



Meeting: **Highways and Transport Overview and Scrutiny Committee.**

Date/Time: **Thursday, 18 January 2024 at 2.00 pm**

Location: **Sparkenhoe Committee Room, County Hall, Glenfield**

Contact: **Mr A. Sarang (0116) 305 8644**

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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

AGENDA

<u>Item</u>	<u>Report by</u>
1. Minutes of the meeting held on 9 November 2023.	(Pages 3 - 10)
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 2024/25 - 2027/28. Director of Environment and Transport and Director of Corporate Resources (Pages 11 - 30)
9. Third Party Funded Schemes in the Public Highway. Director of Environment and Transport, Leicestershire County Council (Pages 31 - 40)
10. Storm Henk - Flooding Update. Director of Environment and Transport, Leicestershire County Council (Pages 41 - 50)
11. Date of next meeting.

The date of the next meeting is scheduled for 7 March 2024, at 2:00pm.
12. Any other items which the Chairman has decided to take as urgent.



Minutes of a meeting of the Highways and Transport Overview and Scrutiny Committee. held at County Hall, Glenfield on Thursday, 9 November 2023.

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, Lead Member for Highways and Transport (in remote attendance)
Mrs M. Wright CC, Cabinet Support Member

24. Minutes of the previous meeting.

The minutes of the meeting held on 7 September 2023 were taken as read, confirmed and signed.

25. Question Time.

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

26. Questions asked by members under Standing Order 7(3) and 7(5).

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

27. Urgent Items.

There were no urgent items for consideration.

28. 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.

no declarations were made.

29. Declarations of the Party Whip in accordance with Overview and Scrutiny Procedure Rule 16.

There were no declarations of the party whip.

30. Presentation of Petitions under Standing Order 35.

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

31. Leicestershire Local Flood Risk Management Strategy - Public Consultation Outcomes and Publication.

The Committee considered a report of the Director of Environment and Transport which provided an overview of the findings of the public consultation undertaken on the draft Leicestershire Local Flood Risk Management Strategy and sought the Committee's views on the updated Strategy prior to this being presented to the Cabinet for approval at its meeting on 24 November 2023. A copy of the report, marked 'Agenda Item 8', is filed with these minutes.

Arising from the discussion, the following points were arising:

- i) Members welcomed the new Strategy, which was timely in light of recent flood events in the area, and thanked officers for what was a thorough and comprehensive report.
- ii) The Committee supported the proposed partnership approach with communities. It was suggested that helping residents be flood aware was an effective way of managing future events and that the online platform which was currently being developed would be a useful point of information and guidance for residents of Leicestershire.
- iii) In 2020 a Scrutiny Review Panel had been established to look at the Council's approach to flooding in partnership with other strategic organisations. The Panel had made 26 recommendations and Members were pleased to hear that the Strategy had been developed to address the issues and areas of concern identified by the Panel.
- iv) A Member queried to what extent the impacts of future developments across the County and associated land drainage issues had been considered and how these would be managed/mitigated as part of the Strategy. The Director explained that as the Lead Local Flooding Authority the County Council had a role at a strategic and local level as a statutory consultee. If consulted by the local planning authority (district councils) it would be able to comment and make recommendations regarding flood risks both as part of the local plan process and in respect of individual developments at the planning application stage.
- v) A Member raised concerns regarding larger commercial developments which impacted surface water runoff and queried what could be done differently with commercial developers to address this. It was noted that as the Lead Local Flooding Authority the County Council was a statutory consultee for such developments in the same way as it was for residential developments.
- vi) A Member questioned the Council's response to public reports regarding blocked gullies, noting that these were cleaned on a scheduled basis, the timing of which might not seem appropriate when bad weather was on the

horizon. The Director confirmed that whilst the Council had a timetable for cleaning gullies across the County, reports of a blockage in a flood risk area would be considered individually and action taken where appropriate. However, blocked gullies were often not necessarily the cause of flooding and other issues around the area could be having an effect. The Member was asked to share details of a particular local concern regarding a blocked gully, which the Director undertook to look into further.

- vii) In response to a Members query, the Director confirmed that following a flood event, subject to certain criteria being met, an investigation would be carried out to determine the cause of the flood. As each case would be different the outcomes of each investigation would inform the solutions identified and this would be shared with partners for action.
- viii) A Member whose division had recently been affected by a flooding event highlighted the excellent work of the Flood Risk Management Team which had responded quickly, communicated well, and helped residents in recovering from the event.
- ix) The Committee thanked the Officers for the detailed and in-depth work undertaken to produce the report Strategy and for the work undertaken in responding to events. The Lead Member for Highways, Transportation and Flooding further commended the Flood Risk Management Team which he said was a small team that did an excellent job.

RESOLVED:

- a) That the report on the Leicestershire Local Flood Risk Management Strategy – Public Consultation Outcomes and Publication be noted and welcomed;
- b) That the comments now made by the Committee be submitted to the Cabinet for consideration at its meeting in November 2023.

32. Street Lighting Review - Proposed Changes.

The Committee considered a report of the Director of Environment and Transport which detailed the outcome of the Street Lighting public consultation and proposed next steps for the Street Lighting review and sought the Committee's views on this to help shape the future Street Lighting offer prior to seeking approval from the Cabinet in December 2023. A copy of the report marked 'Agenda Item 9' is filed with these minutes.

Arising from discussion, the following points were arose:

- i) The Committee questioned whether other options had been explored, such as switching off alternate lights rather than dimming all lights. A Member suggested that this might be considered more acceptable to residents, but also save more in energy costs. The Director advised that this suggestion had not been specifically considered, but the Council had explored several options which were in line with the Code of Practice and the need for a minimum level of light intensity in each area. The Director undertook to consider the suggested alternative approach as part of the consultation

process.

- ii) A Member commented that the public's perception that switching off streetlights would result in an increase in crime was an interesting and delicate issue, as research suggested that, in fact, crime went down when streetlights were turned off. Members noted that the proposals were for streetlights to be dimmed, not turned off, and that the pilot would help determine if residents still had such concerns in those circumstances.
- iii) A Member highlighted the Police and Crime Commissioners (PCC) mapping system which allowed the public to identify areas in Leicestershire where they felt most vulnerable. It was questioned to what extent the Council would take account of this information as part of its consultation. The Director confirmed that the pilot would help identify if and where residents felt more vulnerable or unsafe as a result of the dimmed lighting and suggested that a heat map could be developed to compare against the records held by the office of the PCC.
- iv) Members commented that the Council had a degree of social responsibility, especially in areas where elderly people lived and could feel isolated, or where there were particularly vulnerable communities. There might therefore be pockets where it would be appropriate to turn the lights back up to full brightness. It was noted that the pilot would help determine if this might be necessary.
- v) A Member raised concerns about the impact the proposals could have on two specific groups that had responded to the consultation raising concerns that the proposals would make them feel more vulnerable, namely women and those with a disability. It was noted that an Equalities Impact Assessment had been carried out but not attached to the report. Members requested and the Director undertook to provide a copy of this to all Members of the Committee. It was noted that this would also be attached to the future planned report to the Cabinet.
- vi) It was suggested that 8pm was not that late and some young people might be walking home from after school activities around that time. It was suggested that their views should be sought to understand what impact the proposed changes would have on them, noting that they would be unlikely to respond directly to the consultation.
- vii) Members questioned what could be done to make sure dimmed street lighting was not further reduced by tree coverage. The Director undertook to consider the matter further within the Department (which was also responsible for tree maintenance) should any such issues or concerns be raised as part of the pilot.
- viii) A Member queried if alternatives such as motion censored lights might be an option in the future. The Director advised that the current technology could not cope without significant investment.
- ix) It was noted that the dimming of streetlights to 30% [from 10pm on residential streets] was the current national British standard and that the Council was therefore just seeking to bring this forward to 8pm. Members further noted

that the pilot would begin in February 2024 and would span over 2 winters to provide an accurate assessment of the scheme across the seasons.

- x) A Member commented that streetlights were largely for the benefit of pedestrians and cyclists. The Director reassured members that busier roads would continue to have lights on, including busy road junctions, but just at a dimmed level from 8pm. It was noted that additional work was also being done to understand foot fall levels in town centres and this data would be considered as part of the pilot process.
- xi) In response to Members query, it was noted that the pedestrianised footpath and cycle ways was an emerging area in the Local Cycling and Walking Infrastructure Plans (LCWIP) where data was being collected and monitoring equipment was also being introduced currently in the more urbanised areas, with an ambition for further developments.

