordance with LCC Highway Asset Management Policy. Designing solutions should also allow for appropriate future connections to surrounding areas to enable future growth to take place in a sustainable manner.

Climate and the Environment

- 6.5 In accordance with LCC's commitment to become a carbon net zero authority by 2030 and for Leicestershire as a county to become net zero by 2045, the use of low carbon materials and sustainable design is encouraged in development. We will continue to review LCC's palette of standard materials with consideration of carbon and wider environmental impacts. As part of this ongoing assessment, safety, durability (itself a key aspect of sustainability) and performance will need to be considered. Furthermore, the LHDG will continue to encourage spaces that promote active travel as a key part of a sustainable future and in line with Principle 3 and encourage the inclusion of green infrastructure (for example, sustainable drainage systems, tree planting), where the principles of quality and asset management are met.
- 6.6 In accordance with national guidance, an environmental assessment of this and future iterations of the LHDG will be undertaken. The assessments will evaluate the potential environmental impacts of the application of the LHDG, alongside

economic and social considerations, and make recommendations for improvement.

Principle 7 - Access for All

Inclusive Access

- 7.1 Streets should aim to become national beacons for inclusive street design, actively taking account of the needs of all users. This can only be achieved if the principle of inclusive access is embedded in the design process. LHDG offers some guidance in relation to accessibility issues, but it is the responsibility of the developer through the planning process to ensure that schemes have accounted for the requirements of those with protected characteristics under the Equality Act 2010. The design of new highway should consider national guidance relating to inclusive mobility, such as the Department for Transport's "Inclusive Mobility - a Guide to Best Practice on Access to Pedestrian and Transport Infrastructure".

Service and Emergency Access

- 7.2 Whilst placing people at the centre of design solutions is critical, specialist services are also vital for communities to function so street layout design must accommodate the needs of key services, including emergency and waste collection services.

Principle 8 - Access to the Road Network

- 8.1 Regarding the creation of new accesses onto existing roads or the increased use of an existing access, we will advise refusal of any planning application that raises concerns about road safety, in accordance with the provisions of the NPPF. Restrictions will be applied to roads where there is an identified road safety problem, in accordance with our prevailing casualty reduction criteria.
- 8.2 Past policy regarding access to the network, as highlighted in Part 1 of the LHDG, has primarily focused on road classification; future guidance will promote a risk-based approach to assessment, with consideration of traffic volumes, highway purpose and usage (schools, bus routes etc.).
- 8.3 Scheme access designs must be subject to Road Safety Audit requirements in accordance with the national standards defined in the Design Manual for Roads and Bridges.

Leicestershire Highway Design Guide

LHDG Decision 15(a) – Adoption and Commuted Sums Options Report

1. Purpose

- 1.1. Further to the decision recorded at Project Board 15 regarding the assessment of commuted sums and road adoption options, the purpose of this report is to:
 - i. Ensure additional concerns raised by members of the LHDG steering group are considered as part of the initial appraisal work.
 - ii. Seek Project Board approval of the recommendations presented in Section 4 of this Report regarding a course of action for the options considered within the [scenario testing table](#).

2. Background

- 2.1. Leicestershire's population is projected to rise by 19% between 2021 and 2043. In its vision for the Leicestershire, LCC's Strategic Plan 2022-2026 defines five outcomes, including a Strong Economy, Transport and Infrastructure to help accommodate this additional population. A key aim of this outcome is that "*Leicestershire has the infrastructure for sustainable economic and housing growth*". LHDG can facilitate this aim by working positively with developers to deliver highway infrastructure that supports built development.
- 2.2. The latest National Planning Policy Framework and National Design Guidance have now been updated and published. The documents emphasise that development should create "beautiful places" where street trees should be a prominent feature.
- 2.3. The above factors have the potential to worsen the already significant pressures on maintenance budgets, putting into question the future affordability to the authority of maintaining ever more highway assets.
- 2.4. It has been reported that the current highways maintenance funding, which contributes towards those elements of the adopted highway that would not normally qualify for commuted sums contributions, is insufficient for the council to satisfactorily maintain the existing adopted highway network. Except for the 2020/21 financial year (LCC received one off pothole and challenge fund money from DfT), when inflation is accounted for, there has been a real term, year on year reduction in funding for the past 13 years. The yearly shortfall during this time has varied between 12 and 35%. Between 2014/15 and 2021/22, the Department for Transport maintenance grant has also decreased by nearly £7m.
- 2.5. LCC's highway maintenance hierarchy is currently in development as part of the forthcoming Asset Management Strategy. The principle of a maintenance hierarchy is that it takes a risk-based approach to maintenance (so those roads that are lower risk are subject to less

frequent maintenance). If adopted, implementing this approach is expected to contribute to reducing the cost of maintenance across the highway network.

- 2.6. The Environment and Transport Department (the Department) needs to consider further ways to reduce expenditure or increase income through the LHDG Refresh Project (the Project).

3. Options Appraisal

Commuted Sums and Adoption Policy development

- 3.1. In the superseded LHDG Decision 15 Report, four options were presented for discussion at Project Board meeting 14. It was agreed that, for the purposes of further appraisal, the options should be modified as detailed below.
- 3.2. At Project Board 15 a decision was recorded that Options 1 and 3a are discounted for further assessment and that Options 1a, 2 and 4 undergo scenario testing. An initial assessment was undertaken using the [scenario testing table](#) bringing to light further matters for consideration.
- 3.3. Following Project Board 15, additional issues were raised by steering group members regarding the deliverability, timescales and resource requirements required for Option 4 “adopt less new highway”.
- 3.4. This Report updates and replaces LHDG Decision 15 Report taking the above matters into account.
- 3.5. The primary risks and benefits for each option are presented below; for a more comprehensive appraisal please see the scenario testing table. Key risks are also shown and have been rated according to Low, Medium or High likelihood.

Option 1: Do Nothing

Summary and scope

To retain the existing rates and items that attract commuted sums.

Benefits

- i. Timescales for the option have not been calculated but are potentially shorter than a programme that presumes that significant policy changes will be required and therefore extensive consultation and engagement and Member approvals.
- ii. Reduced workload is beneficial to business as usual.
- iii. Likely to be less contentious with stakeholders (and simpler consultation process) compared to an option where a review takes place and results in increased rates and a more extensive list of items.

Disadvantages

- i. No opportunity to tackle the issue of maintenance affordability.

Risks

- i. The funding gap for maintenance of future adopted highway infrastructure increases resulting in deterioration in asset condition and an impact on Strategic Plan's policy aspirations for a "Strong Economy, Transport and Infrastructure" **(H)**
- ii. Additional work will be required to find the savings needed to resolve the budgetary issue **(H)**

Option 1a: To review the rates charged and items and maintenance activities included under the current commuted sums policy.

Summary and scope

The rates charged for commuted sums in the current LHDG list have not been reviewed in detail for some time. The proposed scope would be:

- A full review of the current commuted sums rates that will account for current inflationary issues and the related unprecedented changes in material costs.
- Review the scope of items currently contained in the commuted sums list.
- Consider options for charging for cyclical maintenance and inspections.

Benefits

- i. It is considered that this Option is likely to contribute to alleviating the shortfall in maintenance funding by bringing charges up to date. The review of rates is particularly pressing given the current inflationary pressures.
- ii. Deliverability and certainty of assessment is relatively high.

Disadvantages

- i. Depending on the extent of changes there could be objections from developers to any proposals that could impact profitability.
- ii. On its own, Option 1(a) does not address the matter of material durability and performance or sustainability.

Risk

- i. It is feasible that a review of rates could result in a reduction in charges for some items within the list. It is also possible that decisions may need to be taken to remove existing items from the list of commuted sums. **(L)**
- ii. Uncertainty over the ease with which materials/labour costs can be indexed/assessed accurately **(L)**

Option 2: Consider charging commuted sums for the future maintenance of standard highway infrastructure.

Summary and scope

The guidance document “Commuted Sums for Maintaining Infrastructure Assets” states that, *“the formula application (for funding support) by the Government accounts for a ‘simple’ road layout using ‘standard’ construction, for example:*

- *Carriageway, kerbs and associated footways*
- *Verge areas for service strips and visibility splays*
- *low level earthworks i.e. very minor lifting, or cutting,*
- *of carriageway into ground profile, and*
- *Street lighting, drainage and signing”*

The guidance also states that *“It is not appropriate to request commuted sums for ‘standard’ highway network, or street lighting, adoptions”.*

The scope of work is to consider inclusion of the maintenance of standard highway assets within the list of items that attract commuted sums.

Benefits

- i. Allows greater scope for attracting commuted sums for maintaining adopted highway, thereby easing pressures on budget.

Disadvantages

- i. It is likely to be a controversial approach, going against the principles set out in national guidance and adopted by most authorities. There is likely to be criticism from stakeholders of an approach that seeks to attract commuted sums for the maintenance of infrastructure where existing funding streams are available
- ii. Developers are likely to push back against a change in council policy that might incur increased expenditure and impact on the viability of their development. This could result in reduced levels of engagement with the developing LHDG.
- iii. Any impacts (perceived or otherwise) on viability resulting from applying this approach would conflict with the Council’s policies that aim to encourage growth in the County and local plan housing targets.

