



**HIGHWAYS AND TRANSPORT OVERVIEW AND SCRUTINY
COMMITTEE – 3 MARCH 2022**

**ENVIRONMENT AND TRANSPORT
2022/23 HIGHWAYS AND TRANSPORTATION CAPITAL
PROGRAMME AND WORKS PROGRAMME**

REPORT OF THE DIRECTOR OF ENVIRONMENT AND TRANSPORT

Purpose of Report

1. The purpose of this report is to inform the Committee of the development of the Environment and Transport Department 2022/23 Highways and Transportation Capital Programme and Works Programme, both of which are appended to this report, and seek comments prior to these programmes being presented to the Cabinet on 29 March 2022.
2. These programmes have been developed in accordance with the overall budget envelopes included in the Medium-Term Financial Strategy (MTFS) 2022/23 to 2025/26 as approved by the County Council in February.

Policy Framework and Previous Decisions

3. The 2021/22 Highways and Transportation Capital Programme and Works Programme was approved by the Cabinet on 23 March 2021.
4. A draft MTFS 2022/23 to 2025/26 was considered by the Cabinet at its meeting on 14 December 2021 and approved for consultation and scrutiny. Subsequently, at its meeting of 11 February 2022 the Cabinet, inter-alia, recommended a proposed MTFS 2022-26 for approval by the County Council. The County Council will consider the MTFS 2022/23 to 2025/26 at its meeting of 23 February 2022.
5. The Department's key, approved highways-related plans and strategies have been considered when developing the 2022/23 Highways and Transportation Capital Programme and Works Programme. These include:
 - a) The Local Transport Plan (LTP3) (2011 to 2026) – adopted by the County Council on 23 March 2011;
 - b) The Highway Asset Management Policy and Highway Asset Management Strategy – approved by the Cabinet on 23 June 2017 (updated in

December 2020 following consultation with the Lead Member for Highways, Transport and Waste);

- c) The Highways Infrastructure Asset Management Plan – approved by the Cabinet on 15 September 2017 (updated in October 2020 following consultation with the Lead Member for Highways, Transport and Waste);
 - d) The Leicester and Leicestershire Strategic Growth Plan – approved by the Cabinet on 23 November 2018;
 - e) Revised Environment Strategy and Action Plan – approved by the County Council on 8 July 2020;
 - f) The Leicester and Leicestershire Strategic Transport Priorities - approved by the Cabinet on 20 November 2020;
 - g) The Network Management Plan (NMP) - approved by the Cabinet on 15 December 2020;
 - h) The Cycling and Walking Strategy – approved by the Cabinet on 20 July 2021;
 - i) Various area specific strategies, including the Interim Melton Mowbray Transport Strategy (IMMTS) and Interim Coalville Transport Strategy (ICTS), approved by the Cabinet on 20 July 2021 and 17 September 2021 respectively.
6. 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.
7. In October 2021, the Cabinet approved for consultation the draft Strategic Plan (2022-26). The programmes will help to support the delivery of its objectives, including ‘Strong Economy, Transport and Infrastructure’.

Background

Strategic context

- 8. The 2022/23 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.
- 9. 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. The 2022/23 Highways and Transportation Capital Programme and Works Programme will be updated to reflect any changes arising. 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, Transportation and Flooding, using their existing delegated authority.

10. Furthermore, these programmes have previously been and will continue to be driven by wider strategic agendas, in particular being heavily informed by transport evidence associated with district councils' work to develop Local Plans; how particular projects support the delivery of growth are highlighted in the Overview of the programmes set out further on in this report and in Appendix B.

Financial context

11. The County Council continues to operate in an extremely challenging financial environment, the ongoing impact of Covid-19 only serving to exacerbate pre-pandemic issues arising from spending pressures that it faces, similarly to most other local authorities across the country, and from it being the lowest Government funded shire authority in England.
12. The recently approved MTFS 2022-26 presents the Council's response to the financial position and sets out in detail £40.0m of savings and proposed reviews that will identify further savings to offset the £39.5m funding gap in 2025/26. This is a challenging task, especially given that savings of £230m have already been delivered over the last 12 years. In addition, over the period of the MTFS, growth of £87.9m is required to meet demand and service pressures with £35.5m required in 2022/23.
13. In such circumstance the County Council, as the Local Highway Authority for the area, is under significant challenge to maintain its highway assets to the standard that it once could; this is a national problem and not one that is unique just to Leicestershire, which continues to have amongst some of the best maintained roads in the country.
14. Going forward, officers will be continuing to look at how the state of the County's highway assets is likely to affect the balance of future years spend across all asset management and maintenance activities. Future Works Programmes will have to look different if any attempt is to be made to check the rate at which the condition of highway assets is deteriorating. Significantly greater levels of funding would need to be made available and to be devoted to preventative work, i.e., planned programmes of work that seek to maintain the state (structural integrity) of the County's highway assets to the best overall condition possible in the circumstances.
15. Correspondingly less funding would be available for reactive maintenance (e.g., repair of potholes on low-speed and/or lightly traffic roads). In any event a reactive approach amounts to less productive use of funding by spending more money on something that is no longer effective, i.e., the state of the road network is now at a point where reactive maintenance is not only failing to check the rate of deterioration but also failing to adequately mitigate road safety and claims risks. This is because potholes, cracks, etc., are appearing across the road network at a faster rate than can be repaired. This is due to