The Lead Member for Highways and Transport took the opportunity to note that 30% was still a good level of light and suggested that LED lighting produced good light coverage. It was further noted that carrying out the pilot scheme would give the Authority a better understanding on how the proposed changes would work and where mitigation was needed.

RESOLVED:

- a) That the outcome of the Street Lighting public consultation and proposed next steps for the Street Lighting Review be noted;
- b) That the views and comments made by the Committee on the proposals be reported to the Cabinet for consideration at its meeting in December 2023;
- c) That the Director be requested to provide Members of the Committee with a copy of the Equalities Impact Assessment carried out in respect of the proposed changes;
- d) That the Director be requested to:
 - (i) consider the suggestion of switching off alternate lights, instead of dimming all lights, to determine if this alternative approach might produce further positive outcomes and savings;
 - (ii) produce a heat map identifying those locations where people reported feeling vulnerable as a result of the reduced lighting and for this to be compared with data held by the office of the PCC;
 - (iii) to consider the impact of tree coverage which might further reduce lighting in some areas and to liaise with colleagues within the Department (which was also responsible for tree maintenance) should any such issues be raised as part of the pilot to see what work could be done to make improvements.

33. Passenger Transport Update.

The Committee considered a presentation provided by the Director of Environment and Transport which provided an update on funding arrangement for public transport services in Leicestershire, the work undertaken to refresh the Passenger

Transport Policy and Strategy (PTPS) to support compliance with national policy, and to seek the Committees views on these and related work being undertaken prior to consideration by the Cabinet at its meeting in December. A copy of the slides marked 'Agenda Item 10' is filed with these minutes.

Arising from discussion, the following points arose:

- i) Members welcomed the presentation and the additional grant funding for buses to be provided by the Department for Transport (DfT). Members queried the structure of the funding and how this could be allocated. It was noted that the first tranche of £4.05m would be revenue funding but that it was expected the multi years settlement in future years, a proportion of which was expected to be capital.
- ii) A Member questioned how the funds might be used to support local commercial bus operators. It was noted that there were conditions attached to the funding and it was not intended to simply fund the continuation of existing services. Some additionalities would need to be demonstrated and where money was transported to commercial operators by way of a subsidy, which was permitted if it could be shown to be for the public benefit, then strict legal and procurement processes would need to be followed.
- iii) Whilst there continued to be drop in the usage of bus services since the Covid 19 pandemic it was noted that some routes had recovered, for example those that traditionally had large patronage (usually student) numbers, whilst others had not and might never do so. Members noted that service recovery was dependent on who was using the bus routes. Around 80% of routes had recovered but concessionary travel was much lower which meant those areas more reliant on such travel was continuing to struggle.
- iv) Members raised concerns regarding engagement by bus companies in recent times and asked how this might be improved under the new Strategy to provide for a more partnership approach. A Member commented that whilst bus companies were operating a commercial service it needed to be acknowledged that this was also a public service and that some engagement when changes were being made or routes ended would be beneficial for residents. It was suggested that the injection of additional funds and the structure around how this could be spent would act as a catalyst for improving engagement. Officers would also be meeting with operators to discuss the new Strategy and their input would be considered as this was developed.
- v) Reliability and capacity were key issues in some areas. It would be important to engage with operators not just in respect of those routes that were no longer viable, but to increase capacity and connections on busier routes. The Director provided reassurance that focus was being given to the development of a core commercial offer that would drive such improvements and could also be supported by the increased grant funding allocated where appropriate.
- vi) A Member commented that more consideration needed to be given to the accessibility of Demand Responsive Transport (DRT). Whilst an excellent offer it was suggested that this was not adequately joined up and so did not

improve connectivity across the County. The service was also reliant on residents having a smart phone to be able to make a booking online via an application. As different providers operated on different applications, this also acted as a barrier to establishing a fully joined up service.

- vii) Members suggested that partnership work between bus operators and railway ticketing stations to provide an integrated service would be beneficial for the future. It was noted that this would be a commercial decision for bus operators and train companies not the local authority.
- viii) Members were reassured that the new DfT funding provided a new opportunity to reflect on and discuss with bus companies what services would be appropriate and how to provide better local coverage. For example, whether a service should be replaced by a DRT service, or if a reduction in bus size would make a commercial route more affordable, possibly with a small subsidy by the Council, where passenger numbers were low, and the route was otherwise at risk of being declared unviable.
- ix) It was noted that partnership work with the City Council was ongoing for other sources of funding such as the ZEBRA funding which it had already been successful in achieving. In response to Members query whether bus charging capacity was included the assistant Director confirmed that charging infrastructure would be part of the assessment.

The Lead Member for Highways and Transport took the opportunity to thank the Officers for their ongoing work in this area. The additional funding would be beneficial, but it was disappointing that the Government required this to be spent within such a short timescale.

RESOLVED:

- a) That the presentation on the Passenger Transport Update be noted;
- b) That the views and comments from the Committee on the proposed approach be duly reported to the Cabinet.
- c) That the Director be requested to circulate the presentation to the district and parish councils for information to local people.

34. Date of next meeting.

RESOLVED:

It was noted that the next meeting of the Committee would be held on 18th January 2024 at 2.00 pm.

CHAIRMAN

2.00pm - 3.30pm
9 November 2023

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**HIGHWAYS AND TRANSPORT OVERVIEW AND SCRUTINY
COMMITTEE - 18 JANUARY 2024**

MEDIUM TERM FINANCIAL STRATEGY 2024/25 – 2027/28

**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 2024/25 to 2027/28 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 and Scrutiny Committee to consider any relevant 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 2023. This has been the subject of a comprehensive review and revision in light of the current economic circumstances. The draft MTFS for 2024/25 – 2027/28 was considered by the Cabinet on 19 December 2023.

Background

3. The MTFS is set out in the report to the Cabinet on 19 December 2023, 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 within the Council's Environment and Transport Department.
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 29 January 2024. The Cabinet will consider the results of the scrutiny process on 9 February 2024 before recommending an MTFS, including a budget and the Capital Programme for 2024/25, to the County Council on 21 February 2024.

Proposed Revenue Budget

5. Table 1 below summarises the proposed 2024/25 revenue budget and provisional budgets for the next three years thereafter for the Council's Highways and Transport Services. The proposed 2024/25 revenue budget is shown in detail in Appendix A.

	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000
Original prior year budget	60,144	67,954	69,004	69,629
Budget transfers and adjustments	4,161	500	0	0
Add proposed growth (Appendix B – Growth and Savings 2024/25 – 2027/28)	4,515	2,010	1,175	1,780
Less proposed savings (Appendix B)	-865	-1,460	-550	0
Proposed/Provisional budget	67,954	69,004	69,629	71,409

Table 1 – Revenue Budget 2024/25 to 2027/28

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 total proposed expenditure budget for Highways and Transport Services in 2024/25 is £118.69m with contributions from grants, service user income, recharges to the Capital Programme and various other income totalling £50.73m. The proposed net budget for 2024/25 of £67.95m is distributed as shown in Table 2 below:

	£000
Development & Growth	
Development & Growth	1,146
H&T Commissioning	3,018
H&T Network Management	10,215
Highways & Transport Operations	
Highways Operations Services	12,817
Assisted Transport Service	36,146
H&T Technical Support Services	4,612
Total	67,954

Table 2 - Net Budget 2024/25

Budget Transfers and Adjustments

8. A number of budget transfers (totalling a net increase of £4.16m) were made during the 2023/24 financial year. These transfers include:
- a) £0.26m for increase in employer's contribution to the Local Government Pension Scheme.

- b) £0.12m transfer for Forestry Services to the Corporate Resources Department.
- c) £2.96m for running cost/contract inflation for highways maintenance, street lighting and transport budgets from the central inflation contingency.
- d) £1.18m capital substitution to revenue following a review of the accounting practice for recharging overhead costs to the Capital Programme.
9. Budget transfers to cover the additional costs associated with the 2023/24 pay award are still to be finalised but will be reflected in the final MTFS to be reported to the Cabinet.
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 £0.12m 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		2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000
	<u>GROWTH</u>				
	<u>Demand & cost increases</u>				
** G17	Special Educational Needs transport - increased client numbers/costs	1,925	3,695	5,115	6,780
G18	Social Care Transport - increased journeys and demand	2,055	2,280	2,550	2,865
G19	Highways Maintenance	555	555	0	0
G20	Demand management - E&T Transport	-210	-230	-190	-390
** G26	HGV Driver Market Premia (H&T element only)	190	225	225	225
	TOTAL	4,515	6,525	7,700	9,480
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					
no stars = new item					

15. For 2024/25 growth represents an increase of £4.52m (or 7.5%) compared to the original prior year budget. Special Educational Needs (SEN) and Social Care transport are the main drivers of growth, rising to £9.48m by 2027/28. More detail is provided in the following section.