Risks

- i. This Option is likely to be contentious with developers and does not align with the general approach taken by most highway authorities who follow the principle of not charging for maintenance of “standard” highway infrastructure. This may influence decisions by developers as to whether they choose to continue to build in Leicestershire, which would in turn conflict with the Strategic Plan’s ambition for “Strong Economy, Transport and Infrastructure” **(M)**

- ii. Risk of developers using S37 to bypass the S38 agreement, leaving LCC with maintenance of adopted highway without commuted sums **(M)**
- iii. The LCC legal position in respect to Option 2 is currently unknown **(M)**
- iv. Impact on key stakeholder relationships could lead to reduced willingness to work collaboratively **(H)**

Option 3: Create an updated palette of standard materials

Summary and Scope

LCC has committed to carbon neutrality as an organisation by 2030 and as such the Department should consider opportunities for carbon reduction as part of the development of LHDG. A comprehensive single list of standard materials that would not attract commuted sums does not exist. The LHDG will undergo a Strategic Environmental Assessment as part of its development.

The scope would include:

- A review and assessment of current standard materials in order to create an up-to-date single list.
- Consideration of sustainable and low carbon materials

Benefits

- i. Enables the opportunity to influence durability and performance and consider sustainability (including low carbon) of standard materials in line with asset management policy, carbon and environmental strategies.
- ii. Delivering internally will help to develop (particularly in relation to carbon) and retain expertise within the department and ensure use of current knowledge of local issues

Disadvantages

- i. The resource involved in development of the new palette of materials is likely to be significant and could impact on timescales for delivery of the new LHDG.

Risks

- i. By creating a hard list, the Department might take more responsibility for materials used and therefore increased risk of future challenge or claims. **(M)**
- ii. Divergence of views on what should be included in the list, particularly in relation to sustainability aspects, delays the development of the Refreshed LHDG. **(H)**

Option 3(a): Create a ‘beautiful places’ acceptable palette**Summary and Scope**

There are increasing pressures in the form of national policy and guidance on the creation of beautiful places. LCC has also committed to carbon neutrality as an organisation by 2030 and as such the Department should consider opportunities for carbon reduction as part of the development of LHDG.

The scope would be to create a single comprehensive list of bespoke or ‘beautiful place’ materials (including low carbon) that would be charged at a lower rate than all other commuted sums.

Benefits

- i. Enables the opportunity to influence durability and performance and consider sustainability (including low carbon) of materials in line with asset management policy, carbon and environmental strategies.
- ii. Delivering internally will help to develop (particularly in relation to carbon) and retain expertise within the Department.

Disadvantages

- i. Reduces the costs recovered compared with the current commuted sums approach.
- ii. The resource involved in development of the new palette of materials is likely to be significant and would need to involve a wide range of stakeholders, including borough and district councils; this could impact on timescales for delivery of the new LHDG.
- iii. Creates additional future complexity for users and producers of the LHDG.
- iv. The difficulty of developing a definition of ‘beautiful’ that would apply across the county without consideration of local conditions and planning matters.

Risks

- i. By creating a hard list, the Department might take more responsibility for materials used and therefore increased risk of future challenge or claims. **(M)**
- ii. Divergence of views on what should be considered for inclusion within the palette and regarding sustainability matters (both internal and external stakeholders), delays the development of a Refreshed LHDG. **(H)**
- iii. Potential for using materials with relatively unknown qualities that are not as durable or do not performance as well. The palette would need to be assessed against robust criteria to ensure the Department was happy with its durability, safety etc... **(M)**

Option 4: Consider options to amend policy so that the County Council adopts less new highway in future.

Summary

Consider a change of policy that increases the number of dwellings that need to be served and/or introduces other criteria (such as roads that serve wider community benefit) before new highway is agreed for adoption.

Benefits

- i. In the longer term, the benefit to the Council would be a reduction in the number of roads adopted in the future and therefore maintainable at the Council's expense.

Disadvantages

- i. The approach would reduce levels of costs recovered from commuted sums and inspection fees, thereby increasing immediate pressures on maintenance budgets.
- ii. The resource required to assess the financial benefits of reduced maintenance across the network against loss of income through commuted sums/inspection fees is significant and would impact the LHDG delivery programme. It would require establishing a historic baseline regarding the money we've spent maintaining adopted highway and the costs recovered; it is uncertain whether sufficient information exists to create this baseline.
- iii. A reduction in scope is likely to be controversial, both politically and among key stakeholders, including future residents. Members are likely to raise concerns that frontagers' interests will no longer be protected. Residents may object if they feel that they have future financial and legal responsibilities for maintenance of highway infrastructure. This issue may impact on LCC's reputation and project delivery timescales.
- iv. A robust rationale would be required to defend this position against future challenges. The approach is not aligned with most other highway authorities.
- v. Increasing the number of dwellings that a road would need to serve before being considered for adoption could impact disproportionately on small housing scheme developers, who may consider challenging the approach.

Risk

- i. A reduced ability to control the quality, performance and safety of highway assets, potentially impacting on:
 - Future condition of assets and ambition for "Strong Economy, Transport and Infrastructure" and HAMP policy "maintaining the county's highway assets for the benefit of current and future stakeholders."
 - LTP s Goal for a resilient transport system
 - Ability to influence Asset Management aspirations **(H)**

- ii. Developers may try and bypass the process and compel an authority to maintain new highway at public expense by employing Section 37 of the Highway Act. The result of this may be that LCC must maintain the highway and all associated infrastructure at public expense and without the benefit of attracting commuted sums. **(H)**
- iii. The LCC legal position relating to this approach is currently unknown. Outside of London, most if not all highway authorities currently employ the six dwellings or more approach to new highway adoption. **(M)**

4. **Recommendation**

OPTIONS:

- 1 Do Nothing
- 1 (a) Review rates
- 2 Charge CS for all infrastructure
- 3 Update Standard palette
- 3 (a) Create a Beautiful palette
- 4 Adopt less

4.1. It is recommended that:

- a) Option 1 is discounted as it does not account for the substantial maintenance budget issues.
- b) Options 1a and 2 are taken forward for scenario testing.
- c) Scenario testing of Option 2 is based on the Department's current standard materials and maintenance work rates.
- d) Further to discussions with the Options Working Group on the 14th October, Option 3 is delivered in parallel but not within the scope of the LHDG Project. Option 3 has wider Departmental implications (including in-house design and delivery matters) than those solely related to the LHDG; it presents a significant on ongoing piece of work that has the potential to impact on LHDG delivery timescales, without the short to medium term financial benefits.
- e) Option 3(a) is discounted for the purposes of the current review due to the negative impact on commuted sums, the increased complexity of delivery and the impacts on timescales of the Project.
- f) Option 4 would reduce the developer payments LCC receives through commuted sums and fees, which would negatively affect maintenance budgets. There is a higher risk of developers seeking highway to be adopted under S37 of the Highways Act. A successful challenge would result in a loss of recoverable costs for fees and commuted sums and additional legal work and costs defending the authority's position. The developer's challenge would need to successfully argue a case that the development provided significant wider community benefit in order to "force" adoption. The option is likely to be unfavourably viewed by Members and residents.

LHDG Decision 15(a) – Adoptions and Commuted Sums Policy Options Report

- g) A schedule of review is developed for the future assessment of commuted sum rates (as part of the Project) and standard materials palette.
- h) members and residents, presenting a significant risk to the likelihood of approval of the approach.

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Options Assessment – Commuted Sums and Adoption

Implications and RAG assessment							
Option	Policy ‘fit’ Strategic Plan, Asset management, LTP4, Network Management, CaWS	Legal	Stakeholder views including Members	Resource	Financial	Deliverability	Certainty of assessment
1 – Do Nothing	<p>Comments:</p> <p>To retain the existing policy and the rates and items that attract commuted sums.</p> <p>Risks:</p> <p>In the longer term there is increased risk to the outcome of “Strong Economy, Transport and Infrastructure” due to further negative impacts on maintenance budgets and therefore condition of assets.</p> <p>Additional work will be required to find the savings needed to resolve the budgetary issues.</p> <p>Potential impacts on asset condition due to insufficient ability to invest could impact aspirations of CaWS and HAMP</p> <p>Benefits:</p> <p>Should not impact development viability and thereby discourage development and impact on Strategic Plan policy to encourage growth.</p>	<p>RAG</p> <p>Risk:</p> <p>Impacts on road condition due to limited investment because commuted sums do not meet true cost – impact on insurance and liability</p> <p>Q - Are there opportunities to secure alternative funding sources that could mitigate this risk?</p> <p>Benefit:</p> <p>Low risk of developers using S37 to bypass the S38 agreement</p>	<p>Risk:</p> <p>Members:</p> <p>Does not offer solutions re managing the maintenance budget issues</p> <p>Potential decline in condition of local assets due to increased gap between true costs and income could be of future concern to districts/parishes and road users.</p> <p>Benefits:</p> <p>District/parishes/Road users:</p> <p>Unlikely to be an issue that will trouble stakeholders in the short term.</p> <p>Developers:</p> <p>Neutral impact or positively viewed when in relation to other options</p>	<p>Risk:</p> <p>Resource may need to be dedicated to finding other opportunities for cost savings</p> <p>Benefit:</p> <p>Reduced workload is beneficial to business as usual.</p> <p>Limited requirement for Legal input.</p> <p>Timescales for the option have not been calculated but potentially shorter than the current programme, which presumes that significant policy changes will be required and therefore extensive consultation and engagement and Member approvals</p>	<p>Risk:</p> <p>Does not manage maintenance budget issues.</p> <p>No indexation.</p> <p>rates are a number of years old and don't reflect current costs.</p> <p>The gap between true cost and commuted sums rates is likely to be increase further due to inflation.</p> <p>Impacts on road condition due to low investment because commuted sums do not meet true cost – impact on insurance and liability</p> <p>Q - Are there possible secure alternative funding sources that could mitigate declining budgets?</p> <p>ACTION – review the funding gap</p> <p>Benefits:</p> <p>Cost savings as there would be reduced short- term workload compared to other Options</p> <p>Negligible risk of developers using S37 to bypass the S38 agreement</p>	<p>Risk:</p> <p>Longer term impacts on asset condition and consequential complaints from residents putting pressure on Members and therefore the Department to find ways to increase investment.</p> <p>Discussion with Members about consequences of lack of investment in assets.</p> <p>Benefit:</p> <p>Except for the initial assessment work there is minimal input required to deliver.</p> <p>Limited requirement for Legal input.</p>	<p>Benefit:</p> <p>Can be assessed in terms of comparison of current applied rates with updated costs.</p> <p>As a “Do Nothing” option we can calculate the likely income from a hypothetical or real scenario.</p>