underlying structural integrity issues that can only be addressed by the ability to invest more heavily in preventative maintenance work.

16. Less funding would also be available for work relating to the appearance of the assets, such as grass cutting beyond that required in respect of road safety.
17. Maintenance programmes will also need to evolve in the light of the impacts of climate change, e.g., how changes in average temperatures might affect the nature of interventions and how to seek to mitigate against the likelihood of more frequent extreme weather events. Matters such as these will be covered in greater detail when the Highways Asset Risk Management Strategy is brought to the Cabinet for consideration.
18. Similarly, due to financial constraints the Authority is not able to add to or improve the area's transport system to the extent that it once could, for instance through minor improvement programmes or measures to tackle congestion or to improve cycling and walking facilities across the whole of the County. Such improvements will only be possible where external funding is available.
19. Looking ahead, much uncertainty about the United Kingdom's overall financial and economic prospects continues; the ongoing financial impacts of the pandemic are still unclear, and continued uncertainties remain over the United Kingdom's future trading relationship with the European Union. Such uncertainties will likely affect local government funding in the medium term.
20. Furthermore, housing, and economic growth around the County is likely to put increasing pressure on the County's transport system, generating the need for further measures to mitigate the impacts of growth on communities, businesses, and the environment (including implications for achieving net-zero).
21. These uncertainties and pressures come at a time of considerable challenges to local authorities (and the highways and transport sector more widely) in seeking to secure and retain people/resource to deliver projects. Combined with a construction materials' inflation rate that has risen sharply in the past year (with prices in July 2021 20% higher than a year prior¹) and forecast to remain high, this means that every pound now spent on both capital and maintenance works buys less than it did even just a year ago.
22. The Environment and Transport Department's Capital Programme budget totals £226.4m over the four years 2022-26, of which the major part, £221.3m (97.7%), is the Highways and Transportation element (it should be noted that these figures do not include any potential slippage/acceleration). This capital funding comes from several sources such as various Government grants and competitive funding streams, capital receipts, the County Council's capital

¹ Source Construction News 29 Sept 2021: <https://www.constructionnews.co.uk/contractors/mace/mace-doubles-its-tender-price-inflation-forecast-29-09-2021/>

budget and revenue balances and external contributions such as developer contributions.

Overview of 2022/23 Highways and Transportation Capital and Works Programmes

23. The 2022/23 Highway 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 presents figures for the period 2023/24 to 2025/26, although those may be subject to change as a result of future MTFS refreshes and/or Government funding announcements.
24. The total highways capital spend for 2022/23 is £56.05m. Reflecting the need to ensure that monies available, as in previous years are invested in projects and measures that deliver maximum benefit over the longest possible period of time, the main areas of spend are:
 - 1) Melton Mowbray Distributor Road - North and East Sections £20.7m in 2022/23. A key element of the IMMTS, which supports delivery of the Melton Local Plan. This project will enable the strategic growth of the town, in particular helping to support the delivery of around 4000 new homes and 30 hectares of employment land. Work is ongoing to secure the necessary Statutory Orders and prepare the scheme for construction, which is partly funded by £49.5m 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 at detailed design stage.
 - 2) Melton Mowbray Distributor Road - Southern Section, £1.99m in 2022/23. Another IMMTS key element and a project that will further support the delivery of new homes and employment land in the town. Construction of the new road is partly funded by an approved £18.2m Housing Investment Fund (HIF) grant and forward funding of developer contributions using Highways Act powers.
 - 3) Zouch Bridge Replacement – Construction and Enabling Works, £5m in 2022/23. This will address structural issues with this bridge on the A6006. Without the issues being addressed, it is likely that use of the bridge by larger vehicles would have to be restricted, potentially even prohibited, which would give rise to economic and environmental impacts caused by the need for lorries to significantly re-route.
 - 4) County Council Vehicle Replacement Programme, £2.99m in 2022/23. Investment in new vehicles to replace aged vehicles, reduce running costs, making them cleaner and lower CO₂ emissions.
 - 5) Advance Design / Match Funding, £3.07m in 2022/23. It is perhaps now more important than ever, given the need to support economic recovery in the light of the pandemic's impacts, that the Authority retains the ability to fund work that enables a pipeline of transport projects to be maintained. This funding will cover, inter alia:

- ongoing transport strategy development and delivery including the IMMTS, ICTS, South East Leicester Transport Strategy (supporting the delivery of the Oadby and Wigston Local Plan and in particular its key housing allocations) and Rail Strategy;
- advanced design works to support future major transport schemes and bids to the Government, including Local Cycling and Walking Infrastructure Plan development;
- work to identify measures to support the delivery of the new round of Local Plans, including the new Charnwood Local Plan; and
- work to identify strategic transport infrastructure requirements for Leicester and Leicestershire out towards 2050.