Demand and Cost Increases

G17() SEN Transport – Increased client numbers/costs: £1.93m in 2024/25 rising to £6.78m by 2027/28**

The cost of SEN transport continues to increase significantly. The number of pupils needing transportation is projected to increase annually: 7.4% in 2024/25, 3.6% in 2025/26, 5.4% in 2026/27 and 5.7% in 2027/28. This aligns with the expected growth of pupils with Educational Health Care Plans (EHCP) as forecasted by the Council's Children and Family Services Department. An analysis of the past four years' transportation data indicates an average 6% increase per annum in the percentage of all SEN pupils with EHCP's who now require Council organised transport, making up 50% of all EHCP students. 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 £0.70m forecast budget overspend in 2023/24 is due to an 8% increase in user demand compared to the initial budget forecast, with a potential to continue to grow by the end of the financial year. Other contributing factors include market conditions, and contract hand backs. Since the beginning of the 2023/24 academic year, 108 SEN taxi contracts have been handed back by providers on the basis they are unable to deliver for the contracted cost. Retendered contracts on average result in a 20% rise in service cost (currently amounting to £465,000) and does not form part of this growth request. Work continues to be undertaken in collaboration with the Children and Family Services to review future growth projections.

G18 Social Care Transport – increased journeys and demand: £2.06m in 2024/25 rising to £2.86m by 2027/28

Over the last three years, the number of Adult Social Care journeys has risen by 10% despite a 4% decrease in service users requiring transport. Children's social care journeys have also risen by 7%. Forward projections suggest a combined average increase of 4% per annum. No growth has previously been provided for this area with the service absorbing prior year overspends (£1.8m in 2022/23) within the overall departmental budget. Growth represents the cumulative effect of prior years' increases.

G19 Highways Maintenance: £0.56m in 2024/25 and 2025/26

Increased cost to deliver minimum and high priority environmental maintenance works, safety inspections and asset cleaning to keep the network safe. Time limited growth subject to announcement of further Network North funding.

G20 Demand Management – E&T Transport: growth reduction of £0.21m in 2024/25 rising to £0.39m by 2027/28

A growth reduction target to dampen demand-led growth. Represents 10% of the increase in growth required compared to 2023-27 MTFS for SEN Transport (G17) and Social Care Transport (G18).

G26() HGV Driver Market Premium: £0.19m in 2024/25 increasing to £0.23m in 2025/26**

Removal of time limited growth and increased funding to cover costs associated with awarding Market Premia and retention payments to specialist HGV drivers, seasonal treatment operatives and critical highways roles on a permanent basis.

Savings

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

References			<u>SAVINGS</u>	2024/25	2025/26	2026/27	2027/28
				£000	£000	£000	£000
			<u>Highways & Transport</u>				
*	ET1	Eff/Inc	Street Lighting - design services to developers and installation of street lighting on their behalf	-10	-10	-10	-10
**	ET2	Eff	Assisted Transport Programme	0	-860	-1,210	-1,210
**	ET3	SR	Review application of subsidised bus policy, post Covid	0	-400	-400	-400
**	ET4	Inc/SR	Review approach to Park and Ride	0	-200	-400	-400
**	ET5	Eff/SR	Street Lighting - review energy reduction options, including reduced operation times	-280	-280	-280	-280
	ET6	SR	Ending of HS2 Programme	-280	-280	-280	-280
	ET7	Inc	Network Management incl. TTRO	-295	-295	-295	-295
			Total	-865	-2,325	-2,875	-2,875
			<u>References used in the following tables</u>				
			* 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				

17. Highways and Transport Services are expecting to deliver £0.87m savings in 2024/25, which are projected to rise to £2.33m in 2025/26 and £2.88m from 2026/27 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: savings of £0.01m in 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 section 278 process when designs and/or design checks are complete.

****ET2 (Eff) Assisted Transport Programme: £0.86m in 2025/26 rising to £1.21m by 2026/27**

As a result of changing market conditions, this saving has been deferred by two years to allow the transport market to recover post-Covid-19 pandemic and will be delivered through a number of measures including: route optimisation; improved demand management; more efficient procurement; and initiatives to expand the taxi market and optimise in-house fleet services.

****ET3 (SR) Review application of subsidised bus policy, post-Covid-19: savings of £0.40m in 2025/26**

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. Conditions attached to Bus Service Improvement Plan (BSIP+) grant allocations have mandated a slip in savings delivery by two years. The fact that such additional funding has only been confirmed for two years, means considerations will still need to be given to core budget spend on Local Bus Services for when the grant allocation ceases at the end of 2024/25.

****ET4 (SR) Review approach to Park and Ride: savings of £0.20m in 2025/26 rising to £0.40m in 2026/27**

Reduced subsidy through a review of the frequency of direct bus services from Park and Ride sites 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. Conditions attached to BSIP+ grant allocations have mandated a slip in savings delivery by two years and have allowed for an extension to the existing contract whilst Leicester City Council complete the longer-term retender. As with Local Bus Services, BSIP+ funding has only been confirmed for two years, therefore, considerations will still need to be given to core budget spend post 2024/25.

****ET10 (Eff/SR) Street Lighting – review energy reduction options, including reduced operation times: savings of £0.28m in 2024/25**

Proposal to reduce lighting levels to 30% intensity from 50% intensity from 20:00 hours (currently 22:00 hours) to achieve both financial and carbon savings and reduced energy consumption. Revised savings target accommodates exemptions arising from the consultation feedback and subsequent risk assessments including:

- a) Zebra crossings;
- b) Vertical traffic calming features;
- c) Currently illuminated steps; and

- d) Town centres (the extent of the town centre area will be determined in due course).

ET6 (SR) Ending of HS2 Programme: saving of £0.28m in 2024/25.

Withdrawal of project support to the HS2 programme following the Government's announcement to cease any further progress.

ET7 (Inc) Network Management incl. TTRO: saving of £0.30m in 2024/25

Review of structure and processes within the Network Management Team to ensure consistent application of current Network Management legislation.

Savings under Development

18. There are a number of potential savings under development (SUD) which are not yet currently developed enough to be able to quantify and build into the detailed savings schedules.
19. 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 Council.
20. Lane Rental: Lane rental scheme is a concept where a local authority can charge those carrying out roadworks on 'major' parts of the highways network. The aim of this scheme is to minimise the amount of time part of the major network is unavailable due to roadworks 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.
21. Digitalising Time Sheets: Phasing out of using paper-based timesheets for the Environment and Transport Department staff and moving to digital timesheets on electronic devices that can be input directly into Oracle, financial and human resource management system, for processing.
22. Fleet Efficiencies and Improvements: Amalgamation of previous smaller SUD's involving the management and maintenance of the Council fleet, these can be managed as a single initiative to provide greater clarity on benefits tracking. This SUD includes:
 - a) Small Fleet Servicing and Inspection (previous SUD that wasn't progressed);
 - b) In source maintenance on Hire Fleet;
 - c) Operational improvements;
 - d) Review and Optimise data from the Fleet Asset Management System (new initiative).

23. Commercialisation of Highways Operations: Amalgamation of various smaller income generation SUDs that can be managed as a single initiative to provide greater clarity on benefits tracking. This SUD includes:
 - a) Highways Shop;
 - b) Outsourcing vehicle access construction;
 - c) Asset sponsorship;
 - d) Sign shop income.
24. Focus will be on establishing and promoting a more commercial approach to operational services that have income generating opportunities. This will be a more longer-term approach and will require further analysis and planning.
25. Driven Inspections: Utilisation of Artificial Intelligence to identify and categorise defects whilst driving down the carriageway to reduce the input required from Highway Inspectors. Presently technological developments are not sufficiently advanced to compete works to standard required in order to deliver savings. Focus remains on implementation at the earliest available opportunity.
26. Considering the scale of the challenge faced by the Council to balance the MTFS, existing financial control measures are being reinforced and new ones being applied to ensure a tight focus on eliminating non-essential spend. Inevitably, further savings beyond those identified in this report will be needed, and where possible, included in the final MTFS.