Options Assessment – Commuted Sums and Adoption

Implications and RAG assessment							
Option	Policy ‘fit’ Strategic Plan, Asset management, LTP4, Network Management, CaWS	Legal	Stakeholder views including Members	Resource	Financial	Deliverability	Certainty of assessment
1 (a) do minimum - review rates to reflect current prices	<p>Risk:</p> <p>Unless it is decided that we produce a standard palette of materials as part of this option then opportunities for influencing the durability/maintenance levels required and quality of materials is limited and therefore:</p> <ul style="list-style-type: none"> Impact on future condition of assets and ambition for “Strong Economy, Transport and Infrastructure” and HAMP policy “maintaining the county’s highway assets for the benefit of current and future stakeholders.” Impacts on LTP s Goal for a resilient transport system Future Asset Management aspirations <p>Benefits:</p> <p>Limited impact on developer costs in comparison to Option 2. Lower risk of an impact on future development that might undermine Strategic Plan policy to encourage growth</p>	<p>Risk:</p> <p>Low-medium risk of developers using S37 to bypass the S38 agreement</p> <p>Benefits:</p> <p>In terms of deliverability of this option there are unlikely to be legal concerns.</p> <p>An approach that is less likely to be challenged</p> <p>May partially mitigate the legal/insurance concerns raised in Option 1.</p>	<p>Risk:</p> <p>Possible future complaints about road condition from road users, compared to an option that allows for the development of a standard palette.</p> <p>Benefits:</p> <p>Less like to be challenged by developers than Option 2, as it meets a key principle of “Commuted Sums for Maintaining Infrastructure Assets” of only charging for standard infrastructure.</p> <p>Should broadly be uncontentious for Members or Road Users</p>	<p>Risk:</p> <p>Benefits:</p> <p>Work required to review the rates within the current commuted sums schedule but otherwise less complex than other options, requiring less officer input.</p>	<p>Risks:</p> <p>With less ability to influence the future materials durability/maintenance levels required then there are potentially less longer-term benefits to budget.</p> <p>Low-medium risk of developers using S37 to bypass the S38 agreement</p> <p>It is feasible that a review of rates could result in a reduction in charges for some items within the list. It is also possible that decisions may need to be taken to remove existing items from the list of commuted sums</p> <p>Benefits:</p> <p>Adjusts income payment according to the effects of inflation or other influencing factors on costs.</p> <p>ACTION – review the funding gap</p>	<p>Risks:</p> <p>At this early stage there are questions over the ease with which certain materials/labour costs can be indexed/assessed accurately</p> <p>Benefits:</p> <p>Overall likelihood of deliverability is high.</p>	<p>Benefits:</p> <p>Assessing this option should be relatively straight forward. Items from the list can be selected for cost review/indexation and comparison, allowing general conclusions about financial benefits</p> <p>Legal matters are less of a consideration for this Option.</p>

Options Assessment – Commuted Sums and Adoption

Implications and RAG assessment

Option	Policy ‘fit’ Strategic Plan, Asset management, LTP4, Network Management, CaWS	Legal	Stakeholder views including Members	Resource	Financial	Deliverability	Certainty of assessment
2 charge C.S for all adoptable asset	<p>Risk:</p> <p>This option is potentially contentious with developers and does not align with the general approach taken by most highway authorities who follow the principle of not charging for “standard materials”</p> <p>Therefore, this could influence decisions by developers as to whether they choose to continue to build in Leicestershire. This may conflict with the Strategic Plan’s ambition for “Strong Economy, Transport and Infrastructure”</p> <p>Benefits:</p> <p>If it is considered that it would not influence developers’ decisions to invest in Leicestershire then the additional commuted sums raised would contribute to maintaining well maintained highways, in line our asset management policies and LTP.</p>	<p>Risk:</p> <p>The legal position regarding this Option would need to be checked with LCC Legal.</p> <p>There is Case Law relating to this issue (Redrow vs Knowsley)</p> <p>The Court of Appeal considered Section 38(6) in a recent Redrow case, ruling it is a wide and unqualified power permitting HA to secure commuted sums for ALL FUTURE maintenance costs associate with the highway works in questions. A key consequence of the case is its recognition that there are no limitations contained in Section 38(6) as to how the amount of the commuted sum should be calculated.</p> <p>Setting this aside, there is a strong possibility that this approach could open the LCC up to challenge by developers.</p> <p>Would need to relook at S219 and APC policy</p>	<p>Risk:</p> <p>It is highly likely that this will be contentious with developers and may impact on their willingness to engage with the LHDG and on future collaborative working.</p> <p>If this Option impacts negatively on future development coming forward and willingness to engage positively with the planning process, then it may be unpopular with LPAs.</p> <p>To approve this Option for consultation, Members would need to be convinced of the financial benefits and LCC’s Legal position.</p> <p>Benefit:</p> <p>The potential for increased income for highway maintenance would be popular with road users and residents.</p>	<p>Comment:</p> <p>If LCC wants to influence durability, maintainability and/or sustainability, then a palette of materials would be required. This would increase pressures on staff resource</p> <p>Risk:</p> <p>Establishing Commuted Sums for all adoptable assets would be a significant exercise.</p> <p>Considerable Legal input required.</p> <p>Benefit:</p>	<p>Comment:</p> <p>If LCC wants to influence material quality and/or sustainability, then a palette of materials would be required.</p> <p>Unless delivered internally then there would be an increase in project cost to deliver this work.</p> <p>Risk:</p> <p>Medium-high risk of developers using S37 to bypass the S38 agreement, leaving LCC with maintenance of adopted highway without commuted sums</p> <p>It is feasible that a review of rates could result in a reduction in charges for some items within the list. It is also possible that decisions may need to be taken to remove existing items from the list of commuted sums</p> <p>Benefit:</p> <p>Broadens the opportunities for securing income through Commuted Sums</p>	<p>Risk:</p> <p>Despite the existence of Case Law in relation to the legality of applying commuted sum charges to all adoptable assets it is expected that an LCC Legal assessment would be required. Until this work is undertaken then deliverability is uncertain.</p> <p>At this early stage there are questions over the ease with which certain materials/labour costs can be indexed/assessed accurately</p> <p>Benefit:</p> <p>Although potentially time consuming in terms of review of costs (and putting legal issues to one side), the work required is clear.</p>	<p>Risk:</p> <p>Resource requirements are currently uncertain.</p> <p>Discussions with other authorities who have adopted this approach may help.</p> <p>Benefit:</p> <p>Assessing this option should be relatively straight forward. Items from the list can be selected for cost review/indexation and comparison, allowing general conclusions about financial benefits.</p> <p>This Option would indisputably bring in additional income to the Department, setting aside the stakeholder and legal risks.</p>

Options Assessment – Commuted Sums and Adoption

Implications and RAG assessment														
Option	Policy ‘fit’ Strategic Plan, Asset management, LTP4, Network Management, CaWS		Legal	Stakeholder views including Members		Resource	Financial	Deliverability		Certainty of assessment				
			Benefit: May partially mitigate the legal/insurance concerns raised in Option 1.											
3. Create an updated palette of standard materials – these will not be charged. All other materials will be charged	Risk: Needs to be in conjunction with Option 1b to more fully tackle the financial aspect so that the authority can ensure a resilient highway infrastructure in line with key policies. Benefit: Enables the opportunity to influence quality and consider sustainability (including carbon) of standard materials in line with asset management policy, carbon and environmental strategies		Risk: Q – Does HA take more responsibility for materials used and therefore risk? Benefit:		Risk: There may be push back from developers on limiting the standard palette of materials available. LPAs may take a view that this approach negatively impacts local distinctiveness if developers’ preferred option is to use “cheaper” standard materials. Benefit: Less contentious with Members and road users Allows flexibility and ability for bespoke design, through open ended choice of materials that attract commuted sums. This may be viewed positively by LPAs Could take the broad proposal to developers/LPA for initial thoughts without too much controversy.		Comment: Opportunity to use commercial services/business support to help develop the palette with engineering services. Risk: The work involved in development of palettes of material is likely to be significant and require additional consultation with borough and district councils. How can we assess the resource availability for internal delivery? Benefit: Delivering internally will help to retain expertise within the department and ensure us of current knowledge of local issues		Risk: If it is decided that we don’t have the internal resource to deliver this work, then there would be a currently unknown cost for engaging consultants to undertake. Allows potential free reign to use any materials that may not be available in the future and without assessing the CS rates alongside this work adds financial risk for the dept. Benefit: Allows opportunity to influence the durability and maintenance costs involved of standard materials. Low risk of developers using S37 to bypass the S38 agreement. A brief could be developed to present to consultants to ascertain cost of delivering externally or find the cost of similar work at other authorities		Risk: The biggest unknown at this stage is whether this is capable of being delivered internally with existing work pressures. Delivering externally introduces risk that consultants do not deliver a result that is in the best interests of the Dept due to lack of investment or full understanding of the issues. Benefit: The work itself is deliverable subject to sufficient resource being made available. Expertise and knowledge are available internally. We know that other authorities have standard palettes; we could learn from them		Risk: Is it possible to understand the benefits of a standard palette without doing considerable work to start developing it? Benefit: Could look to other authorities to gauge whether benefits have been delivered. Could do focused work on developing one aspect of the palette. It is questionable whether this would give sufficient information to assess full benefits.	

