



CABINET – 24 MARCH 2020

ENVIRONMENT AND TRANSPORT 2020/21 HIGHWAYS CAPITAL PROGRAMME AND HIGHWAYS AND TRANSPORTATION WORK PROGRAMME

REPORT OF THE DIRECTOR OF ENVIRONMENT AND TRANSPORT

PART A

Purpose of the Report

1. The purpose of this report is to seek approval for the Environment and Transport Department 2020/21 Highways and Transportation Capital Programme and Works Programme, both of which are appended to this report.

Recommendations

2. It is recommended that: -
 - (a) The Environment and Transport 2020/21 Highways and Transportation Capital Programme and Works Programme be approved;
 - (b) That the Director of Environment and Transport be authorised,
 - (i) following consultation with the Director of Corporate Resources and the Cabinet Lead Member for Highways and Transportation, to make minor amendments to the 2020/21 Highways and Transportation Capital Programme and Works Programme;
 - (ii) following consultation with the Director of Corporate Resources and the Cabinet Lead Members for Highways and Transportation and Corporate Resources, to prepare and submit bids, as appropriate, to secure external funding for delivery of schemes identified in the Highways and Transportation Capital and Works Programmes;
 - (iii) following consultation with the Director of Corporate Resources, the Director of Law and Governance and the Cabinet Lead Member for Corporate Resources, to enter into such contracts as is necessary to progress schemes in the approved Highways and Transportation Capital and Works Programmes to allow early contractor involvement to take place in advance of all

external funding required to deliver the scheme , subject to the key principles (a) to (d) set out in paragraph 27 of this report.

Reason for Recommendations

3. To approve the Environment and Transport Department's Highways Capital Programme and Works Programme for the 2020/21 financial year.
4. Both programmes may need to be revised to respond to changing circumstances (for example changes in Government policy or Government funding announcements), and to ensure optimal use of resources throughout the financial year.
5. To enable the delivery of large capital schemes using a collaborative approach to work with contractors to reduce risk and increase cost certainty. Working in this way will also provide necessary assurance to partners and third-party funders contributing to the cost of delivering the Highways Capital Programme.

Timetable for Decisions (including Scrutiny)

6. A report was considered by the Environment and Transport Overview and Scrutiny Committee on 5th March 2020 and its comments are included in Part B of this report.

Policy Framework and Previous Decisions

7. The 2019/20 Highways Capital Programme was approved by the Cabinet on 29th March 2019.
8. The Department's key highways-related plans and strategies have been considered when developing the 2020/21 Highways and Transportation Capital Programme and Works Programme. These include: -
 - The Local Transport Plan (LTP3) (2011 to 2026) – adopted by the County Council on 23rd March 2011;
 - The Network Management Plan (NMP) (2014–2026) – approved by the Cabinet on 1st April 2014;
 - The Highway Asset Management Policy and Highway Asset Management Strategy – approved by the Cabinet on 23rd June 2017;
 - The Highways Infrastructure Asset Management Plan – approved by the Cabinet on 15th September 2017;
 - The Leicester and Leicestershire Strategic Growth Plan – approved by the Cabinet on 23rd November 2018;
 - The emerging Leicester and Leicestershire Strategic Transport Priorities, a draft of which was approved for consultation by the Cabinet on 7th February 2020; and
 - Environment Strategy 2018-2030: delivering a better future - currently being refreshed.

9. The Highways Capital Programme is aligned with the Council's Medium-Term Financial Strategy (MTFS) 2020/21 - 2023/24, approved by the County Council on 19th February 2020.
10. Leicestershire County Council's Strategic Plan 2018 – 2022 (approved by the County Council in December 2017) outlines the Council's long-term vision for the organisation and the people and place of Leicestershire. The Highways and Transportation Capital Programme and Works Programme will help support the Strong Economy outcome in the Strategic Plan, in maintaining and improving the highways network.

Resource Implications

11. The actions outlined in the Highways and Transportation Works Programme will be funded from a variety of sources, including capital and revenue budgets and external sources of funding. The Environment and Transport Department's capital programme totals £278.58m over the four years 2020 to 2024, of which £267.24m - 96% - comprises the Highways and Transportation element.
12. The Highways and Transportation Works Programme is resource intensive, both in staff and financial terms. Given this, and the significant financial challenges that the County Council continues to face, there is little opportunity under the current resourcing situation for the Department to take on other commitments without affecting its ability to deliver the actions and schemes set out in the 2020/21 Highways and Transportation Capital Programme and Works Programme. More detail on the financial context is given in Part B of this report.
13. The Director of Corporate Resources and the Director of Law and Governance have been consulted on this report.

Circulation under the Local Issues Alert Procedure

None.

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PART B

Background

Policy and Strategy

14. The 2020/21 Highways and Transportation Capital Programme and Works Programme reflects the Environment and Transport Department's current key highway service related plans and strategies, as detailed above, whilst also taking account of the Council's future priorities and the Leicester and Leicestershire Enterprise Partnership's (LLEP) Strategic Economic Plan.
15. These plans and strategies will remain in place for the foreseeable future and those developed and owned by the Council will continue to be assessed and reviewed where appropriate to ensure that they remain fit for purpose. It is likely therefore that elements of these documents, and in some cases their entirety, will be superseded. Similarly, the 2020/21 Highways and Transportation Capital Programme and the Works Programme will be updated to reflect any such changes.