Other Factors influencing MTFS delivery

27. After a decade of austerity and on-going necessity to manage down cost pressures, the ability to identify savings opportunities across Highways and Transport Services is proving significantly challenging. Quick wins have all been exhausted leaving the service with no other alternative than to focus on reductions to discretionary services and alternative delivery of statutory services. Implementation will also be a challenge, with resources already stretched with simply delivering existing services. Identification and delivery of savings beyond those already identified in the MTFS will be a struggle given resource constraints and escalating financial controls. Inevitably strong financial control, plans and discipline is fundamental to the proactive approach being taken to the delivery of the MTFS.
28. The Government's Network North announcement in October 2023 brings welcome funding for buses and highway maintenance. Small allocations have been made for 2023/24 and 2024/25 with indications this funding will continue for a number of years from 2025/26 onwards. However, with no confirmation of funding in later years and a general election likely in 2024, it is difficult to say if this additional funding will continue. While the bus and maintenance funding is badly needed, it comes with the caveat that existing budgets should not be reduced. This means that significant areas of discretionary spend across Highways and Transport Services are unlikely to be within the scope of consideration for further savings, again making it more difficult for the Department to make its savings targets.

29. Ongoing growth in EHCP allocations in the County is a significant factor in endeavouring to contain costs of SEN transport to budget. In addition, shrinkage of the bus/taxi operator market has resulted in higher costs and provides further challenge to securing adequate transport provision. Consequently, transport reviews of mainstream school transport, social care and SEN transport services remain imperative to bring expenditure in line with available budgets. Contract hand-backs, due to providers being unable to deliver services for contract cost remains high, on average accounting for a 20% rise in overall service cost.
30. The increasing frequency of volatile weather events caused by climate change has resulted in significant deterioration of highway network assets creating a need for increased repair and inspection, as well as increased pressure and cost on our services to react to incidents of flood, heat and wind damage. Continued deterioration of assets provide a safety risk potentially resulting in the need to close assets to service users. To take advantage of better commercial contracts and allow for a risk-based programme of works around seasonal pressures a rolling two-year programme is to be implemented. The recent Network North announcement may, however, help in this regard with additional funding and subject to being confirmed over a longer time period, would allow longer programming and contract periods, driving greater efficiency across Council operations.
31. The single year spending review together with short notice significant policy change and substantial one-off funding arrangements continues to provide added uncertainty over what and how services are delivered. This, in itself, requires significant staffing resource to redesign services and commission new work at a time when there are significant resourcing and skills shortages in the Department. In reality, this involves changes in plans and programmes already started or communicated to the public; and potential for suboptimal spend due to limited timescales and prescriptive funding conditions that compound the challenges already being faced by services operating in a financially volatile local government environment. A prime example of this is the three separate announcements of BSIP+ funding over a 6-month period causing a completely new approach for bus service support in the County to have to be designed, agreed and communicated to the public all within very short timescales.

Other Funding Sources

32. For 2024/25, 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:
- a) Section 38, 184 and 278 agreements – £3.49m income from developers relating to fees for staff time, mostly around design checks for these agreements.
 - b) Capital fee income - £6.22m 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.

- c) 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) - £6.38m.
- d) Driver Education workshop - £2.74m 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.
- e) Joint arrangement income - £0.30m 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.
- f) Civil parking enforcement income - £1.28m 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.
- g) Vehicle workshop internal recharge - £2.04m, to ensure vehicle use is recharged back to the Capital Programme where appropriate.
- h) Other specific grants (such as Bus Service Operators Grant, Extended Rights to Free Home to School Travel and Rural Mobility Fund) - £2.63m.
- i) Bus Service Improvement Plans (BSIP+ and Network North funding) - £5.84m to deliver bus service improvements.
- j) Leicester, Leicestershire, Rutland Road Safety Partnership - £0.28m returns and a drawdown from reserve to fund safety schemes.
- k) Leicester and Leicestershire integrated transport model - £2.68m funding provided for the transport model development work.

Capital Programme

33. 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 Local Transport Plan (LTP) grant, discretionary funding and other external and internal sources.

	2024/25	2025/26	2026/27	2027/28	Total
	£000	£000	£000	£000	£000
Major Schemes	55,098	27,584	3,060	2,321	88,063
Minor Improvements	6,325	6,358	11,122	3,742	27,547
Transport Asset Management	18,823	19,484	24,476	29,024	91,806
Total	80,246	53,426	38,658	35,087	207,416

Table 3 – Summary Draft Capital Programme 2024/25 to 2027/28

34. The programme includes £95.17m to deliver major infrastructure schemes consisting of:

- a) Melton Mowbray Distributor Road (MMDR) for North and East sections: £57.06m (total scheme costs £116.11m);

- b) Zouch Bridge: £16.53m towards the cost of bridge replacement (total scheme costs £19.93m);
- c) County Council Vehicle Replacement programme: £13.60m;
- d) Advanced design programmes: £7.98m.

	2024/25	2025/26	2026/27	2027/28	Total
	£000	£000	£000	£000	£000
Grant - Local Transport Plan (LTP) - Integrated transport element	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 Incentive funding	1,973	1,973	1,973	1,973	7,892
Transport Infrastructure Investment Fund (TIIF) - Grants - DfT Pothole Funding	7,891	7,891	7,891	7,891	31,564
Grants – Network North	2,258	5,000	10,000	14,158	31,416
Grants - MMDR DfT Funding	5,553	0	0	0	5,553
Grants – A511 DfT funding	1,630	0	0	0	1,630
Section 106 Contributions	1,170	360	93	0	1,623
Revenue and Earmarked Funds	424	127	127	127	805
Capital Substitution	-3,170	-3,336	-2,431	-2,042	-10,979
Environment agency Grant	561	318	151	0	1,030
Corporate Funding (capital receipts and revenue)	51,314	30,452	10,213	2,339	94,318
Total Highways & Transportation	80,245	53,426	38,658	35,087	207,416

Table 4 – Highways and Transportation Capital Funding

35. The main Department for Transport (DfT) grants have been announced for 2024/25. Estimates for later years have been included based on previous years allocations. These include:
- a) Integrated Transport Schemes - funding of £2.75m has been assumed for each year from 2024/25 to 2027/28 (£11.00m overall). 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 - funding of £9.86m is assumed each year for the basic needs-based allocation (£39.46m overall).
- c) Transport Infrastructure Investment Fund - funding of £7.89m is assumed for each year (£31.56m overall) and includes funding for potholes.

36. Other significant capital grants included are:

- a) MMDR for North and East sections - £5.55m (balance of £49m overall grant awarded and secured in earlier years).
- b) DfT Network North Funding – £31.42m estimated in the MTFS. Allocation for 2024/25 has been confirmed at £2.26m with allocations for later years yet to be announced but expected to increase over time. This is new additional highways maintenance funding, announced in October 2023, for local road resurfacing and wider maintenance activity on the local highway network. From 2024/25 onwards this could be c.£133m over 10 years in total.

37. As DfT grant allocations are expected to continue and increase year on year, it may be possible to accelerate funding to earlier years. This will be subject to approval by the Director of Corporate Resources that funding is available.

38. It has been assumed that the Governmental incentive level funding for capital maintenance activity on highways assets is to remain at the 2024/25 grant allocation rate. The incentive level funding is dependent on the County Council being able to demonstrate Level 3 in its Asset Management assessment.

39. Funding for improvement schemes is limited to that which can be secured from the various Government funding streams available for infrastructure. Some provision (around £7.98m 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) 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. The Network North announcement is included as part of the Local Integrated Transport Settlements which the County Council will receive. This money will be for small scale safety and improvement schemes on the network. Funding will be available from 2025/26 and guidance is expected on the details of this funding stream in 2024.

40. 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.

41. There is continued risk stemming from labour shortages slowing progress and whilst this can be addressed through outsourcing, it is more costly. The Government funding often dictates delivery within a prescribed timeframe. 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.

42. 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

43. Where capital projects are not yet fully developed, or plans agreed, these have been included as ‘Future Developments’ under the Department’s programme in Appendix C. It is intended that as these schemes are developed during the year, they will be assessed against the balance of available resources and included in the Capital Programme as appropriate. These include:
- a) Additional bid development/match funding;
 - b) Green vehicle fleet;
 - c) Highways Depot Maintenance programme.