Options Assessment – Commuted Sums and Adoption

Implications and RAG assessment

Implications and RAG assessment														
Option	Policy ‘fit’ Strategic Plan, Asset management, LTP4, Network Management, CaWS		Legal		Stakeholder views including Members		Resource		Financial		Deliverability		Certainty of assessment	
3 a) Create an updated palette of standard materials – these will not be charged In addition, create a ‘beautiful places’ acceptable palette which will be charged at a lower rate than all other commuted sums.	Risk: Needs to be in conjunction with Option 1b to more fully tackle the financial aspect so that the authority can ensure a resilient highway infrastructure in line with key policies. Reduces the income that would otherwise be attracted Benefit: Enables the opportunity to influence quality and consider sustainability (including carbon) of standard materials in line with asset management policy, carbon and environmental strategies		Risk: Q – Does HA take more responsibility for materials used and therefore risk? The palette would need to be assessed against robust criteria to ensure the Department was happy with its durability/safety etc... Benefit: 		Risk: LPAs may take a view that this approach negatively impacts local distinctiveness if developers’ preferred option is to use “cheaper” materials. Would need to spend considerable time developing “beautiful” palette with LPAs and other stakeholders (difficulties in pleasing all parties) Will bespoke be able to be replaced like for like in the future? And if it can’t, will it look worse than as standard material? Benefit: Less contentious with Members and road users and potentially positively viewed by environmental groups and residents where beautiful/sustainable materials are used. Could take the broad proposal to developers/LPA for initial thoughts without too much controversy.		Comment: Opportunity to use commercial services/business support to help develop the palette with engineering services. Risk: The work involved in development of palettes of material is likely to be significant and require additional consultation with borough and district councils. How can we assess the resource availability for internal delivery? Benefit: Delivering internally will help to retain expertise within the department and ensure us of current knowledge of local issues		Risk: LCC currently has the flexibility to charge an additional 10% for bespoke materials so if we’re proposing to charge less then there is a twofold negative financial impact. Negates some of the financial benefit of introducing the standard palette Uncertainty around whether some beautiful / sustainable materials have been fully tested or around long enough to understand their performance / durability Benefit: Retains the benefit of creating a standard palette Low risk of developers using S37 to bypass the S38 agreement. A brief could be developed to present to consultants to ascertain cost of delivering externally or find the cost of similar work at other authorities.		Risk: Who decides what is beautiful? Is it the role of the Guide to define this? In-house expertise re sustainable materials? The palette would need to be assessed against robust criteria to ensure the Department was happy with its durability/safety etc... Would need to spend considerable time developing “beautiful” palette with LPAs and other stakeholders (difficulties in pleasing all parties) Benefit: The work itself is deliverable subject to sufficient resource being made available. We know that other authorities have standard palettes; we could learn from them. It is not known at this stage whether authorities have looked at beautiful material palettes.		Risk: Considerable work would be needed to define what to include in a sustainable palette before being able to test. Uncertainty around the level of testing materials have undergone (product maturity) Benefit: Could look to other authorities to gauge whether benefits have been delivered. Could do focused work on developing one aspect of the palette. It is questionable whether this would give sufficient information to assess full benefits.	
Option 4 – Consider options to amend policy so that the	Risk: Would need to be managed in line with		Risk:		Comment: It was discussed that any reduction in road		Risk: There would be considerable work		Comments: Does the application of a risk-based		Comment: This approach has been implemented elsewhere		Risk: Assessing the financial benefits of reduced	

Options Assessment – Commuted Sums and Adoption

Implications and RAG assessment							
Option	Policy ‘fit’ Strategic Plan, Asset management, LTP4, Network Management, CaWS	Legal	Stakeholder views including Members	Resource	Financial	Deliverability	Certainty of assessment
County Council adopts less highway in future. (To be considered in conjunction with above options)	developing risk-based approach and we would need to monitor timescales. Reduced ability to control the quality (except through highway observations) and reliability of future maintenance of highway assets, potentially impacting on <ul style="list-style-type: none"> Future condition of assets and ambition for “Strong Economy, Transport and Infrastructure” and HAMP policy “maintaining the county’s highway assets for the benefit of current and future stakeholders.” LTP s Goal for a resilient transport system Ability to influence Asset Management aspirations Benefit:	Would require LCC legal assessment of risks. A “number of homes” based approach could be viewed as being biased against smaller housing scheme developments and might result in future challenges. A robust rationale would be required to defend this position against such future challenges. From workshop discussions it was not clear as to whether such an evidence base was feasible. Could developers force adoption through S37? Benefit: Reduced liability for future maintenance and therefore risk.	adoption should be based more around wider community benefit and utility (emergency services) than arbitrary numbers. Risk: A “number of homes served” based approach might be viewed as being biased against smaller housing scheme developments and might result in legal challenge. Nevertheless, there would need to be robust criteria, considering all factors to avoid future challenge A reduction in scope is likely to be controversial, both politically and among key stakeholders, including future residents. Members will have concerns that frontagers’ interests will no longer to be protected. Residents may object if they feel that they have future financial and legal responsibilities for maintenance of highway assets. Benefit:	required to develop robust criteria, considering all factors to avoid future challenge. If to be considered in conjunction with other Options, then this would be additional workload on top of the above Options. Considerable Legal input required. Benefit:	maintenance approach (currently under development) partially deliver some of the financially benefits of this Option but with less project risk and conflict with policy? Risk: Would the savings outweigh the commuted sums losses? Potential reduction of income would need to be assessed. The approach may not significantly resolve shorter-term budgetary pressures and would reduce levels of income from commuted sums and Government. Benefit: A reduction in the number of roads adopted in the future and therefore maintainable at the Council’s expense. Possibly reduced insurance claims due to reduced scope for liability for future maintenance.	and is theoretically deliverable subject to assessment Could developers force adoption through S37? Risk: Of all Options, this is potentially open to the highest risk of legal challenge and stakeholder objection Benefit: Could contact other authorities to discuss how they managed risk and delivered this approach.	maintenance across the network against loss of income through commuted sums is more complex than other Options. Benefit: Could look to other authorities to gauge whether benefits have been delivered.



**HIGHWAYS AND TRANSPORT OVERVIEW AND SCRUTINY
COMMITTEE – 26 JANUARY 2023**

PROGRESS REVIEW ON FLOODING SCRUTINY REVIEW PANEL

REPORT OF THE DIRECTOR OF ENVIRONMENT & TRANSPORT

Purpose of the Report

1. The purpose of this second annual report is to update the Highways and Transport Overview and Scrutiny Committee on the progress made and work undertaken towards the approved recommendations of the January 2021 Scrutiny Review Panel report since the first annual report was presented on 20 January 2022.

Policy Framework and Previous Decisions

2. Leicestershire County Council has three separate statutory roles and duties in relation to water and flooding:
 - a) as Lead Local Flood Authority (LLFA) as set out in the Flood and Water Management Act 2010 “the 2010 Act”, whose responsibility it is to lead in managing local flood risk;
 - b) as defined within the Civil Contingencies Act 2004;
 - c) as Highways Authority under the Highways Act 1980, responsible for the provision and management of highway drainage, excluding motorways and trunk roads that are the responsibility of the Highways Agency (National Highways).
3. The 2010 Act requires the County Council as LLFA to produce and agree a Local Flood Risk Management Strategy and Leicestershire’s Strategy was approved by the Cabinet on 11 September 2015 following a public consultation and consideration by the Overview and Scrutiny Committee. The Strategy has a six-year refresh cycle and is currently under review.

Background

4. Following significant flooding in October and November 2019, the Environment and Transport Overview and Scrutiny Committee requested at its meeting on 16 January 2020 that a Scrutiny Review Panel be set up to consider the role of

the Council as LLFA and its links with other flood Risk Management Authorities (RMAs).

