



CABINET – 23 MARCH 2021

ENVIRONMENT AND TRANSPORT 2021/22 HIGHWAYS AND TRANSPORTATION CAPITAL PROGRAMME AND WORKS PROGRAMME

REPORT OF THE DIRECTOR OF ENVIRONMENT AND TRANSPORT

PART A

Purpose of the Report

1. The purpose of this report is to seek the Cabinet's approval for the Environment and Transport Department's 2021/22 Highways and Transportation Capital Programme and Works Programme, which are attached to this report as Appendix A and Appendix B respectively.

Recommendations

2. It is recommended that: -
 - (a) The Environment and Transport 2021/22 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 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 Programme and Works Programmes;
 - (ii) 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 Programme and Works Programmes to allow early contractor involvement to take place in advance of all external funding required to deliver the scheme being secured, subject to the key principles (a) to (g) set out in paragraph 29 of this report.

Reason for Recommendations

3. To approve the Environment and Transport Department's Highways Capital Programme and Works Programme for the 2021/22 financial year.
4. 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)

5. A report was considered by the Environment and Transport Overview and Scrutiny Committee on 4th March 2021 and its comments are included in Part B of this report.

Policy Framework and Previous Decisions

6. The 2020/21 Highways Capital Programme and Works Programme was approved by the Cabinet on 24th March 2020.
7. The Department's key highways-related plans and strategies have been considered when developing the 2021/22 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) - approved by the Cabinet on 15th December 2020;
 - The Highway Asset Management Policy and Highway Asset Management Strategy – approved by the Cabinet on 23rd June 2017 (Updated December 2020 following consultation with the Lead Member for Highways and Transportation);
 - The Highways Infrastructure Asset Management Plan – approved by the Cabinet on 15th September 2017 (Updated October 2020 following consultation with the Lead Member for Highways and Transportation);
 - The Leicester and Leicestershire Strategic Growth Plan – approved by the Cabinet on 23rd November 2018;
 - The Leicester and Leicestershire Strategic Transport Priorities - approved by the Cabinet on 20th November 2020.
8. The Highways Capital Programme is aligned with the Council's Medium-Term Financial Strategy (MTFS) 2021/22 - 2024/25, approved by the County Council on 17th February 2021.
9. Leicestershire County Council's refreshed Strategic Plan 2018 – 2022 (approved by the County Council in July 2020) 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 highway network.

Resource Implications

10. 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 budget totals £212.93 million over the four years 2021 to 2025, of which £197.84 million (93%) comprises the Highways and Transportation element. (It should be noted that these figures do not include any potential slippage/acceleration).
11. The Highways and Transportation Works Programme is resource intensive, both in staff and financial terms. Given this, and the evermore significant financial challenges that the County Council continues to face, not least arising from the continued impacts of COVID-19, there is little opportunity for the Department to take on other commitments, such as those emerging from district councils' local plans as these continue to be developed, without affecting its ability to deliver the actions and schemes set out in the 2021/22 Highways and Transportation Capital Programme and Works Programme. More detail on the financial context is given in Part B of this report.
12. 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

13. The 2021/22 Highways and Transportation Capital Programme and Works Programme reflects the Environment and Transport Department's current key highway service-related policies, strategies and plans, as detailed above, whilst also taking account of the Council's future priorities.
14. These policies, strategies and plans 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 2021/22 Highways and Transportation Capital Programme and the Works Programme will be updated to reflect any such changes. These changes will be undertaken by the Director of Environment and Transport, following consultation with the Director of Corporate Resources and the Cabinet Lead Member for Highways and Transport, using their existing delegated authority.