Background Papers

Report to the Cabinet 19 December 2023 – Medium Term Financial Strategy 2024/25 to 2027/28

<https://democracy.leics.gov.uk/ieListDocuments.aspx?CId=135&MId=7081&Ver=4>
(item 302)

Circulation under Local Issues Alert Procedure

None.

Equality Implications

44. Under the Equality Act 2010 local authorities are required to have due regard to the need to:
- a) Eliminate unlawful discrimination, harassment and victimisation;
 - b) Advance equality of opportunity between people who share protected characteristics and those who do not; and,
 - c) Foster good relations between people who share protected characteristics and those who do not.
45. Given the nature of services provided, 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.

46. There are several areas of the budget where there are opportunities for positive benefits for people with protected characteristics both from the additional investment the Council is making into specialist services and to changes to existing services which offer improved outcomes for users whilst also delivering financial savings.
47. If, as a result of undertaking an assessment, potential negative impacts are identified, these will be subject to further assessment.
48. Any 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.

Human Rights Implications

49. Where there are potential Human Rights implications arising from the changes proposed, these will be subject to further assessment including consultation with the Council's Legal Services.

List of Appendices

Appendix A – Revenue Budget 2024/25

Appendix B – Growth and Savings 2024/25 – 2027/28

Appendix C – Capital Programme 2024/25 – 2027/28

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HIGHWAYS & TRANSPORT - REVENUE BUDGET 2024/25

Net Budget 2023/24 £		*	Employees £	Running Expenses £	Internal Income £	Gross Budget £	External Income £	Net Total £
HIGHWAYS & TRANSPORT								
Development & Growth								
1,151,676	Development & Growth	S/D	1,535,667	651,948	-323,967	1,863,647	-717,345	1,146,302
281,772	HS2	S/D	0	0	0	0	0	0
H & T Commissioning								
3,386,250	H & T Staffing & Admin	S/D	6,373,283	3,040,380	-5,244,356	4,169,307	-1,151,144	3,018,163
H & T Network Management								
1,667,310	Traffic controls	S	0	1,703,113	0	1,703,113	-25,000	1,678,113
637,341	Road Safety	S	752,759	760,584	-411,083	1,102,260	-418,690	683,570
0	Speed Awareness	S	251,320	2,352,718	0	2,604,038	-2,604,038	0
209,147	Sustainable Travel	D	298,674	456,712	-539,478	215,908	0	215,908
911,249	H & T Network Staffing & Admin	S/D	4,990,292	87,128	-707,695	4,369,725	-3,285,283	1,084,442
0	Civil Parking Enforcement	S	0	1,290,146	0	1,290,146	-1,279,383	10,763
4,080,500	Blue badge	S	0	228,200	0	228,200	-150,000	78,200
78,590	Joint Arrangements	D	0	424,113	-100,801	323,312	-323,312	0
0	Public Bus Services	S/D	0	10,026,172	-838,811	9,187,361	-6,791,531	2,395,830
2,395,831	Concessionary Travel	S	0	4,091,251	0	4,091,251	-22,778	4,068,473
Highways and Transport Operations								
Highways Operations Services								
5,117,834	Staffing & Admin Delivery	S/D	4,304,158	252,069	-1,434,299	3,121,928	-105,000	3,016,928
4,929,561	Environmental Maintenance	S	1,808,522	3,751,201	0	5,559,723	-72,000	5,487,723
2,307,995	Reactive Maintenance	S	500,155	1,879,937	0	2,380,092	0	2,380,092
2,130,462	Winter Maintenance	S	872,129	1,060,057	0	1,932,186	0	1,932,186
Assisted Transport Services								
1,856,764	Staffing & Admin Resourcing	S	2,520,744	23,669	-890,011	1,654,402	0	1,654,402
20,874,075	SEN Transport	S	50,000	23,969,530	-100,000	23,919,530	-131,700	23,787,830
3,544,276	Mainstream School Transport	S	0	5,071,923	0	5,071,923	-1,178,542	3,893,381
4,459,238	Social Care Transport	S/D	0	6,880,294	-110,000	6,770,294	-188,800	6,581,494
201,033	Passenger Fleet	S/D	4,512,545	1,621,323	-5,793,310	340,558	-111,758	228,800
Highway and Transport Technical Support Service								
4,024,764	Street Lighting Maintenance	S/D	437,684	3,304,515	0	3,742,199	-88,340	3,653,859
352,554	H & T Operations Management	S/D	466,040	5,318	-8,598	462,760	0	462,760
-1,975,003	Staffing, Admin & Depot Overheads	S/D	11,146,941	2,815,797	-10,213,613	3,749,125	-3,261,486	487,639
27,500	Cyclic Maintenance	S/D	1,323	33,118	0	34,441	0	34,441
-53,611	Fleet Services	D	708,437	1,374,470	-2,043,548	39,359	-66,339	-26,980
62,597,109	TOTAL		41,530,672	77,155,686	-28,759,570	89,926,788	-21,972,469	67,954,319

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HIGHWAYS & TRANSPORT GROWTH & SAVINGS

References		2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000
	<u>GROWTH</u>				
	<u>Demand & cost increases</u>				
** G17	Special Educational Needs transport - increased client numbers/costs	1,925	3,695	5,115	6,780
G18	Social Care Transport - increased journeys and demand	2,055	2,280	2,550	2,865
G19	Highways Maintenance	555	555	0	0
G20	Demand management - E&T Transport	-210	-230	-190	-390
** G26	HGV Driver Market Premia (H&T element only)	190	225	225	225
	TOTAL	4,515	6,525	7,700	9,480
	<u>SAVINGS</u>				
* ET1	Eff/Inc Street Lighting - design services to developers and installation of street lighting on their behalf	-10	-10	-10	-10
** ET2	Eff Assisted Transport Programme	0	-860	-1,210	-1,210
** ET3	SR Review application of subsidised bus policy, post Covid	0	-400	-400	-400
** ET4	Inc/SR Review approach to Park and Ride	0	-200	-400	-400
** ET5	Eff/SR Street Lighting - review energy reduction options, including reduced operation times	-280	-280	-280	-280
ET6	SR Ending of HS2 Programme	-280	-280	-280	-280
ET7	Inc Network Management incl. TTRO	-295	-295	-295	-295
	TOTAL	-865	-2,325	-2,875	-2,875

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

no stars = new item

Eff - Efficiency saving

SR - Service reduction

Inc - Income

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HIGHWAYS & TRANSPORT - CAPITAL PROGRAMME 2024-28

Estimated Completion Date	Gross Cost of Project £000		2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000	Total £000
		<u>Major Schemes</u>					
Mar-26	116,110	Melton Distributor Road - North and East Sections	39,956	17,102	0	0	57,058
Mar-26	19,925	Zouch Bridge Replacement - Construction and Enabling Works	9,614	6,856	61	0	16,531
Mar-28	10,269	Advance Design / Match Funding	1,759	2,222	2,145	1,854	7,980
Mar-28	4,129	Leicestershire Cycling Walking Improvements Plan Delivery	1,404	1,404	854	467	4,129
Mar-25	9,239	A511/A50 Major Road Network - Advanced design	2,068	0	0	0	2,068
Mar-25	1,958	Leicester and Leicestershire Integrated Transport Model - Refresh	297	0	0	0	297
			55,098	27,584	3,060	2,321	88,063
		<u>Minor Schemes / Other</u>					
Mar-28	13,600	County Council Vehicle Replacement Programme	3,700	3,357	3,110	3,436	13,603
Mar-25	54	Fleet Services Workshop Oil Distribution System	54	0	0	0	54
Mar-27	1,030	Property Flood Risk Alleviation	561	318	151	0	1,030
Mar-25	4,991	Hinckley Hub (Hawley Road) - National Productivity Investment Fund	291	0	0	0	291
Mar-28	1,870	Safety Schemes	955	234	300	206	1,695
Mar-27	2,632	Externally Funded Schemes	163	269	93	0	525
Mar-27	9,643	Melton Depot - Replacement	501	2,080	6,968	0	9,549
Mar-28	400	Plant renewals	100	100	100	100	400
Mar-27	400	Highways Depot Improvements - subject to business case	0	0	400	0	400
			6,325	6,358	11,122	3,742	27,547
		<u>Transport Asset Management</u>					
Mar-28	44,732	Network North funding to be allocated (25/26 subject to grant confirmation)	2,258	5,000	10,000	14,158	31,416
Mar-28	9,592	Capital Schemes and Design	2,679	2,282	2,291	2,291	9,544
Mar-28	2,711	Bridges	407	407	463	463	1,740
Mar-28	563	Highways Flood alleviation	159	123	141	141	563
Mar-28	2,817	Street Lighting	1,053	857	857	857	3,624
Mar-28	1,272	Traffic Signal Renewal	281	281	281	281	1,123
Mar-28	10,947	Preventative Maintenance - (Surface Dressing)	3,801	3,013	3,013	3,013	12,839
Mar-28	30,628	Restorative (Patching)	8,095	7,445	7,349	7,739	30,628
Mar-28	67	Public rights of way maintenance	19	15	17	17	67
Mar-28	262	Network Performance & Reliability	70	61	65	65	262
			18,823	19,484	24,476	29,024	91,806
		TOTAL	80,246	53,426	38,658	35,087	207,416