5. While the Council has a good relationship with partners involved in responding to flooding, there was interest amongst Members regarding accountability, engagement and the effectiveness of existing structures and how the LLFA co-ordinates and executes actions from those partners. The lack of influence the County Council has as LLFA over recommendations arising from its Section 19 investigations (which are statutory investigations undertaken following a flood event, and which detail the potential causes and the parties that have a role in managing the risk) and its influence with other RMAs, were identified as a specific area of concern.
6. The final report of the Scrutiny Review Panel on Flooding was presented to the Environment and Transport Overview and Scrutiny Committee on 14 January 2021. The panel made 25 recommendations which were supported by the Committee and subsequently considered and approved by the Cabinet on 5 February 2021.

Update on 2021 recommendations

7. Since the January 2021 Scrutiny Review Panel report was published, there has been significant progress across the recommendations. Detailed updates relating to each recommendation are presented in Appendix A.
8. Key actions undertaken since the original Scrutiny report include:
 - a) The Local Flood Risk Management Strategy refresh is currently underway with a scheduled public consultation for Autumn 2023 (subject to continued resource availability). The Strategy update will also be supported by a new more interactive website which will aim to provide improved visibility of information for the residents and businesses of Leicestershire.
 - b) The Flood Risk Management Board has been reignited and well attended resulting in a revised terms of reference for the group and a key focus has been on how all agencies can provide consistent and coherent communication messages with regards to flooding. The Communications Plan sets out specific key points throughout the year (in addition to those issued during a flood event) when communications will be released, with details agreed on information that would be best issued.
 - c) The LLFA is to be the lead organisation for Recovery Cells created as part of any Tactical Coordinating Group (TCG) or Strategic Coordinating Group (SCG) meetings to try to minimise work duplication and to maximise the efficiency of limited resources from all organisations during emergency situations.

- d) The formal flood investigation reports (made under Section 19 of the 2010 Act) have been updated to include timescales for agreed actions.
9. Some of the recommendations made, consisted of work that the LLFA was already conducting and therefore there has been a continuation of delivery of service. For the purposes of this report, the recommendations have been categorised into themes. The table below details action status and timescales for delivery of all recommendations to date.

Table: Update on recommendations

Recommendation	Recommendation Theme	Action Status	Timescale
a	Strategy update	In progress	Due Autumn 2023
b,o,p,q,r,s,t,u	Comms	Complete	Summer 2022
c	Public meetings	Complete	Complete
d	Riparian responsibilities	Complete	Ongoing
e	Timescales – Section 19 reports	Complete	Complete
f	Recruitment	Complete	Complete
g	Planning responses	Complete	Ongoing
h	Asset Map	In progress	Ongoing
i	Report it now	Ongoing	Ongoing
j	Gulley contract	Complete	Complete
k	Partnership working	Complete	Ongoing
l	ToR FRMB	Complete	Complete
m	Sharing lessons learnt	Complete	Ongoing
n	Maximising contributions	Complete	Ongoing
v	Flood Plans	Ongoing	Ongoing
w	Flood Wardens	Ongoing	Ongoing
x	Scrutiny report circulation	Complete	Complete
y	Update frequency	Complete	As appropriate

*Note: All timescales proposed are subject to resource availability.

Resource Implications

10. There are no specific resource implications arising from this report, staffing levels are good and work is subject to regular prioritisation. However, weather conditions can lead to a rapid reprioritisation of workload and significant internal property flooding can trigger new Section 19 investigations which will take priority over other work. Not all resources are Leicestershire County Council's, as there are other flood RMAs such as the Environment Agency, Severn Trent Water and the district councils with their separate remits whose resources are utilised as part of the collaborative approach to flood risk management.
11. The Director of Corporate Resources and the Director of Law and Governance have been consulted on the contents of the report.

Conclusions

12. A recommendation from the Scrutiny Panel report was for an annual update paper to enable progress to be monitored against delivery of the recommendations. This report provides that update and highlights the progress that has been made, setting out timescales for the few ongoing actions.
13. Now that all actions arising from the Review Panel have been completed or are ongoing and thus form part of business as usual for the Flood Risk Management, Highway Drainage and Local Resilience Forum teams, it is proposed that no further updates on these will be provided to this Committee as a matter of routine. Instead, reporting will revert to the usual process with items being provided upon request or as needed.
14. The Highways and Transport Overview and Scrutiny Committee will be consulted separately on the Local Flood Risk Management Strategy.

Recommendation

15. The Committee is asked to note and comment on the update now provided and to agree the proposed approach for future reporting arrangements.

Background papers

20 January 2022 – Highways and Transport Overview and Scrutiny Committee – Progress Review on Flooding Scrutiny Review Panel

<https://politics.leics.gov.uk/ieListDocuments.aspx?MId=6732>

14 January 2021 – Environment and Transport Overview and Scrutiny Committee - Final report of the Scrutiny Review Panel on Flooding –

<http://politics.leics.gov.uk/ieListDocuments.aspx?CId=1044&MID=6392#A166640>

5 February 2021 – Cabinet - Scrutiny Review Panel on Flooding

<http://politics.leics.gov.uk/ieListDocuments.aspx?CId=135&MId=6440&Ver=4>

Local Flood Risk Management Strategy

<https://www.leicestershire.gov.uk/environment-and-planning/flooding-and-drainage/flood-risk-management>

Circulation under the Local Issues Alert Procedure

None

Equality Implications

16. There are no equality implications arising from the recommendations in this report, but an Equality Impact Assessment is being produced for the revised Local Flood Risk Management Strategy which is expected to be complete in Autumn 2022.

Human Rights Implications

17. There are no human rights implications arising from the recommendations in this report, but a Human Rights Impact Assessment is being produced for the revised Local Flood Risk Management Strategy which is expected to be complete in Autumn 2022.

Other Relevant Impact Assessments

18. No detailed environmental assessments have been undertaken on the recommendations of the 2021 review panel report however, the County Council will assess the environmental implications of the new Local Flood Risk Management Strategy during its development and any flood alleviation projects, at appropriate points, during their progress.

Appendices

Appendix A – Detailed update on recommendations

Appendix B - Terms of Reference for Flood Risk Management Board

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Appendix A: Detailed update on recommendations

- a) **The Panel supports a refresh of the Flood Risk Management Strategy in September 2021 and asks that the comments and recommendations of the Panel are taken on board.**

The update to the Local Flood Risk Management Strategy is making good progress and is currently scheduled for public consultation in Summer 2023 (subject to resource availability). This represents a delay from the original target of publication in Winter 2022 due to the size of the project and the resources available to complete it. The update to the Strategy will be supported by a more interactive website which will aim to provide improved information visibility for the residents and businesses of Leicestershire.

- b) **That communication of the County Council's role and responsibilities as the Lead Local Flood Authority (LLFA) be reviewed to clarify that whilst it does have limited powers under the Land Drainage Act 1991 it does not have powers to force other authorities to carry out works to help alleviate flooding issues. It is therefore limited in its ability to implement solutions to flood issues or enforce other agencies and riparian owners to undertake works, even when identified as being necessary following a Section 19 investigation. This is important to help residents understand the Council's position and manage expectations.**

The Council has guidance notes which are routinely released to the public and Members to help clarify roles and responsibilities. The update to the Strategy is to be supported by a more interactive website which will aim to provide improved information visibility including a revised version of the guidance notes.

The Council has reignited the Flood Risk Management Board which has been well attended and supported by all partner bodies. A key action of the Board over the past year has been a focus on communication and how all responsible bodies can communicate roles and duties more effectively and consistently. The Board have produced a Communications Plan that all bodies will utilise to ensure a consistent message is issued to the public and businesses of Leicestershire at specific targeted points of the year. The Board is scheduled to meet at set times of the year to coincide with these periods of targeted communications. The first Board meeting was held on 6 July 2021 and it was agreed that the Board would meet three times per year.

- c) **That a protocol be created and set out on any agenda for public meetings created following flooding events that clarifies the role of all that attend and how it would be conducted.**

As a Category 1 responder under the Civil Contingencies Act (CCA) 2004, the Council attends all emergency response meetings including Strategic

Coordinating Group (SCG) and Tactical Coordinating Group (TCG) meetings. During a flood event, where there is a need for a Recovery Coordinating Group (RCG), the Council is likely to chair and lead the multi-agency recovery process for communities and residents and will take the lead on numerous recovery sub-cell meetings. It is anticipated that the Council will coordinate and agree the lead body for recovery and public meetings. The Local Resilience Forum (LRF) recovery process and recovery cell group structure has been agreed by all LLR Category 1 organisations.

- d) That refreshed information be provided to riparian owners on their responsibilities generally, following a Section 19 investigation, and where to seek further advice when they are required to undertake work.**

The LLFA commonly incorporate an action relating to reminding riparian landowners of their responsibilities in Section 19 reports.

- e) That the County Council continues to closely engage with communities and residents as part of Section 19 investigations in setting realistic timescales and expectations.**

The LLFA now incorporates agreed timescales with responsible bodies within published Section 19 reports. Actions are tracked and monitored by the LLFA to understand progress to allow for updating affected communities. Any actions listed by other Risk Management Authorities (RMAs), including water companies and the Environment Agency, are discussed at regular partnership catch up meetings. All actions are agreed with responsible bodies before publication of reports, however, the LLFA has no jurisdiction over their successful implementation.