Financial context

16. The financial position faced by the County Council is challenging following ten years of austerity and spending pressures. This is particularly so for a low funded authority such as Leicestershire, as room for further savings is limited. There is also significant uncertainty around future funding levels. Despite recent Government announcements that austerity is coming to an end, it is unclear how this will affect local government funding in the medium term. The recently agreed MTFS 2020/21 to 2023/24 sets out the Council's response to the financial position and shows a saving requirement of £79.6m over the next four financial years. This is a challenging task, especially given that savings of £210m have already been delivered over the last ten years. In addition, over the period of the MTFS, growth of £59.2m is required to meet demand and cost pressures.
17. The framework for asset management is set out in the Highway Asset Management Policy, Highway Asset Management Strategy and the Highway Infrastructure Asset Management Plan, which adopt a 'risk based' approach to asset management. Essentially, this means the Council will need to look after its highway assets in a way that is more reflective of the relative risks to road users (i.e. particular risk of injury or worse) posed by its condition.
18. Regardless of the adoption of a 'risk-based approach' the County Council, like many other local authorities, faces significant challenges in looking after its highway assets. Present levels of Government funding are insufficient to maintain even Leicestershire's most important roads, the 'A' roads, in their current condition.
19. Going forward, officers will be looking at how this is likely to affect the balance of future years spend across all asset management and maintenance activities. This will include levels of funding for reactive maintenance versus

preventative maintenance, and funding relating to the appearance of the assets (such as grass cutting beyond that required in respect of road safety) versus the condition of assets. It is important that the appropriate balance is achieved to seek to maintain highway assets to the best overall condition possible and to minimise possible future legal liabilities on the Council (for example arising from road user incidents). This needs to happen whilst working within ongoing budgetary pressures, responding to increasing travel demand arising from growth and taking account of the climate emergency and review of the Council's Environment Strategy. As a result, future asset management programmes could look very different.

20. The Environment and Transport Department's capital programme totals £278.58m over the four years 2020-24, of which the major part, £267.24m, is the Highways and Transportation element. This capital funding comes from several sources such as various government competitive funding streams, the County Council's capital budget and developer contributions.
21. The total highways capital spend for 2020/21 is £51.7m and the main areas of spend are:
 - Lutterworth Development Infrastructure - £3.83m in 2020/21 (total current estimated cost £86m). Highways and enabling works including the spine road and related infrastructure are partly funded by a £8.1m Homes England grant and a yet to be confirmed £31m Housing Infrastructure Fund (HIF) grant bid. Should the HIF grant bid be unsuccessful then a decision on the timing of the scheme and additional funding required will need to be taken.
 - Melton Mowbray Distributor Road (North and East Sections) - £6.61m in 2020/21. Construction of the new road (total current estimated cost £63.5m) is partly funded by £50m Department for Transport (DfT) grant with the balance forward funded by developer contributions.
 - Melton Mowbray Distributor Road Southern Section - £1.5m in 2020/21 (total current estimated cost £27.9m) – Construction of new road is partly funded by an approved £14m HIF grant and forward funding of developer contributions.
 - Transport Asset Management Programme - £16.32m in 2020/21 (total indicative cost £56.4m). Capital maintenance works for highways and transport assets such as roads and footways.
 - Anstey Lane A46 improvements - £3.05m in 2020/21 (total forecast cost £10.74m) – Funded by £5m from the Growth and Housing Fund, and £5.74m from external contributions.

- M1 Junction 23/A512 improvements - £8.73m in 2020/21 (total forecast cost £24.78m) – Funded by £5m from the Growth and Housing Fund, £12m from the Single Local Growth Fund and £7.78m of external contributions.
 - Delivery of a programme of advanced design works to support future major transport schemes and bids to the DfT and Leicester and Leicestershire Enterprise Partnership (LEEP) for funding such projects as the Melton Mowbray Transport Strategy, Loughborough Growth Area Strategy, and Local Cycling and Walking Infrastructure Plan development - £1.97m in 2020/21 (Total cost £6.86m)
 - County Council Vehicle Programme - £2.89m in 2020/21 (total estimated cost £7.39m). Investment in new vehicles to replace aged vehicles and reduce running costs.
 - Zouch Bridge Replacement - £3.85m in 2020/21 (total estimated cost £9.38m). Construction and enabling works for a new bridge on the A6006.
 - A511 / A50 Major Road Network – Advance Design £1.96m in 2020/21 (total cost £5.34m for advanced design for a total estimated scheme cost around £50m).
 - M1 Junction 20a – Advance Design £1m in 2020/21 (total cost £2m).
22. Going forward there are likely to be significant additional pressures in terms of the advanced design funding and match funding for the transport infrastructure required to enable Leicester and Leicestershire’s growth ambitions, as set out in the Strategic Growth Plan. Further financial and resource pressures are likely to arise from Government funding announcements; already, since Christmas, Government has announced new funding for passenger transport and cycling (although in some cases with details to follow) and more transport funding announcements are anticipated, including with the Budget on 11 March.
23. It will not be possible to meet all of these pressures through the current approach of funding advanced design work and match funding predominantly through the Highways and Transportation Capital Programme or one-off allocations from other County Council budgets. Alternative approaches are being considered. Notwithstanding this, dependent on the quantum of announcements and the level of the Authority’s ambition in bidding for funding, this could affect the resource available to deliver the Capital and Works Programmes.