Future Developments - subject to further detail and approved business cases

Additional bid development/match funding					
Highways Depot Maintenance					
Green vehicle fleet					

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**HIGHWAYS AND TRANSPORT OVERVIEW AND SCRUTINY
COMMITTEE: 18 JANUARY 2024**

THIRD-PARTY FUNDED SCHEMES IN THE PUBLIC HIGHWAY

REPORT OF THE DIRECTOR OF ENVIRONMENT & TRANSPORT

Purpose of Report

1. The purpose of this report is to advise the Committee of the process for approval of third-party funded schemes within the public highway. This follows a request by the Scrutiny Commission made at its meeting in June 2023.
2. The report provides a general overview of the planning process and the Local Highway Authority's (LHA) remit as a statutory consultee to the planning process.
3. The report also explains the criteria the County Council applies in the consideration of highway schemes proposed and funded by third parties, including some recent examples as set out in paragraphs 23-28 of this report.

Policy Framework and Previous Decisions

4. In June 2011, the Cabinet agreed to delegate power to the Director of Environment and Transport, to:
 - a) Respond on behalf of the highway authority and as the waste disposal authority to any consultations by the local planning authority;
 - b) Enter into agreements with third parties for a contribution towards highway works by person deriving special benefit from them;
 - c) Approve, following consultation with the Cabinet Lead Member, details of routine minor transport schemes in the approved transportation Capital Programme, including associated Traffic Regulation Orders, provided the schemes have the support of the Local Member(s);
 - d) Enter, following consultation with the Cabinet Lead Member and subject to current approved budget provision, into arrangements for the introduction, continuation and/or variation of bus service contracts.

5. In September 2022, the Cabinet considered an update report on the Medium Term Financial Strategy (MTFS) and noted with concern the increasing pressures on the revenue budget and the Capital Programme and considered the elements required to manage the financial risk to the Council, including the impact of rising inflation.
6. In November 2022, the Cabinet considered a joint report of the Chief Executive and Director of Corporate Resources regarding the financial implications for the Council of delivering sustainable and inclusive growth and the approach and principles that it was proposed the Council would adopt to address and manage these risks.
7. At its meeting in June 2023 during consideration of the quarterly MTFS Monitoring update, the Scrutiny Commission questioned the reasons for delay in the Council, as the Highway Authority, agreeing road schemes which were developer led and whether this resulted in increased costs for developers and therefore risked them choosing to no longer build on the basis that, over time, schemes became unviable. The Scrutiny Commission was concerned that this could result in the County Council having to provide alternative highway solutions and so requested that a report outlining the process for approval of third-party funded schemes be presented to the Highway and Transport Overview and Scrutiny Committee.
8. On 19 December 2023, the proposed MTFS for 2024/25 to 2027/28 was approved by the Cabinet for consultation and this will be considered elsewhere on the agenda for this meeting.
9. The Council's Environment Strategy 2018 – 2030, outlines the Council's key environmental objectives, including carbon emissions and climate change, biodiversity, habitats and local environment, resource use and low/zero carbon energy, local economy and travel and transport.
10. The Council's Strategic Plan 2022-2026, provides a framework of outcomes, including Clean and Green and Strong Economy, Transport and Infrastructure.

Background

11. Third-party funded schemes in the public highway are split into three main categories:
 - a) Highway mitigation agreed under the planning process - funded by the developer of the site.
 - b) Small improvements schemes that could be funded by a parish council or similar.
 - c) Large improvement schemes – the only current example being the Enderby Relief Road (ERR).

Highway mitigation agreed under the planning process

12. The National Planning Policy Framework¹ (NPPF, 2023) sets out Government planning policies for England and how these are expected to be applied. This policy framework stipulates what the LHA can comment on within the Highway Development Management (HDM) process and also defines thresholds and tests that must be met in order to secure highway mitigation through the planning process.
13. When formulating the LHA's technical highway response for a new development, officers must assess the submitted evidence to determine if the proposed traffic generated can be safely and appropriately accommodated on the highway network and/or identify if mitigation is needed.
14. The LHA can only recommend to the Local Planning Authorities (LPAs) that development be refused on highway grounds if there would be an unacceptable impact on highway safety, or if the residual cumulative impacts on the road network would be 'severe'. It is worth noting that the LHA are only a Statutory Consultee in the planning process and have no ability to prevent development.
15. Mitigation proposals and highway schemes are developed in support of planning applications (following the transport assessment process) by the scheme promoter/developer to mitigate the agreed residual cumulative impact of development. The LHA would seek to secure such schemes by advising of the need for planning conditions or planning obligations in the highway advice submitted to the LPA. It is then for the LPA to consider and to decide whether to include these conditions/obligations as part of its determination of the planning application.
16. In accordance with national policy, any measures that the developer is required to implement to mitigate the impact of their development must be:
 - a) Necessary to make the development acceptable in planning terms;
 - b) Directly related to the development;
 - c) Fairly and reasonably related in scale and kind to the development.
17. The LHA's highway advice could be tested at an appeal by an independent Planning Inspector. It must, therefore, be able to demonstrate that its technical highway advice is supported by evidence, rather than perception or having been influenced by others.
18. Once a planning application is determined, the length of time it takes for highway mitigation to be delivered is dependent on when the developer is required to deliver the highway improvements, for example, prior to occupation or after 50 dwellings are complete, and how long the developer takes to submit the necessary information to achieve technical approval and to agree the terms of the required legal agreements. Depending on the complexity of the highway

¹ https://assets.publishing.service.gov.uk/media/64f991c99ee0f2000fb7c001/NPPF_Sept_23.pdf

improvements and the quality of the submission, it can take scheme promoters between six and nine months to demonstrate they can meet the technical standards/approvals required.

Consideration of Third-Party Funded Schemes by the Council as the LHA as part of the planning process

19. The County Council is prepared to accept offers of funding by a third-party promoter (organisation or individual) for the full cost of highways and transportation proposals (including physical works, promotional material, training schemes etc). However, any third-party funded scheme must align to the policy principles set out in the Appendix attached, as well as the requirements set out in this report.
20. The scheme or initiative (proposal) should reflect the strategic goals and outcomes that the County Council is seeking to deliver through its Strategic Plan 2022-26, Environment Strategy 2018 – 2030, and Local Transport Plan (LTP3 (emerging LTP4)), and there should be evidence to suggest that the proposal will provide genuine benefits for the surrounding area/target community.
21. The proposal will also need to offer value for money and be something that the County Council would have otherwise considered if it had the necessary funds available. The proposals should not, however, result in any risk and/or additional contingent liabilities beyond those already committed by the Council as part of its course of business unless those liabilities are fully funded by the third party.
22. The County Council must be fully satisfied that any physical measures proposed are appropriate for the site in question and that they do not adversely impact on the existing highway network, associated infrastructure and the surrounding area/community.

Common smaller improvement schemes

23. Typical examples of highway schemes, that may be put forward and funded by third parties outside of the statutory planning process or requested by local communities, include:
 - a) Traffic Calming - As available funding has reduced, the County Council has used an evidence-led appraisal to identify where the very limited budgets should be used. If a location is justified under the appraisal, third-party funding could be used to deliver schemes. However, if there is no actual speed or accident issue and the scheme results in a maintenance liability to the Highway Authority, then commuted sums will be required.
 - b) Bus Services - Where proposed bus services are part of a sustainable travel offer, there would be support for the implementation as long as there was no cost to the County Council.