- f) The Panel supports ongoing work to continue to recruit to the Flood Risk Management Team to ensure the County Council meets its statutory duties and continues to respond to and provide support to residents affected by flooding without the need to rely on consultants which often prove more costly.**

At the time of writing the LLFA is currently fully resourced and all posts are occupied.

- g) That the County Council continues to assist Local Planning Authorities (LPAs) and responds to planning applications that present flooding concerns including for smaller applications where there was no statutory requirement, if resource allowed.**

The LLFA continues to deliver this service and provides support to LPAs where possible on minor planning applications. The LLFA delivered a workshop to all LPAs in September 2021 to help them understand where flooding issues may

be of a concern in an attempt to reduce unnecessary consultations on minor applications that have no relevant flood concerns. This has proved to be beneficial as the number of minor applications received has noticeably reduced.

h) That the Council continues to develop a comprehensive asset map to record assets and maintenance records.

The Highway Authority updates asset data and keeps maintenance records for routine and reactive gully emptying embedded as part of the service. A project has been completed to investigate the feasibility of mapping unknown underground assets (pipework) over the highway network, funded by an additional £250,000 investment in the 2021/22 financial year. Findings were reported to the Asset Programme Board. The Council will encourage communication between departments to ensure the sharing of different mapped information. The GIS team will work with LRF to map above ground assets.

i) That the use of the ‘Report It’ website continues to be promoted widely.

Customers are directed to the “Report it” website via the Council webpages for flooding. The Customer Services Centre is also widely promoted by the Authority as a single point of contact.

j) That as part of the upcoming review of the asset classification review of the Gully Emptying Contract in February 2021 include an examination of the backlog of gully and drainage defects and general customer enquiries and whether it was cost effective in reducing outstanding queries.

The checking of data provided by the gully emptying contractor continues to deliver efficiencies and reduce the amount of duplicate reactive works undertaken. However, the increase in the number of gullies attended in any year is reflected in an increased number of reports sent back by the contractor. Customer enquiries are heavily influenced by adverse weather.

k) That the good partnership work undertaken is noted and welcomed and that it is further explored how good practice can be evidenced and shared across organisations.

The LLFA continues to work collaboratively with all partner bodies, particularly through attending meetings such as the East Midlands LLFA Networking Group, Regional Flood and Coastal Committee meetings, Anglian LLFA Networking meetings. The LLFA is also the chair of the Flood Risk Management Midlands Highways Alliance Plus Group and holds frequent meetings with Severn Trent Water/Anglian Water and the Council’s Highways Team to discuss flood enquiries. In addition to the above, the LLFA chairs the Flood Risk Management Board which is well attended by all partner bodies.

One of the key objectives of this Board is to share good practice and work more collaboratively.

- l) That the Terms of Reference of the Flood Risk Management Board be revised for the next Board Meeting (expected April 2021) taking into account the views and recommendations put forward by the Panel.**

The Terms of Reference for the Flood Risk Management Board has now been agreed, confirmed and implemented.

- m) That lessons be learnt from the successful completion of the Lubbethorpe Brook, property level protection for Sharnford, and Cossington Sluices schemes.**

The LLFA continues to work closely with all partner bodies including the Environment Agency to share and incorporate lessons learnt into all projects.

- n) That the County Council works with the Environment Agency to encourage contributions to flood risk schemes from private landowners and local businesses.**

The LLFA continues to consider the appropriateness of encouraging contributions from private landowners and local businesses on all projects within the Flood Risk Management Project Programme.

- o) That as part of the County Council's Flood Information it advertises the Environment Agency's Flood Incident Hotline and its Flood Warning Alert System.**

The Council routinely advertises the Flood Incident Hotline and Flood Warning Alert System particularly during a flood event. Links to both are also available on the LLR Prepared website <https://www.llrprepared.org.uk/prepared-residents/> and County Councils website <https://www.leicestershire.gov.uk/environment-and-planning/flooding-and-drainage/emergency-flood-advice>

A key action of the Flood Risk Management Board is to deliver communications in a more coordinated manner and a Communications Plan has been drafted which details specific key points throughout the year (in addition to those issued during a flood event) whereby the public will be signposted to all information such as the Flood Incident Hotline and Flood Warning Alert System.

- p) That the County Council works with the Local Resilience Forum to ensure that communities and residents be made aware of actions that they can take to mitigate the potential impact of flooding and increase their resilience.**

As mentioned above, it is a key objective of the Flood Risk Management Board to develop consistent communications messages in partnership with all LLR Category 1 responders and agree when and how the messages are released.

- q) That communication messages are refreshed to ensure:**
- i. Those ‘at risk’ are signposted to the appropriate agencies.**
 - ii. Residents understand what to do before, during and following a flood.**
 - iii. Advice is provided regarding dealing with insurance claims and signposts to Flood Re and other useful organisations.**

The update to the Strategy will be supported by a more interactive website which will aim to provide improved information visibility for the residents and businesses of Leicestershire.

As ‘p’ above.

- r) That all residents are encouraged to sign up for the Environment Agency’s flood alert system.**

As ‘p’ above.

- s) That new communication messages are created to address those who have never experienced a flooding event to highlight the risks in light of the increasing risk of climate change.**

As ‘p’ above.

LLR Prepared has published a new Multi-Agency Flood Plan which identifies target audiences and types of information required to be communicated for different scenarios.

- t) That appropriate methods of communication are considered and utilised to disseminate such messages such as, but not limited to leaflets, Leicestershire Matters, Twitter and Parish communications.**

As ‘p’ above.

- u) That alternatives to sandbags, such as door board gates, one-way toilet flows and other types of property level protection are promoted to residents to look at simple cost-effective ways of reducing their own flood risk.**

The LLFA has draft Guidance Notes which are released to the public and Members to raise the profile of alternative methods of Property Level Protection.

The update to the Strategy will be supported by a more interactive website which will aim to provide improved information visibility for the residents and businesses of Leicestershire.

As mentioned above, it is a key objective of the Flood Risk Management Board to develop consistent communications messages and agree when and how the messages are released. Incorporated within these agreed communications messages are links to websites that specifically reference Property Level Protection.

- v) That the LRF and the County Council communicate to parishes and local communities the need to create community flood plans and provide them with information to enable them to play a role in providing advice to residents to better help prepare for flooding incidents.**

District and Borough Resilience Officers (D&B ROs) targeted different parishes/communities with a £600 stores scheme incentive a few years ago. The D&B ROs now test their plans and go through updating them when necessary. In 2021, for example, in Kibworth they activated their community response plan in the July flooding. This was then reviewed, and the relevant RO also did a de-brief with the community.

- w) That fresh publicity is given to the importance of the role of Flood Warden to promote uptake in areas without them, which the Flood Risk Management Board will oversee.**

Flood Warden training is provided throughout the year by group and individual provision, as dictated by natural turnover and the identification of areas at risk. This is undertaken locally by Resilience Officers linked to boroughs and districts as part of the Resilience Partnership of all 10 Local Authorities in LLR. They communicate directly with boroughs and districts, parishes and community groups to promote the role, recruit and train Flood Wardens as required.

- x) That this report is circulated to all members of the County Council and that their role as Community Champions to promote such recommendations within their communities is highlighted.**

The report has been circulated to all Members of the County Council.

- y) That the Environment and Transport Overview and Scrutiny Committee, as the Council's Flood Risk Management Committee receive an annual**

report providing an update on progress made and work undertaken towards approved recommendations.

Since then, the Environment and Transport Overview and Scrutiny Committee has been split to the Highways and Transport Overview and Scrutiny Committee and Environment and the Climate Change Overview and Scrutiny Committee. This report is the second report on progress and annual updates that will be provided to the Highways and Transport Overview and Scrutiny Committee as requested.

The committee is asked to consider it appropriate that this be the last annual update report now that all actions arising from the report of January 2021 have been completed, or are ongoing and thus form part of business as usual for the Flood Risk Management, Highway Drainage and Local Resilience Forum teams. The Highways and Transport Overview and Scrutiny Committee will be consulted separately on the Local Flood Risk Management Strategy.

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Leicester, Leicestershire and Rutland Flood Risk Management Board

Terms of Reference

Overall Objective

To enable the upper tier local authorities to fulfil their statutory responsibilities, as defined by the Flood and Water Management Act (2010) and Flood Risk Regulations (2009), by providing a forum of officers from the relevant agencies/organisations to develop a strategic, multi-agency approach to flood risk management in all its forms.

Board Membership

The board will consist of senior officers/executives from Lead Local Flood Authorities (Leicestershire, Leicester City and Rutland), LLR Prepared, District/Borough Councils, drainage boards, water/utilities companies, network rail, canal and river trust, highways authorities, the Environment Agency and any other relevant organisation/body as appropriate. The Fire and Rescue, Police and Ambulance Services will also have representation.

Specific Aims

Whilst the Board recognises that each authority has specific responsibilities under the legislation, the Board seeks to ensure a joint approach is taken, wherever reasonable, on all aspects of flood risk management in Leicester, Leicestershire and Rutland.