Financial context

15. The County Council is operating in an extremely challenging financial environment following a decade of austerity and spending pressures. The financial position in 2020/21 has been severely affected by COVID-19 and the on-going financial impacts of the pandemic are still unclear, as well as continued uncertainty over the United Kingdom's future trading relationship with the European Union. This is particularly so for a low funded authority such as Leicestershire, as room for further savings is limited. There is also significant uncertainty and risk around future funding levels particularly given the impact of the pandemic, which is likely to affect local government funding in the medium term.
16. Furthermore, housing and economic growth around the County is likely to put increasing pressure on the Council's finances. As district councils develop and refine local plans, significant infrastructure requirements, especially around roads and schools, are emerging. The County Council will only be able to consider taking on forward funding of new road provision and securing school place provision where appropriate measures are put in place to mitigate the risks associated with forward funding these infrastructure schemes.
17. As such, the County Council is developing an infrastructure policy which will articulate its approach to seeking these mitigations. It will set out the County Council's approach to collaborative working with partners including the district councils and developers, including early engagement, appropriate consultation and develop Local Plans and appropriate supplementary planning policy guidance in ways which acknowledge these significant risks to the County and do what they can to minimize them. In instances where this is not the case

and/or given the amount of forward funding the County Council is being required to provide, then as appropriate, agreements will be sought with the district council in question. Such agreements will seek to use district council statutory responsibilities to mitigate the risk of developers not properly paying their share of the required infrastructure provision.

18. The recently agreed MTFS 2021/22 to 2024/25 sets out the Council's response to the financial position and shows a saving requirement of £79.2 million over the next four financial years. This is a challenging task, especially given that savings of £220 million have already been delivered over the last eleven years. In addition, over the period of the MTFS, growth of £58.7 million is required to meet demand and service pressures with £13.8 million required in 2021/22.
19. 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. This approach to maintenance is based on the premise of providing greatest value for money in that the correct treatment is applied at the correct time to elongate the life of the asset and minimising the need for reactive treatments.
20. 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.
21. 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.
22. The Environment and Transport Department's capital programme budget totals £212.93 million over the four years 2021-25, of which the major part, £197.84 million, is the Highways and Transportation element. This capital funding comes from several sources such as various government grants and competitive funding streams (for example Pothole and Challenge Fund),

capital receipts, the County Council's capital budget and revenue balances and external contributions such as developer contributions.

23. The total highways capital spend for 2021/22 is £45.98 million and the main areas of spend are:

- 1 - Melton Mowbray Distributor Road - North and East Sections
£9.46 million in 2021/22. Work is on-going to secure the necessary Statutory Orders and prepare the scheme for construction, which is partly funded by £49.5 million Department for Transport (DfT) grant with the balance coming from developer contributions (in some cases forward funded by the authority). Work is currently being carried out to review costs now that the project is reaching detailed design stage.
- 2 - Melton Mowbray Distributor Road - Southern Section
£4 million in 2021/22. Construction of new road is partly funded by an approved £14 million HIF grant and forward funding of developer contributions using Highways Act powers.
- 3 - Zouch Bridge Replacement – Construction and Enabling Works
costing £3.16 million in 2021/22, which will address structural issues with this bridge on the A6006.
- 4 - M1 Junction 23 / A512 Improvements
£0.37 million to be spent in 2021/22 to complete construction of the scheme. This is funded by £5 million from the Growth and Housing Fund, £12 million from the Single Local Growth Fund, and £7.78 million of external contributions.
- 5 - County Council Vehicle Programme
£1.73 million in 2021/22. Investment in new vehicles to replace aged vehicles, reduce running costs, making them cleaner and lower CO2 emissions.
- 6 – Advance Design / Match Funding
£1.99 million in 2021/22. It is perhaps now more important than ever, given the need to support post-pandemic economic recovery that the Authority retains the ability to fund work that enables a pipeline of transport projects to be maintained. This funding will cover the delivery of a programme of advanced design works to support future major transport schemes and bids to Government and Leicester and Leicestershire Enterprise Partnership (LLEP) for funding such projects as the Melton Mowbray Transport Strategy, Loughborough Growth Area Strategy, and Local Cycling and Walking Infrastructure Plan development. Any bidding will be carefully considered in light of potential financial commitment/risk to the Council.