- c) Cycling and Walking Improvements – Improvements that are contained in the Council's published Local Cycling and Walking Infrastructure Plans would be supported as long as there was no additional cost to the County Council.
- d) Pedestrian Crossings - For safety reasons, any crossings proposed on the public highway require appropriate assessment criteria to be met in accordance with adopted design guidance and industry best practise. This assessment criteria must be met regardless of the funding mechanism or origin of the scheme proposal. A further review of this position will be carried out during 2024.

Large Improvement Schemes

- 24. Very occasionally, developers may offer to deliver works on the public highway over and above those that can be considered necessary to mitigate the impact of their development. Any additional proposals to be delivered by the developer would need to be submitted as a separate planning application to the LPA as they are not directly associated with a planning application for commercial or residential development. It is then for the LPA to consider the application including whether to include any conditions/obligations as part of its determination of the planning application.
- 25. The proposals would still need to comply with relevant national and local policies and would need to demonstrate full compliance with adopted standards and that their delivery is in the public interest. Public interest, generally meaning the welfare and general well-being of society or the general public, could include in this context things like opportunities for active travel to improve health, support for economic growth of an area, provision and access to open spaces, reduced isolation, and environmental benefits. This is usually supported by some form of public consultation. However, if there were greater safety risks to the public when travelling or considerable disbenefits such as severe congestion then the scheme would not be considered as being in the public interest.
- 26. It would be expected that the developer will need to fully fund the development and delivery costs, and if the scheme were not considered necessary for the safe functioning of the public highway, then the developer will need to pay full commuted sums in accordance with the Leicestershire Highway Design Guide².
- 27. An example of when a developer may offer to deliver major works on the public highway over and above those that would be considered necessary to mitigate the impact of their development would be the ERR proposal. The ERR was submitted as a standalone planning application and not directly associated with a planning application for commercial or residential development and it was therefore not required to support/mitigate new development. The strategic impact of the ERR has yet to be assessed by the scheme promoter and,

² <https://resources.leicestershire.gov.uk/environment-and-planning/planning/leicestershire-highway-design-guide>

therefore, the impact of the proposal on the highway network is not yet known. The last meeting the LHA was asked to attend was in November 2021 and it will continue to work with the applicant team through the assessment process required prior to determination of the planning application.

28. As well as the highway impacts, there are a number of other considerations the LHA will need to make in relation to the ERR proposals when details are submitted by the applicant. This includes issues associated with environmental risks, design and maintenance specifications due to the ERR's proximity to an unlined landfill site. These types of issues can lead to significant liabilities if the ERR were to be adopted by the LHA in future. For example, the necessity to address and plan for relocation of existing leachate equipment associated with the landfill site, revised environmental permits, and the enhanced design and maintenance considerations associated with the delivery of road infrastructure in the immediate vicinity of the unlined landfill site.

Financial risks to the Council

29. In addition to the requirements already highlighted, there are also challenges around the impact on resources for the County Council both during development/delivery and long-term maintenance. The challenges of reducing budgets and the financial implications for the Council of delivering sustainable and inclusive growth has been the subject of a number of reports to the Cabinet over the last two years including those detailed in the proposed MTFS for 2024/25 to 2027/28 to be considered elsewhere on the agenda for this meeting.
30. The County Council's engagement with the development of third-party proposals, therefore, needs to be limited to the provision of advice on the possible options together with an estimate of the likely costs. All of these activities must be funded by the relevant third party (including Council officer time). The third-party promoter would then be required to meet the subsequent costs of developing and implementing the proposal, for example, in addition to construction costs, this would include the costs of detailed design, technical approval, legal agreements, consultation, and site supervision.
31. The proposal would also need to be deliverable without adversely affecting the priority of the other highways and transportation projects in the Council's Capital Programme or the ability of the County Council to implement its own programmed schemes and initiatives.
32. Dependent on the size and nature of any physical measures proposed, the third-party promoter may be required to provide a commuted sum towards the future maintenance costs of that proposal, the value of which would be at the discretion of the County Council as LHA.

Resource Implications

33. The agreed process limits the County Council's contribution to any third-party proposal to the provision of advice on the possible options together with an estimate of the likely costs, all of which must be funded by the relevant third

party (including Council officer time). The third-party promoter would then be required to meet the subsequent costs of developing and implementing the proposal, for example, in addition to construction costs, this would include the costs of detailed design, technical approval, legal agreements, consultation, and site supervision.

Conclusions

34. The County Council is willing to support offers of funding by a third-party promoter (organisation or individual) that cover the full cost of highways and transportation proposals (including physical works, promotional material, training schemes etc.) provided the requirements outlined in this report are met.

Background papers

Leicestershire County Council's Strategic Plan 2022-26

<https://www.leicestershire.gov.uk/about-the-council/council-plans/the-strategic-plan>

Leicestershire County Council's Local Transport Plan

<https://www.leicestershire.gov.uk/roads-and-travel/road-maintenance/local-transport-plan>

Leicestershire County Council's Local Cycling and Walking Infrastructure Plans

<https://www.leicestershire.gov.uk/roads-and-travel/cycling-and-walking/local-cycling-and-walking-infrastructure-plans-lcwips>

Provisional Revenue and Capital Outturn 2022/23, Report to the Scrutiny Commission, 12 June 2023

<https://democracy.leics.gov.uk/ieListDocuments.aspx?CId=137&MId=7101&Ver=4>
(item 11)

Circulation under the Local Issues Alert Procedure

35. None

Equality Implications

36. There are no equality implications arising from the content of 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 from the content of this report.
39. Human Rights Impact Assessments will be carried out in relation to work undertaken on individual projects when appropriate.

Environmental Implications

40. There are no environmental implications arising from the content of this report.
41. Environmental Impact Assessments will be carried out in relation to work undertaken on individual projects when appropriate.

Appendix

Third-Party Funded Schemes in the Public Highway – Policy Principles

Officers to Contact

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Third-Party Funded Schemes in the Public Highway**Policy Principles**

“The County Council is prepared to accept offers of funding by a third-party promoter (organisation or individual) towards the full cost (cradle to grave costs) of highways and transportation proposals (including physical works, promotional material, training schemes etc.) on the following basis:

- i. The scheme or initiative (proposal) should reflect the transportation strategic goals and outcomes that the Council is seeking to deliver through its LTP3 and emerging LTP4 principles.
- ii. There is evidence to suggest that the proposal will provide genuine benefits for the surrounding area/target community.
- iii. The proposal offers value for money and is something that the Council would have otherwise considered providing if it had the necessary funds.
- iv. The Council must be fully satisfied that any physical measures proposed are appropriate for the site in question and that they do not adversely impact on the existing highway network, associated infrastructure and the surrounding area/community.
- v. The County Council’s engagement with the development of third-party proposals, is limited to the provision of advice on the possible options together with an estimate of the likely costs at most. These activities however must be fully funded by the relevant third party (including all Council officer time). The third-party promoter would then be required to meet the subsequent costs of developing and implementing the proposal, for example, in addition to construction costs, this would include the costs of detailed design, technical approval, legal agreements, consultation, and site supervision.
- vi. Where funds are offered to enable a proposal in the Council’s priority list of proposals awaiting funding to be brought forward, the Council’s contribution to the proposal will be as detailed in point (v) above.
- vii. The Council will be prepared to consider bringing forward such a proposal into its programme with the proviso that it can be carried out without adversely affecting the priority of the other highways and transportation projects in the capital programme or the ability of the Council to implement its schemes and initiatives in the programme.
- viii. Where a proposal features in the Council’s published programme, the third-party promoter will be permitted to contribute additional funds to fully cover the costs to enhance the quality of that project.
- ix. Dependent on the size and nature of any physical measures proposed, the third-party promoter may be required to provide a commuted sum towards the future maintenance costs of that proposal, the value of which would be at the discretion of the County Council as Highway Authority.

Notwithstanding the Policy Statement outlined above, externally funded schemes will only be proceeded with if the County Council has/can secure sufficient staff resources to carry out the necessary work.

It should be noted that a proposal will not automatically proceed simply due to third-party funding availability”.