The Board will exist all year round and its remit is to facilitate discussion as appropriate regarding, but will not be limited to, the following specific aspects:

- Ensuring a coordinated approach to flood risk management and planning and development.
- Identifying and reviewing learning from local and national flood incidents.
- Identifying opportunities for and working together on public awareness and expectation management regarding flooding.
- Maximising opportunities to influence partner strategies and resource allocation.
- Identifying and maximising funding opportunities.
- Identifying training requirements and desired capacity of suitably qualified, trained and/or experienced staff.
- Development of complementary Flood Risk Management Strategies.
- Sharing good practice to help understand partnership roles.
- Review/writing of the Strategic Flood Risk Assessment (SFRA)/Preliminary Flood Risk Assessment (PFRA).
- Feed into Local Resilience Forum flood planning and response arrangements.

Data and Information Sharing

Ensure that information sharing agreement in LLR Prepared is adhered to therefore enabling the optimal sharing of data on each partners' infrastructure to provide the best for the benefit of communities.

Consider opportunities for using like systems for data capture to facilitate data exchange.

Ensure information on strategic priorities and key work programmes relating to drainage and flood risk management are shared to highlight potential problems and to identify potential opportunities for partnership working to resolve issues or address other challenges.

Note: there is an Information Sharing Agreement in place across all LLR Prepared organisations to facilitate the sharing of data in preparation for, and response to emergencies.

Frequency of Meetings

Meetings will take place three times a year at the End of Winter (March), Summer (May/June) and October.

Chairing of Meetings

Meetings will initially be chaired by Leicestershire County Council.



HIGHWAYS AND TRANSPORT OVERVIEW AND SCRUTINY
COMMITTEE – 26 JANUARY 2023

SPECIAL EDUCATIONAL NEEDS SCHOOL TRANSPORT SERVICE –
UPDATE

REPORT OF THE DIRECTOR OF ENVIRONMENT AND TRANSPORT

Purpose of Report

1. The purpose of this report is to provide the Committee with an update on progress regarding the Special Educational Needs (SEN) transport for the academic year 2022/23 since the previous report in June 2022. The service has experienced several challenges over the six-month period related to Covid-19 recovery, industry inflation and contract terminations, but there were also several benefits regarding, in particular, demand management and planned efficiencies as set out in the Positive Action section. In response, the service introduced a number of measures, listed in paragraphs 22-32 of the report which, albeit successful in the short term, are not sustainable over a longer period.

Policy Framework and Previous Decisions

2. Updated Home to School Transport policies for both Mainstream and SEN students were published by the Council in September 2018 and were introduced from the start of the 2019/20 academic year. There have been no subsequent policy changes.
3. In September 2019, the Cabinet considered a report which detailed the implementation of the Council's Home to School Transport Policies. A judicial review on the SEN policy for 16–18-year-olds delayed implementation of Personal Transport Budgets (PTBs) until the start of the 2021/22 academic year.
4. Leicestershire County Council's Strategic Plan 2022-2026 (approved by the County Council in May 2022) notes that there are two tiers of support for children with special educational needs (SEND): 'SEN Support' and 'Education, Health and Care Plan' (EHCP). It noted that demand for EHCPs for children with SEND has also increased significantly, leading to rising demand for specialist SEND provision.

Background

5. The number of pupils requiring SEN transport is projected to rise by 6% in 2023/24, followed by increases of 8% in 2024/25 and 7% in 2025/26 and 2026/27 in line with the anticipated growth of pupils with an Education, Health and Care Plan (as projected by Children and Family Services (CFS)).
6. The daily cost of SEN transport is rising at an estimated rate of 2% annually due to the need to provide transport for those with more complex needs as identified by risk assessments. Growth figures are based on projected increases in service user numbers and complexity of needs only. Budget overspend of £1.4m currently forecast in 2022/23 is linked to other issues (primarily market conditions and inflation).
7. Since the beginning of the 2022/23 academic year, 95 SEN taxi contracts have been handed back by providers on the basis they are unable to deliver for the contracted cost. This is contributing to a substantial rise in costs when the contracts are retendered. Any impact arising from the development of additional local SEN provision is unable to be quantified at this point and will be closely monitored particularly if children move from residential provision requiring weekly transport to local provision requiring daily transport.
8. A previous report to this Committee in June 2022 listed three key elements that drive SEN transport expenditure. These are:
 - a) Demand/Growth - the number of pupils eligible for SEN transport assistance.
 - b) Pupil need - the increased complexity of the needs of pupils travelling.
 - c) Market forces and competition - fuel costs, inflation, wages etc.
9. Further updates on these three elements are provided below.
10. The publication of the County Council Network (CCN) Report in March 2022 “The Challenge in the Counties” has provided additional benchmarking information that was unavailable when the initial report was published in June 2022 and is referenced throughout for context.
11. National data from the CCN Report (March 2022) shows that:
 - a) There is a fourth growth driver to those listed in paragraph 8 above, namely the lack of suitable local placements in specialist schools. This is also being experienced locally in Leicestershire as students travel further to school.

- b) Nationally in 2016/17, there were 41,185 SEN pupils using the service, however, by 2020/21 that number had risen to 51,558 which is a 25% increase.
- c) SEN home to school transport expenditure rose from £260.5m in 2016/17 to £346.9m in 2020/21 which is a 33% increase.
- d) Nationally, the average yearly cost per SEN pupil increased from £5,893 in 2016/17 to £6,099 in 2020/21 – an increase of £206 per head.

Demand / Growth

- 12. The previous report cited a 38% increase nationally in EHCP's / SEN support; 54% locally in County and a 25% increase in local demand for SEN transport over the last two years.
- 13. Local data to November 2022 (see Annual demographic growth on SEN Transport appended to this report) indicates the growth trend is continuing.
- 14. Leicestershire's cost per SEN pupil in 2020/21 was £5,454, lower than the 2020/21 national average of £6,099.
- 15. Service spend has increased in line with demand, except for 2020/21 when the Covid-19 pandemic resulted in a number of contract suspensions, which reduced contract payments.

Pupil Need

- 16. As noted in the previous report, there is an ongoing increase in pupils' needs. Service user distance travelled (to nearest suitable provision) and transport requirement complexity has been growing in terms of pupil numbers and cost year on year.
- 17. The report presented to this Committee in June 2022 states that the most cost-effective way of providing transport is to have as few contracted vehicles transporting as many pupils as possible at their maximum capacity, with reference to current types of provision. New, more efficient modes of transport are therefore being considered, for example, group pick up points for SEN students on large coach-type vehicles.
- 18. The same applies to pupils that require wheelchair accessible transport or other specialised vehicles. In June 2022 the average cost per mile for tenders received for wheelchair accessible vehicles was usually twice that of a standard taxi. On average, wheelchair accessible tenders are 95% more expensive than those for a standard vehicle, a trend that continued in November 2022.

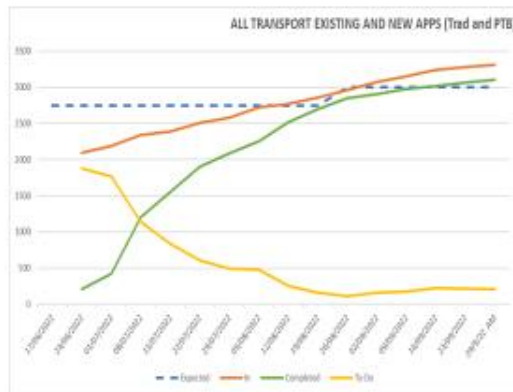
Market Forces and Competition

19. In June 2022 fuel prices had increased by 25%. The fuel element of the contract price is generally around 10% to 12%.
20. In June 2022, operators reported a shortage of drivers and escorts as well as cost of living rises resulting in wage rises of around 10%, with inflationary contract increases at 14%. This trend continued to November 2022 and is impacting the capacity of the Council fleet to provide cost effective alternative provision.
21. Between June and November 2022, 95 contracts had been rescinded at the request of the operators at an additional cost of £120,000.

Positive Action

22. The SEN transport service anticipated challenges with receiving information required to enable transport provision for the start of the September 2022 academic year due to resourcing issues in CFS, resulting in delays against the standard timeline as detailed below. In response, both departments worked collaboratively to minimise any adverse effects.
 - a) A total of 338 transport requests were delayed due to incomplete EHCP information from CFS;
 - b) There were 193 applications that took longer than 50 days to approve because of missing EHCP information;
 - c) As of December 2022 / January 2023, there are 19 applications still awaiting eligibility assessment because of missing EHCP information. This missing information is being continually requested and improved communications with SEND commissioners is helping to reduce the number of incomplete plans further.
 - d) Of those eligible, 91.33% of students had transport in place and 95% had PTB's in place ready for the start of the school year.
23. The following table shows the weekly breakdown of progress in processing transport applications.