- 7 - A511 / A50 Major Road Network – Advance Design
£1.74 million in 2021/22 is allocated for ongoing design work for the scheme, which is partly funded by the Government’s Major Road Network programme.
 - 8 - Anstey Lane A46 Improvements
£0.22 million in 2021/22. This is funded by £5 million from the Growth and Housing Fund and £5.74 million from external contributions. The scheme is now substantially complete and open to traffic.
 - 9 - M1 Junction 20a – Advance Design
£0.90 million in 2021/22 is allocated for work to identify sources of funding that would potentially deliver a scheme.
 - 10 - Transport Asset Management Programme
£17.81 million in 2021/22, for capital maintenance works for highways and transport assets across the County such as roads and footways.
 - 11 – Hinckley Hub (Hawley Road) NPIF
£3.8 million in 2021/22
 - 12 – Safety Schemes
£0.79 million in 2021/22
24. 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, the 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 3rd March 2021.
25. 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 and the Authority will need to carefully consider the level or financial risk it is willing to take on in assessing whether to bid for further scheme funding. 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

26. The 2021/22 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.

27. The 2021/22 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 2022/23 to 2024/25, although those may be subject to change as a result of, say, future year MTFS refreshes and/or Government funding announcements.
28. The 2021/22 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 2021/22. Appendix B provides more information behind the budget lines set out in Appendix A.
29. As set out in the report to the Cabinet in February on the Medium-Term Financial Strategy 2021/22 - 2024/25, the approach to developing the Authority's overall capital programme has been based on the following key principles:
 - a) To invest in priority areas of growth, including roads, infrastructure, climate change, and including forward funding of projects;
 - b) To invest in projects that generate a positive revenue return (spend to save);
 - c) To invest in ways which support delivery of essential services;
 - d) Passport Government capital grants received for key priorities for highways and education to those departments;
 - e) Maximise the achievement of capital receipts;
 - f) Maximise other sources of income such as bids to the LLEP, Section 106 developer contributions and other external funding agencies;
 - g) No or limited prudential borrowing (only if the returns exceed the borrowing costs).

Comments of the Environment and Transport Overview and Scrutiny Committee

30. The Environment and Transport Overview and Scrutiny Committee considered a report of the Director of Environment and Transport which provided details of the Department's Capital Programme and Works Programme 2021/22 at its meeting on 4th March 2021.
31. The Director informed the Committee that the report set out the current position, but there was a need for flexibility within the Works Programme as more detailed information became available regarding the road network.
32. In response to questions, the Director assured the Committee that funding was allocated to the Authority on a formula basis from government to maintain its

highway network. Capital schemes, such as the A512, were to improve the network and mitigate the impact of growth. The Director acknowledged the concern of residents however highlighted that had the A512 scheme not been undertaken there would be significantly more complaints as the existing highways infrastructure would not be able to fully support the movements generated by such growth.

33. Overall, the Committee supported the proposed Highways and Transportation Capital Programme and Works Programme.

Equality and Human Rights Implications

34. 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 2021/22 Highways and Transportation Capital Programme and Works Programme.
35. Equality and Human Rights Impact Assessments will be carried out in relation to work undertaken on individual projects contained within the 2021/22 Highways and Transportation Capital Programme and Works Programme when appropriate.

Environmental Implications

36. No detailed environmental assessment has been undertaken on the 2021/22 Highways and Transportation Capital Programme 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

37. 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

38. The 2021/22 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.
39. 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 17th February 2021 - Medium Term Financial Strategy 2021/22 -2024/25

<http://cexmodgov1/ieListDocuments.aspx?CId=134&MId=6476>

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 15 December 2020 - Network Management Plan

<http://politics.leics.gov.uk/ieListDocuments.aspx?CId=135&MId=6000&Ver=4>

Appendices

Appendix A - Environment and Transport 2021/22 Highways and Transportation Capital Programme

Appendix B - Environment and Transport 2021/22 Highways and Transportation Works Programme