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Highways and Transport Overview and Scrutiny Committee

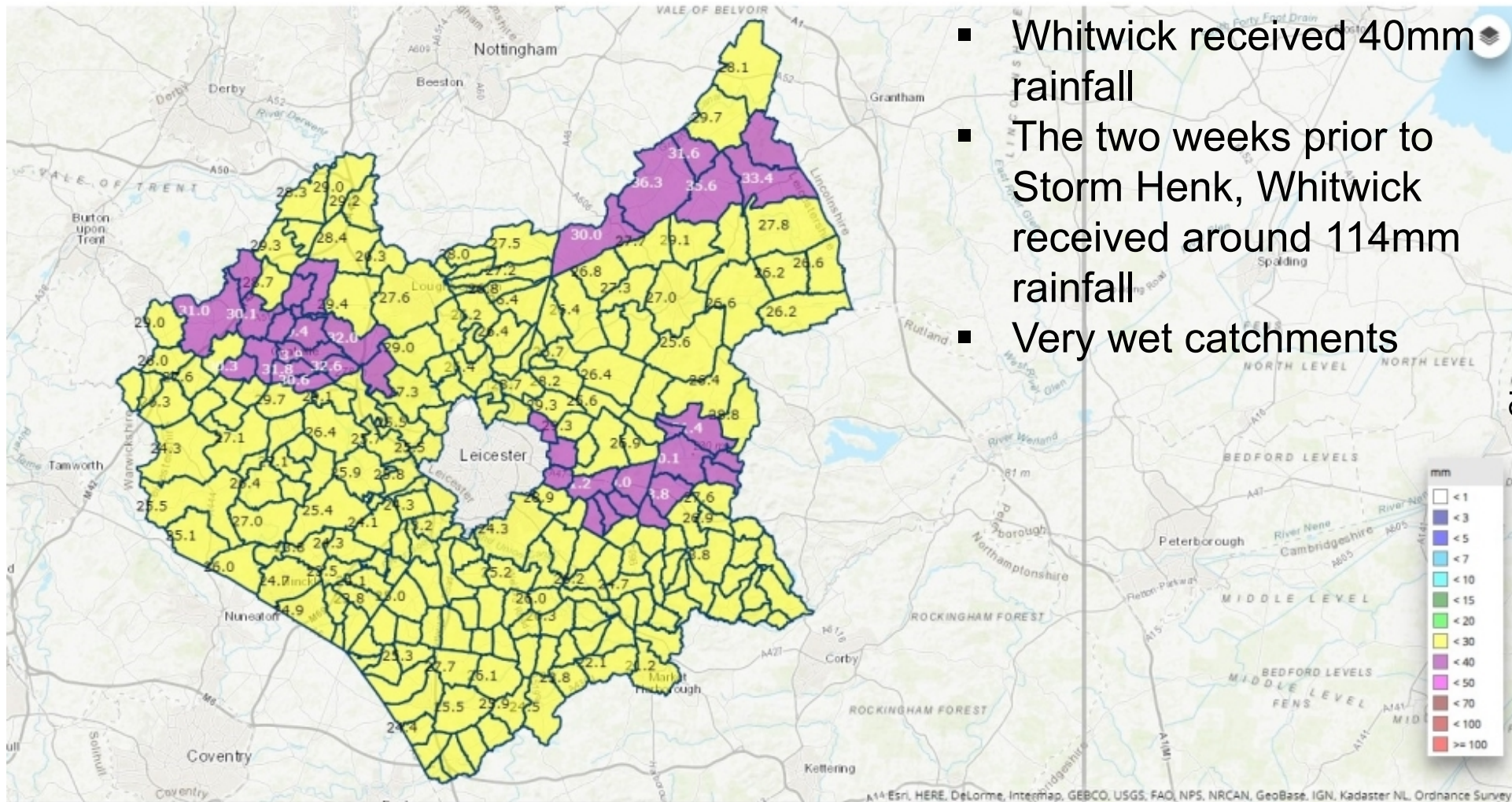
Storm Henk – Flooding Update

18 January 2023

Department of
Environment & Transport

- ❑ Storm Henk started on Tuesday 2 January 2024.
- ❑ It followed a period of high winds with significant numbers of trees having blown down obstructing roads and watercourses and came on the back of one of the wettest Decembers the County has seen as well as Storm Babet in October.
- ❑ Ground saturated and rivers and watercourses already high
- ❑ Storm Henk tracked across the County resulting in prolonged rainfall all day.
- ❑ Tactical Coordination Group (TCG) and Strategic Coordination Group (SCG), that coordinate Leicester, Leicestershire and Rutland multi-agency response to incidents, were established.
- ❑ Major Incident was declared due to severity of impact (3 – 4 January).

Storm Henk – Prolonged Rainfall



Cumulative totals of rainfall that fell across the County from 12:00hrs on 1 January 2024 to 00:00hrs on 3 January 2024. Rainfall fell on already saturated catchments.

- ❑ For context - England had its sixth wettest year on record (series from 1836), with 1045.4mm, or 20% more than average. Some parts of the UK recorded a third more rainfall than usual.
- ❑ The average monthly rainfall for December in the Midlands is approx. 80mm; some areas received half of the monthly average in one day during Storm Henk (on 2 January).

- ❑ Countywide flooding caused severe impact on highway network and internal flooding affected businesses and residential dwellings.
- ❑ By 9 January, highways team alone had received nearly 500 calls, over 250 jobs were raised, and 70 roads were closed.
- ❑ Around 400 residential and commercial properties were internally flooded*.
- ❑ Ambulance station in Loughborough had its access restricted due to highway flooding.
- ❑ Many vulnerable residents were negatively impacted.
- ❑ Parts of the River Soar reached record levels (similar to 2000 levels), which were particularly high near two river gauges at Pillings Lock (Barrow on Soar) and Kegworth.

*Note: The actual number continues to rise at present.

- ❑ In Loughborough and Zouch, residents were evacuated by Fire and Rescue Service to temporary accommodations.

- ❑ Worst affected areas:
 - Charnwood (approx. 100 homes and businesses) - Loughborough (worst), Quorn and Sileby/Syston.
 - Melton (approx. 70 homes and businesses) - including Frisby on the Wreake, Long Clawson, Melton Mowbray.
 - Blaby (approx. 75 homes and businesses) - including, Whetstone, Countesthorpe and Braunstone.

- ❑ Comms and media messages issued across platforms to:
 - Encourage sign up for alerts,
 - Signpost to helpful websites,
 - Report flooding,
 - Take extra care,
 - Not to move flood signs and ignore closures,
 - Amplifying emergency services updates.

- ❑ On 4 January 2024, the Director of Environment and Transport was interviewed by BBC Radio Leicester and detailed the response from the County Council and the combined efforts of all responsible bodies.

- ❑ Council Comms Team managed many media queries, many of which focused on flooding in Loughborough (including visit by Kier Starmer), ensuring consistency of message and showcasing the wealth of activity taking place across the area.

- ❑ Working with all responsible agencies (Environment Agency, district councils, Local Resilience Forum).
- ❑ Coordinating between agencies visits to affected communities.
- ❑ Highways teams assisted with clear up operations
- ❑ Commissioned additional gully cleansing crews – even where highway drainage operating as it should, storm water will have left detritus
- ❑ Impact on highway asset still being assessed – unlikely to fully understand costs as difficult to attribute defects (e.g. potholes) to stormwater and particularly as a period of overnight freezing temperatures followed immediately after Storm Henk
- ❑ The Government has enacted Flood Recovery Framework for Storm Henk– Leicestershire has qualified. Working with district authorities to collate data for submission to the Department for Levelling Up, Housing and Communities.

- ❑ A Recovery Co-Ordinating Group has been set up and a number of sub cells also including Humanitarian Assistance Cell, Environment and Infrastructure Cell, Multi - Agency Information Cell and the Media and Communications cell.
- ❑ A lessons learned workshop has been arranged for the end of January 2024.

- ❑ Where flooding meets locally agreed threshold, the Lead Local Flood Authority (LLFA) has a duty to carry out investigation (Section 19) of that flooding in partnership with other flood risk management authorities (Environment Agency, Severn Trent Water, riparian owners, Highways etc).
- ❑ It is not yet known how many formal investigations have been triggered; this could take several weeks to establish as more information is received.
- ❑ Formal investigations for Storm Henk will be very resource intensive on an already stretched resource that is working through investigations into the June and October 2023 (Storm Babet) flooding events. Such investigations involve various agencies, can be very complex and will take some time to complete.
- ❑ LLFA does not have the powers to make other agencies implement solutions where it is their responsibility.
- ❑ In some instances there may not be a realistic or affordable solution for flood prevention.
- ❑ With changing climate meaning more rainfall and greater intensity when it rains, there is a greater need to move communities towards resilience via property protection and community action.