Progress of Transport Applications @ 29/09/22



Date	Expected	In	Completed	done in week	To Do
17/06/2022	2750				
24/06/2022	2750	2090	210		1880
01/07/2022	2750	2191	424	214	1767
08/07/2022	2750	2342	1203	779	1139
15/07/2022	2750	2390	1552	349	838
22/07/2022	2750	2510	1906	354	604
29/07/2022	2750	2581	2086	180	495
05/08/2022	2750	2726	2252	166	474
12/08/2022	2750	2772	2514	262	258
19/08/2022	2750	2855	2697	183	158
26/08/2022	3000	2961	2851	154	110
02/09/2022	3000	3070	2909	58	161
09/09/2022	3000	3151	2975	66	176
16/09/2022	3000	3239	3017	42	222
23/09/2022	3000	3281	3066	49	215
29/9/22 AM	3000	3313	3104	38	209
We have completed:		38	SINCE FRIDAY PM (Not full week)		
We have received:		32			

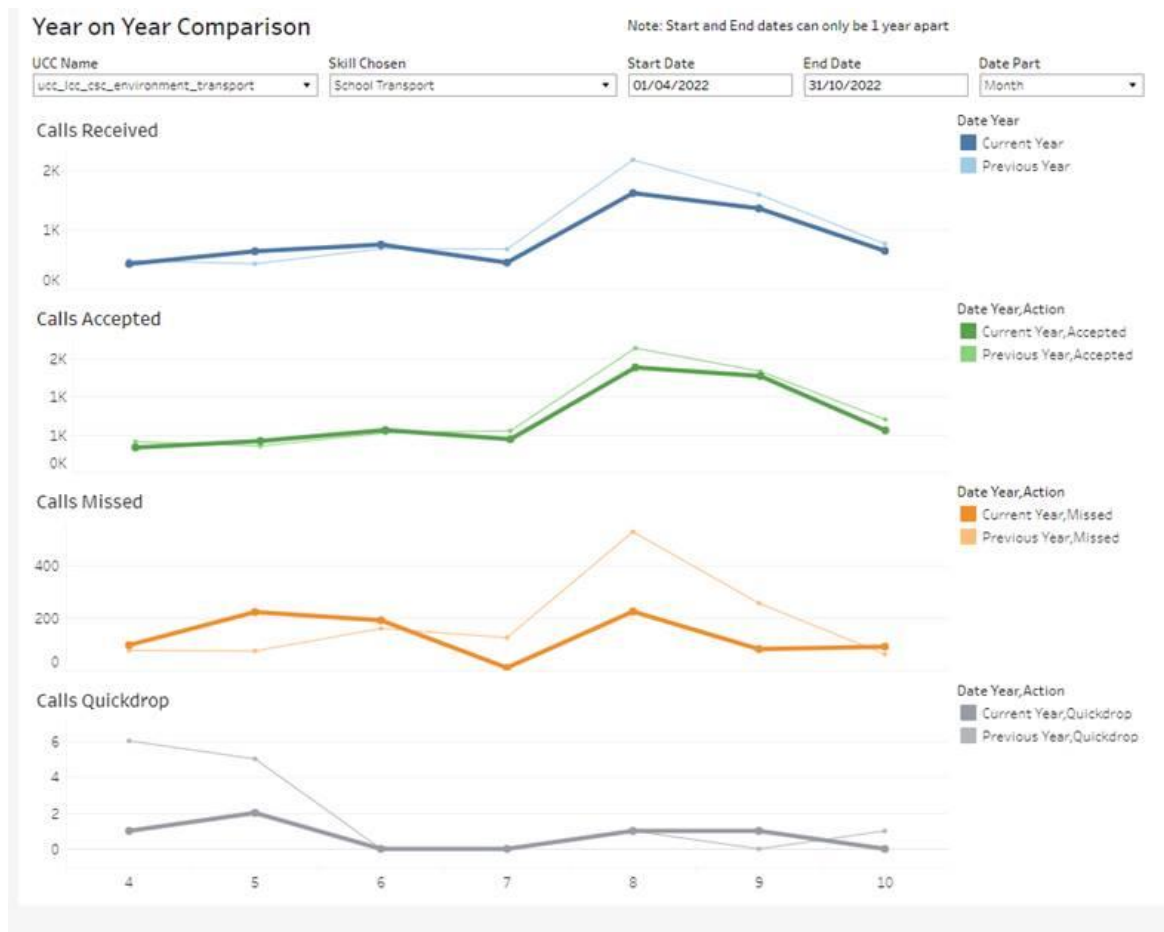
Think customer.

Think digital.

3

24. The positive actions taken included a prepayment scheme being introduced in Summer 2022 to mitigate against the late transport arrangements. This enabled parents to pay for transport until each contract could be put in place (a payment card was issued with cash preloaded). 31 families benefited from this scheme.
25. At the same time, the digital application process was reviewed with parents receiving status updates by email, so reducing the number of follow-up calls and lowering additional demand on the team, which enabled them to focus on getting transport in place. This also helped with forecasting.
26. Frequently asked questions and answers were introduced online allowing parents to refer to information and therefore also reducing call volumes.
27. Work was carried out with finance to implement a new process to speed up PTB applications which simplified the setting up of individuals as suppliers on the system.
28. A temporary control hub was established to handle a large proportion of the escalated complaints which significantly reduced the number of corporate complaints received.

29. Additional training was carried out with the Customer Service Centre (CSC) to review scripts with further information enabling queries to be dealt with at first point of contact.



30. Capacity in the CSC was reviewed. Existing resources were re-allocated and priority was given to school transport calls. The impact of this approach can be seen in the above figure showing reducing call levels.
31. The eligibility team have now access to QPATHS (a software product that automates eligibility assessments) which enables them to check eligibility of pupils quicker and more efficiently (speeding up the process of 15,000 mainstream pupils).
32. In September 2022, a transformation programme was initiated to manage demand and drive further efficiencies across the assisted transport service funded by a £500,000 one off contribution from the Transformation reserve. The programme features projects to redesign processes, procure a new IT system and improve capacity and capabilities.

Resource Implications

33. The Director of Corporate Resources and the Director of Law and Governance have been consulted on the content of this report.

Conclusions

34. SEN transport has seen significant growth over the last few years, which aligns with national trends. Despite additional resourcing challenges this year, management interventions proved a success in maintaining standards of service from June to November 2022. Those interventions, however, were resource intensive and therefore costly, and unsustainable in the long term. With growth forecast to continue, and in light of the Council's overall financial situation, work within the Environment and Transport Department and in collaboration with the CFS will continue in order to manage demand and drive efficiencies across this service area.
35. Members are asked to note the content of this report.

Background Papers

Report to the Highways and Transport Overview and Scrutiny Committee 9 June 2022 – Special Educational Needs Transport Service – Provision Briefing

<https://politics.leics.gov.uk/ieListDocuments.aspx?CId=1293&MId=6734&Ver=4> (item 10)

Report to the Cabinet 16 December 2022 – Provisional Medium Term Financial Strategy 2023/24-2026/27

<https://politics.leics.gov.uk/ieListDocuments.aspx?CId=135&MId=6746&Ver=4> (item 4)

County Council's Network – The Challenge in Counties

<https://www.countycouncilsnetwork.org.uk/councils-face-difficult-decisions-as-spiralling-fuel-prices-impact-on-school-transport-services-report-warns/>

Circulation under the Local Issues Alert Procedure

None.

Equality Implications

36. There are no equality implications arising directly from the recommendations in this report.
37. Equality Impact Assessments will be carried out in relation to work undertaken on individual projects when appropriate.

Human Rights Implications

38. There are no human rights implications arising directly from the recommendations in this report.
39. Human Rights Impact Assessments will be carried out in relation to work undertaken on individual projects when appropriate.

Appendix

Annual demographic growth on SEN Transport

Officers to Contact

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Appendix - Annual demographic growth on SEN Transport

Year	Number of school days financial year	Number of pupils AS AT November 21st	Demand +/-	Demand +/-	Budget (Includes Fleet)	Actual Annual Expenditure	Actual Daily Expenditure	Annual cost per user	Daily cost per user	Comments
2013/14	195	1512	-121	-7.41%	£6,703,395	£7,100,572	£36,413	£4,696.15	£24.08	
2014/15	189	1545	33	2.18%	£6,522,540	£7,105,806	£37,597	£4,599.23	£24.33	
2015/16	188	1551	6	0.39%	£6,808,052	£7,911,087	£42,080	£5,100.64	£27.13	
2016/17	198	1611	60	3.87%	£8,735,839	£9,225,286	£46,592	£5,726.43	£28.92	
2017/18	188	1676	65	4.03%	£9,341,352	£9,487,626	£50,466	£5,660.87	£30.11	
2018/19	198	1757	81	4.83%	£10,294,716	£11,324,256	£57,193	£6,445.22	£32.55	
2019/20	195	1910	153	8.71%	£11,307,261	£13,410,510	£68,772	£7,021.21	£36.01	
2020/21 *	191	2157	247	12.93%	£14,398,843	£11,765,713	£61,601	£5,454.67	£28.56	*Covid Cancellations
2021/22 *	197	2427	270	12.52%	£17,343,732	£15,873,652	£80,577	£6,540.44	£33.20	*Covid Cancellations
2022/23	188	2561	134	5.52%	£18,428,650	£20,653,402	£109,859	£8,064.58	£42.90	Daily cost per user based on period 8 forecast
2023/24	188	2703	142	5.54%	£20,853,962		£110,925	£7,715.12	£41.04	Budget figures based on 188 school days. Daily expenditure,
2024/25	188	2921	218	8.07%	£21,560,125		£114,682	£7,381.08	£39.26	

Year	Number of school days financial year	Number of pupils AS AT November 21st	Demand +/-	Demand +/-	Budget (Includes Fleet)	Actual Annual Expenditure	Actual Daily Expenditure	Annual cost per user	Daily cost per user	Comments
2025/26	188	3124	203	6.95%	£23,020,125		£122,447	£7,368.80	£39.20	cost per user and daily cost per user all based on budget.
2026/27	188	3354	230	7.36%	£25,130,125		£133,671	£7,492.58	£39.85	