Any bidding will be carefully considered in light of potential financial risk as well as commitment to the Council.

- 6) A511 / A50 Major Road Network – Advance Design Works, £0.94m in 2022/23. Allocated for ongoing design work for the scheme, which is partly funded by the Government’s Major Road Network programme. This is a key element of the ICTS and is a project essential to enabling ongoing growth in the area, including to support the delivery of 3500 new homes in South East Coalville.
 - 7) Melton Depot Replacement, £0.55m in 2022/23. To find alternative depot site to replace the existing Melton depot which lease is due to expire.
 - 8) Pan Regional Transport Model (PRTM)* Refresh, £1.25m in 2022/23. This investment will continue to ensure that the Authority has the best tools possible to assess and forecast likely future travel demands and impacts, helping to provide robust evidence to inform: future policy and strategy development (including environmental); scheme identification and development; funding bids to the Government.
* previously known as the Leicester and Leicestershire Integrated Transport Model - LLITM
 - 9) Transport Asset Management Programme, £19.25m in 2022/23. For capital maintenance works for highways and transport assets across the County such as roads and footways (see also paragraph 25).
 - 10) Safety Schemes, £0.30m in 2022/23. To enable the delivery of road safety schemes where accident levels highlight that they are required.
25. Funding for asset management includes a one-off allocation of £6m from reserves over the next two financial years (i.e., 2022/23 and 2023/24), which will be used to support patching work, the surface dressing programme and traffic signal equipment renewals.
 26. The 2022/23 Highways and Transportation 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 2022/23. Appendix B provides more information behind the budget lines set out in Appendix A and provides further highlights on how the work is aligned to the delivery of strategies, supporting growth and reducing carbon levels.

27. The 2022/23 Highways and Transportation Capital and Works Programmes have been prepared using the 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, for reasons outlined earlier in this report and in the light of the County Council's carbon reduction commitments.
28. Going forward, the funding position remains uncertain nationally in respect of future levels of Government investment in major transport projects, given the impacts of the pandemic on the Country's finances, and the affordability of such large projects is a major issue for the Council. This at a time when evidence is showing the forecast pressures on Leicester and Leicestershire's transport system as a result of population and economic growth.
29. There are likely to be significant additional pressures in terms of the advanced design / match funding for the transport infrastructure required to enable Leicester and Leicestershire's growth ambitions, as set out in the Strategic Growth Plan.
30. It will not be possible to meet all of these pressures through the current approach of funding advanced design / match funding predominantly through the Highways and Transportation Capital Programme or one-off allocations from other County Council budgets. To progress, the Council will need to maximise funding opportunities, including to maximise:
 - a) DfT funding including risk funding;
 - b) developer contributions - need to maximise and de-risk developer contribution before we submit a scheme and limit forward funding of developer contributions;
 - c) business rate contributions (e.g. from the Freeport proposal).
31. There is a risk of bids to the Government being rejected (as the Authority limits local contributions) or it has to save developer contributions before starting works (and not forward fund).

Consultation

32. Individual schemes and projects will continue to be subject to further consultation with local Members and the public, and reports will be presented to Members, as appropriate.

Resource Implications

33. The programmes are aligned to the budget envelopes included in the MTFS 2022-26 as approved by the County Council in February 2022 and no additional funding is being sought through this report.
34. The overall 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, together with the 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 the 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).
35. The actions outlined in the Highways and Transportation Works Programme will be funded from a variety of sources, including capital and revenue budgets and current external sources of funding. Officers will continue to explore and as appropriate, pursue any additional sources of external funding should opportunities arise.
36. These are significant amounts of money and represent a continued commitment by the Authority to deliver on its strategic objectives, not least to aid economic recovery from the pandemic's impacts and to improve the environment. But it is important to note that whilst these figures are large, the Capital Programme has been developed to fit within the budget envelope available/affordable and not the other way around. In practice, based on current evidence, future population growth projections and current societal behaviours, the levels of funding available through the Council's own budgets and Government funding allocations, while delivering vital work, are insufficient to meet current and future needs of the County.
37. For example, the Authority's funding alone, as well as Government funding allocations, will not be sufficient to provide for all the highways and transport infrastructure and measures that will be needed to meet the requirements of the County's growing population and to fulfil the Council's wider growth agenda; this is evidenced through work underpinning Local Plan development and driven by the growth proposals that those Plans consist of (including to meet the Government imposed housing number requirements). Without investment from elsewhere growth will be frustrated and/or travel conditions on Leicestershire's transport system will deteriorate. Nor is it sufficient to maintain to current standards its existing highways assets (i.e., the area's roads, cycleways and

footways, verges, bridges, signs, and lines, etc.); again, without additional funding from other sources the condition of the County's roads etc. will continue to decline.