2020/21 Highways and Transportation Capital and Works Programmes

24. The 2020/21 Highways and Transportation Capital and Works Programmes have been prepared using the best and most current information available and will be revised as necessary to ensure value for money and to respond to changing circumstances (for example changes in Government policy or Government funding announcements). The Programmes will continue to

evolve in the light of the work to revise the Environment Strategy and the County Council's carbon commitment.

25. The 2020/21 Highways Capital Programme (attached as Appendix A) sets out a summary of the budget breakdown for each of the highway's capital lines set out in the refreshed MTFS. It also sets out figures for the period 2021/22 to 2023/24, although those may be subject to change as a result of, future year MTFS refreshes and/or Government funding announcements.
26. The 2020/21 Highways and Transportation Capital Works Programme (attached as Appendix B) contains actions (intervention/work/treatment), some of which are part of longer-term projects that will take place over a number of years or may be implemented beyond 2020/21. Appendix B provides more information behind the budget lines set out in Appendix A.
27. Key principles outlined in the 2020/21 Highways and Transportation Works Programme include:
 - a) the continued development and delivery of schemes to support growth, including the Strategic Economic Plan (SEP), Strategic Growth Plan, and Local Plans;
 - b) maximising the benefits of partnership working, utilising external funding;
 - c) making the best use of available funds and seeking to generate new income streams;
 - d) delivery of the programme of section 106 (developer-funded) schemes;
 - e) further development of a robust evidence base, to support the delivery of current and future highways and transport infrastructure.

Comments of the Environment and Transport Overview and Scrutiny Committee

28. The Environment and Transport Overview and Scrutiny Committee considered a report on at its meeting on 5th March.
29. Members noted that the report set out the current funding position but recognised there was a need for flexibility within the works programme as more detailed information regarding the road network became available. The additional funding for advanced design was also discussed and the risk of relying on funding bids was noted.
30. Overall, the Committee was supportive of the proposed Highways and Transportation Capital Programme and Works Programme.

Equality and Human Rights Implications

31. There are no equality or human rights implications arising directly from the recommendations in this report. It has not been necessary to undertake a detailed equality assessment on the 2020/21 Highways and Transportation Capital Programme and Works Programme.

32. Equality and Human Rights Impact Assessments. will be carried out in relation to work undertaken on individual projects contained within the 2020/21 Highways and Transportation Capital Programme and Works Programme when appropriate.

Environmental Implications

33. No detailed environmental assessment has been undertaken on the 2020/21 Highways and Transportation Capital Programme and Highways and Works Programme. However, the County Council will assess the environmental implications of relevant new policies and schemes at appropriate points during their development.

Partnership Working and Associated Issues

34. Working with key partners, such as the Leicester and Leicestershire Enterprise Partnership (LLEP), Leicester City Council, district councils, DfT, Highways England, Network Rail, developers and Midlands Connect will be increasingly important in seeking to secure additional funding to deliver future transport measures and infrastructure.

Risk Assessment

35. The 2020/21 Highways and Transportation Capital Programme and Works Programme have been risk assessed as part of a wider risk assessment of the Environment and Transport Department's business planning process.
36. The delivery of both Programmes is supported by the Department's business planning process and risk assessments will be undertaken for individual teams, schemes and initiatives, as appropriate.

Background Papers

Report to the County Council on 19 February 2020 - Medium Term Financial Strategy 2020/21 -2023/24

<http://politics.leics.gov.uk/ieListDocuments.aspx?CId=134&MId=6038&Ver=4>

Leicestershire County Council's Local Transport Plan 3 (LTP3)

https://www.leicestershire.gov.uk/sites/default/files/field/pdf/2017/1/9/Local_transport_plan.pdf

Report to the Cabinet 23 June 2017 - Highway Asset Management Policy and Highway Asset Management Strategy

<http://politics.leics.gov.uk/ieListDocuments.aspx?CId=135andMId=5120andVer=4>

Report to the Cabinet 15 September 2017 - Highways Infrastructure Asset Management Plan (HIAMP)

<http://politics.leics.gov.uk/ieListDocuments.aspx?CId=135andMId=4863andVer=4>

Report to the Cabinet on 1 April 2014 - Network Management Plan

<http://politics.leics.gov.uk/ieListDocuments.aspx?CId=135andMId=3989andVer=4>

Appendices

- Appendix A - Environment and Transport 2020/21 Highways and Transportation Capital Programme
- Appendix B - Environment and Transport 2020/21 Highways and Transportation Works Programme

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