38. There are also likely to be significant costs to the Authority in respect of climate change. This is both in terms of the resources and work required to support efforts to decarbonise travel (transport) in the County to the degree necessary to meet net zero commitments/requirements and from the impacts of likely increased extreme weather events on highway assets. Addressing the challenges of achieving net-zero and climate change are likely to be a central feature of the next Local Transport Plan (LTP4), the development of which will be the subject of future reports to the Cabinet.
39. Thus, what monies are available need to be invested in projects and measures that deliver maximum benefit over the longest possible period. It also emphasises the importance of ensuring that the Authority is well prepared to secure additional funding from other sources, including via 'bids' to the Government and from developers (not just via planning applications, but also through ensuring that Local Plans prepared by district councils provide a robust policy basis for seeking contributions).
40. The Highways and Transportation Works Programme is resource intensive, both in staff and financial terms. The impacts of the pandemic and pressures arising from work by other bodies, including work by district councils to develop new Local Plans, has impacted on the delivery of the current year's programme, including work on the development of the South West Leicester Area Transport Strategy and work on the development of the next priority Local Cycling and Walking Infrastructure Plans. Additionally, like many sectors of the economy, skill shortages and/or the inability to retain the necessary skills, is and will continue to impact on the programme's delivery. The implications of which are the risk of slippage on programme delivery and cost escalation as market prices increase. Thus, going forward it will be evermore important to ensure that resources are focused on the effective delivery of the approved programme.
41. The Director of Corporate Resources and the Director of Law and Governance have been consulted on this report.

Timetable for Decisions

42. The Highways and Transportation Capital and Works Programmes report will be considered by the Cabinet on 29 March 2022. The Committee's comments will be reported to the Cabinet.
43. Subject to the Cabinet's approval, the Environment and Transport 2022/23 Highways and Transportation Capital Programme and Works Programme will be published after the Cabinet's approval.

Background Papers

Report to the Cabinet on 11 February 2022 - Medium Term Financial Strategy 2022/23 -2025/26

<https://politics.leics.gov.uk/documents/s166504/MTFS%202022-26%20Report%20-%20Cab%2011-02-22%20v9%20FINAL.pdf>

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 on 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 on 15 September 2017 - Highways Infrastructure Asset Management Plan (HIAMP)

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

Report to the County Council on 8 July 2020 - Revised Environment Strategy and Action Plan

<http://politics.leics.gov.uk/ieListDocuments.aspx?CId=134&MID=6040>

Report to the Cabinet on 15 December 2020 - Network Management Plan

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

Report to the Cabinet on 20 July 2021 – Cycling and Walking Strategy

<http://politics.leics.gov.uk/ieListDocuments.aspx?CId=135&MId=6445&Ver=4>

Report to the Cabinet on 20 July 2021 – Interim Melton Mowbray Transport Strategy

<http://politics.leics.gov.uk/ieListDocuments.aspx?CId=135&MId=6445&Ver=4>

Report to the Cabinet on 17 September 2021 – Interim Coalville Transport Strategy

<http://politics.leics.gov.uk/ieListDocuments.aspx?CId=135&MId=6446&Ver=4>

Circulation under the Local Issues Alert Procedure

44. All Members.

Equality and Human Rights Implications

45. 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 2022/23 Highways and Transportation Capital Programme and Works Programme.

46. Equality and Human Rights Impact Assessments will be carried out in relation to work undertaken on individual projects contained within the 2022/23 Highways and Transportation Capital Programme and Works Programme when appropriate.

Environmental Implications

47. No detailed environmental assessment has been undertaken on the 2022/23 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

48. Working with key partners, such as Leicester City Council, district councils, Department for Transport, National Highways, Network Rail, developers and Midlands Connect will continue to be important in seeking to secure additional funding to deliver future transport measures and infrastructure.

Risk Assessment

49. The 2022/23 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.
50. 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.

Appendices

Appendix A - Environment and Transport 2022/23 Highways and Transportation Capital Programme

Appendix B - Environment and Transport 2022/23 Highways and Transportation Works Programme

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